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## **Hungary**

*Local stock exchange*

*Budapest Stock Exchange*

*<http://www.bse.hu/>*

### **Rules for listed filings**

#### **IFRS required or permitted for listed companies?**

Required for consolidated financial statements.

#### **Version of IFRS**

IFRS as adopted by the EU

#### **Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?**

Yes. IFRS is required for some and permitted for others. Foreign companies whose securities trade in a regulated market in Hungary (and generally in the EU) are required to report under IFRS for their consolidated financial statements unless the European Commission has deemed their local accounting standards to be equivalent to IFRS, in which case they may use their local standards.

### **Rules for statutory filings**

#### **Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?**

IFRS is permitted for consolidated financial statements of all companies.

The Government issued a resolution on June 12, 2015 which includes:

- voluntary adoption of EU-endorsed IFRS in the separate company financial statements of a wide group of entities from 2016 (with comparative information required for 2015),
- mandatory adoption for credit institutions and financial enterprises from 2017,
- optional adoption for certain insurance companies (except insurance companies that are not subject Solvency II) and for companies are subject to statutory audit from 2017,
- and mandatory adoption for cooperative credit institutions and other small credit institutions from 2018.

Entities electing or mandated to use EU-endorsed IFRSs will no longer be required to maintain their accounting records in line with national GAAP.

IFRS for SMEs is prohibited.

#### **Version of IFRS**

IFRS as adopted by the EU

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**In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?**

No

### **IFRS conversion plans**

#### **Plans for converging**

Refer to the 2015 resolution above.

#### **Other useful websites**

Ministry of finance

**<http://www.kormany.hu/en/ministry-for-national-economy>**

### **Tax information**

#### **Type of tax regime**

Quasi-dependent: Taxable profit is principally based on the legal entity statutory accounts, with a number of adjustments (for example, depreciation, provisions, impairment, permanent difference, use of tax losses, and etc.) provided in the tax law.

#### **Comments on tax regime**

Taxable profits are quasi-dependent on the statutory accounts; however, companies are required to file their tax returns based on the local GAAP. For entities using IFRS as statutory reporting framework, the taxation laws will provide additional rules to determine the tax base. However, there are no tax laws for entities applying IFRS as statutory reporting. The tax legislation is expected to be amended with special regulations for IFRS reporters in the fourth quarter of 2015.

#### **Plans for IFRS converging as the basis of tax reporting**

As described above it is allowed or mandatory the use of IFRS as statutory reporting framework. However, currently there is no final law relating to the basis of tax reporting.