

Advertisement tax: the publication of advertising is realised in case of a single recipient as well

Not only the dissemination to the general public should be understood by the publication of advertising, but also the dissemination to a single recipient may qualify as such – informed Origo the legal expert at Kovács Réti Szegheő Attorneys at Law. Dr Mónika Kapetz has underlined that the Ministry for National Economy and the National Tax and Customs Administration of Hungary have issued a joint information notice with the aim of facilitating the application of the law.

The introduction of the Advertising Act represented a number of challenging questions to address for small and big enterprises equally. Taxpayers were pressed for time in the extremely short period between the entry into force of the act, the declaration, and the payment of taxes, which made it difficult for them to exhibit law-abiding behaviour.

The Ministry for National Economy and the National Tax and Customs Administration of Hungary have issued a joint publication with the aim of facilitating the application of the law – introduced the argument the legal expert at Kovács Réti Szegheő Attorneys at Law.

Single recipients included

It is important to note that besides dissemination to a greater public, dissemination to a single recipient is also understood by the publication of advertising.

Regarding taxability, the act does not discriminate eventual cases in which publication is required by law, the fact of taxability is materialised in such cases as well – emphasised attorney Dr. Mónika Kapetz.

Taxable persons must note that the definition of printed trade advertising material is not limited to advertisement printed on paper exclusively, the term involves other advertising material as well, such as banners, promotional pens or T-shirts displaying advertisement.

The information notice highlights that no such utilisation of the company name or logo will be considered publication of advertisement where the company name or logo is used by the company or its employees for the purpose of the identification of the company, as opposed to promotional purposes, e.g. displayed on company letterheads, business cards, envelopes, or workers' uniforms.

The question of sponsorship

It is advisable to pay attention to the ways of dissemination in case of sponsorship too, considering that if the sponsored party displays the sponsor's name or logo in a manner which is defined as advertisement by the act, the proceeds resulting from such sponsorship will also qualify as taxable revenue. Thus, displaying the sponsor's name or logo on athletes' uniforms and equipment, or placing banners with the same at sports venues will qualify as such.



In case of self-promotion (publication of advertisement for own purposes) the tax will be based on the direct costs of publication including the input tax (VAT) of the purchase cost unless that is deductible in the course of the transaction.

Regulation concerning affiliated companies

Concerning taxes payable by affiliated companies it should be emphasised that the relationship of business affiliation existing on any given day of the tax year will result that the tax payable by the taxable person will be determined for the whole tax year regardless of its time span in accordance with the provisions regulating tax payment obligations of affiliated companies, which do not allow for the possibility of time-based apportionment.

Although the information notice has largely clarified certain questions regarding the practical application faced by taxable persons subjected to the advertising act, it will evidently take a longer period for the operation of law to answer all the questions – summarized the expert at Kovács Réti Szegheő Attorneys at Law.