

THE GOVERNMENT OF HUNGARY

Bill No. T/625

**amending certain tax laws and related laws, and on the special tax on
immigration**

Submitted by: Mihály Varga

Minister of Finance

June 2018, Budapest

Chapter X

34. On the special tax on immigration

Section 250

(1) A special tax on immigration must be paid after the financial support of an immigration supporting activity in Hungary, or the financial support of the immigration supporting activity of an organization with a seat in Hungary.

(2) An immigration supporting activity is any programme, action or activity that directly or indirectly promotes immigration (the relocation of people from their country of residence to another country, excluding cases covered by subsection (1) of Section 1 of Act I of 2007 on the Admission and Residence of Persons with the Right of Free Movement and Residence), and activities that are carried out as part of:

(a) carrying out media campaigns, media seminars, and participating in such activities,

(b) building and operating networks,

(c) propaganda activities that portray immigration in a positive light.

(3) The tax base of the special tax on immigration is the amount of the financial support specified in subsection (1).

(4) The rate of the special tax on immigration is 25% of the tax base of the special tax on immigration.

(5) The taxable entity of the special tax on immigration is the organisation carrying out the activity specified in (1), excluding parties and party foundations, and organisations whose exemption is guaranteed by an international agreement or reciprocity. On questions on reciprocity, the position of the minister responsible for tax policy formulated in agreement with the minister responsible for foreign policy is authoritative.

(6) The taxable entity of the special tax on immigration as specified in subsection (5) must submit a declaration before the deadline specified in point a) of subsection (8) to the organisation with a seat in Hungary carrying out the activity specified in subsection (2) declaring that it has fulfilled its special tax obligation.

(7) The taxable entity of the special tax is the organisation carrying out the activity specified in subsection (2), if it does not have the declaration specified in subsection (6).

(8) The special tax on immigration must be defined, returned and at the same time paid,

a) before the 15th day of the month following the realization of the financial support specified in subsection (1) by the taxable entity specified in subsection (5),

b) before the 15th day of the second month following the realization of the financial support specified in subsection (1) by the taxable entity specified in subsection (7)

(9) The tax authority responsibilities related to the special tax on immigration shall be performed by the state tax and customs authority.

(10) The income from the special tax in immigration shall be part of the central government budget, and exclusively serves the purposes of the fulfilment of border protection tasks.

Detailed Reasoning

Chapter X

34. On the special tax on immigration

For Section 250

The activities of organisations supporting immigration lead to an increase in the common expenses of society, since financing the state's tasks related to immigration leads to an increase in the expenses of the state budget. It is incompatible with the principle of equality in the discharge of public burdens that the entire society bears the burden of the costs which arose because the activities of some particular organisations resulted in an increase in immigration as well as an increase in the state's tasks and expenses. For this reason, the proposal introduces a new payment obligation in the form of the special tax on immigration.

The tax liability covers the financial support of activities that are carried out in Hungary in order to support immigration (irrespective of the home country of the supporter and the organisation carrying out the immigration supporting activity), as well as the financial support of the operation of organisations registered in Hungary, that carry out immigration supporting activities (irrespective of where the organisation carries out its activities).

In relation to tax paying duties, the proposal defines the notion of immigration supporting activities. This includes carrying out media campaigns, media seminars related to promoting immigration and participating in such activities, as well as building and operating networks and propaganda activities that portray immigration in a positive light, if these activities are carried out with the purpose of promoting immigration (the relocation of people from their country of residence to another country). Immigration does not include the relocation of persons who have the right of free movement and residence.

The basis and rate of the tax is in line with the effect that the organisation carrying out the immigration supporting activity exerts. For this reason, the tax base is the

amount of the financial support (for example, the amount transferred, properties provided).

The taxable entity is primarily the organisation which provides the support, which must submit a declaration until the 15th day following the provision of the support at the latest (until the last day of the tax return as specified in legal provisions) to the recipient of the support that they have fulfilled their obligation to pay the tax. If the supporting organisation fails to submit this declaration, then the recipient of the support (the organisation carrying out the immigration supporting activity) becomes the taxable entity. Parties, party foundations and organisations whose exemption is guaranteed by an international agreement or reciprocity cannot be regarded as taxable entities.

The tax must be paid through self-assessment tax return, i.e. the taxable entity must identify the tax obligation, must prepare the tax return and pay the tax. The provider of the support must fulfil this obligation until the 15th day of the month following the provision of the support. The recipients of the support – if the tax paying obligation of the organisation carrying out the immigration supporting activity arises because the provider of the support fails to submit their declaration – must identify the tax obligation, prepare the tax return and pay the tax until the 15th day of the second month following the provision of the support.

The tax authority responsibilities related to the special tax on immigration will be performed by the state tax and customs authority. It will carry out its tax authority measures in accordance with the act on the rules of taxation, the act on the tax authority and the act on enforcement procedures applied by the tax authority (it will carry out its record keeping, supervisory, sanctioning non-compliant behaviour and tax collection activities in accordance with these acts).

According to the proposal, the income from the special tax on immigration shall be part of the central government budget, and exclusively serves the purposes of the fulfilment of border protection tasks.