

KRS: These Are the New Provisions on Duty From January

As of January, there are changes in the provisions of Act XCIII of 1990 on Duty (Act on Duty) regarding inheritance, gifts and onerous transfers: inheritance and gift duties have become uniform, increased duties are payable on the purchase of domestic real property, exemptions and reliefs are modified and duties will not be raised on court proceedings other than bankruptcy and liquidation, the expert of Kovács Réti Szegheő Attorneys at Law revealed.

Dr Mónika Kapetz pointed out that previously, both in case of inheritance and gifts, duty payment was calculated according to brackets corresponding to groups in a progressive manner – Group I included the spouse of the testator/gift-maker and their step or foster child, step or foster parent; Group II included brothers/sisters of the testator or gift-maker; while Group III included any other inheritors or beneficiaries of gifts.

Pursuant to the provisions currently taking effect however, the general amount of duties on inheritance and gifts is 18% of the netted amount of the inheritance left to one heir or the netted amount of the gift given to one beneficiary of gift. In case of gratuitous acquisition of title to real property or pecuniary rights, the amount of duty is 9%, the expert of Kovács Réti Szegheő Attorneys at Law emphasises.

Inheritance or gift of savings deposit shall be dutiable

A further significant change of the Duties Act worthy of mentioning is that while previously the acquisition of savings deposit through inheritance or as a gift was exempt from duty, these provisions have been revoked which means, such acquisition of savings deposit shall be subject to duty.

No longer are the inheritance of life estate and use of residential property by the surviving spouse exempt from duty that is, acquisition of the life estate by the surviving spouse is now subject to duty. No longer applies the exemption that in case the inheritance of the minor is acquired by his/her parents, such inheritance is non-dutiable. Inheritance among linear relatives though, remains exempt from duty.

We pay increased duties on the purchase of domestic real property, exemptions are modified

Provisions on the onerous acquisition of domestic real property were also amended: while until 31 December last year, the amount of duties up to 4 million Hungarian Forint based on the market value was 2% and after any amount in excess of that was 4%. As of 1 January, the general amount of duty on conveying real property shall be uniform 4%.

According to the previous practice of the National Tax and Customs Administration of Hungary, in case the value of the domestic real property purchased within one year after the sale of the previous one was higher than that of the sold one, the so-called negative tax base was dutiable.



The expert of Kovács Réti Szegheő Attorneys at Law pointed out that it is good news for persons so acquiring real property that as of 1 January, pursuant to the new provisions, acquisition through purchase and exchange are exempt from duty provided that a private person sells its other domestic real property within one year prior or subsequently to the purchase and the market value of the acquired title is less than that of the sold or exchanged one.

In case of conveyance of title among direct linear relatives including relatives through adoption, the acquisition of the linear relative shall be exempt from duty.

The amount of relief a young person below the age of 35 is entitled to at the acquisition of title to their first domestic real property has also increased. This means, 50% of the amount of the duty that can be claimed in case the market value of the whole title to residential real property does not exceed 15 million Hungarian Forint while the earlier limit was 8 million Hungarian Forint.

We don't have to pay more for court proceedings except for bankruptcy and winding up

General duty on administrative proceedings and court proceedings have not altered however, the amount of duty payable in the course of liquidation proceedings against business organisations having legal personality has been raised from the earlier 50,000 Hungarian Forint to 80,000 Hungarian Forint while the amount of duty currently payable on bankruptcy proceedings is 50,000 Hungarian Forint, concluded Mónika Kapetz dr.