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Cafeteria in Hungary: 2015 Update

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The Cafeteria System

Cafeteria in Hungary is a specific form of flexible non-cash benefits some of which are subject to a preferential tax treatment. Cafeteria provides a “menu” of possible benefits from which employees can choose and whose total annual amount is limited by the employer. Cafeteria benefits are usually offered uniformly to all employees or to a group of employees and their amounts are not dependent on the employees’ performance.

A significant portion of employers in Hungary offer Cafeteria as a part of their compensation package for two main reasons. Cafeteria contributes to the competitiveness of the compensation package. Cafeteria is also more cost efficient as compared to other compensation elements, such as cash compensation, because of the preferential tax treatment of some of its elements.

The benefits included in the Cafeteria system, their annual taxation limits and the applicable taxes are subject to annual updates. Thus, employers keep continuously adapting their packages to optimize the available tax incentives.

The text below introduces the most tax favourable elements of the Cafeteria System as per the tax changes enacted on 18 November 2014 and effective as of 1 January 2015. The purpose of the text is to make you aware of these elements and should not be construed as tax advice.

Should you have any questions or need more detailed information on Cafeteria, please do not hesitate to contact our HR compliance team (Csilla Baranski, csilla.baranski@tmf-group.com, phone: +36 1 461 3100).

2015 Annual limit and taxation

I. Tax-free Cafeteria benefits

- Employer housing benefit up to 30% of the purchase price or construction cost, but maximum 5 million HUF for a 5 years' period.
- Risk insurance premium, with respect to the same insured person, up to 30% of the minimum wage per month.
- Providing free (home) computer use for the employee.
- Entry ticket or season ticket to sport events for any individual without limitation.
- Entry ticket or season ticket to cultural events for any individual up to 50,000 HUF per year per person.
- Provision of vaccination, health and accident protection measures (subject to a separate law).
- Medical screening, physical therapy and mental health services provided by the employer, as specified in the applicable law.

II. Cafeteria benefits subject to taxation of 35.7%

Workplace catering - HUF 12,500/month	Together at most HUF 200,000/annum	Together at most HUF 450,000/annum
Erzsébet voucher - HUF 8.000/month		
Local travel - value of the season ticket (e.g. BKV season ticket)		
Back-to-school benefit - 30% of the minimum wage/child/annum		
Voluntary pension fund - 50% of the minimum wage/month		
Voluntary health fund - 30 % of the minimum wage/month		
SZÉP Card Catering - HUF 150,000/annum		
SZÉP Card Accommodation - HUF 225,000/annum		
SZÉP Card Recreation - HUF 75,000/annum		



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III. Cafeteria and other specific non-Cafeteria benefits subject to taxation of 51.17%

- The amounts exceeding the annual individual or group limits as set out in section II above
- Gift of petty value, provided maximum 3 times a year, up to 10% of the minimum wage
- Product or service provided free of charge or at a discounted price for all employees or persons specified in an internal policy at identical conditions and manner.
- Entertainment and business gift without limiting the amount; gifts for promotion / business policy
- Meals and other services related to official or business travel when refunded on the basis of adequate expense documentation
- Savings-type insurance premiums paid by other persons.