



Modification of certain restrictive rules with regard to closing cash balances and cash payments

Certain tax law changes passed by the Parliament at the end of 2008 resulted in further administrative burdens for those enterprises whose business had already been affected by the economic crisis. The original aim of these tax modifications was to develop a stronger control system. However, these restrictive provisions only complicated the daily activity of companies in an already difficult economic situation. Therefore, to reduce the administrative burdens on companies, certain rules were repealed and modified on 13 March 2009.

Act on Accounting

Act C of 2000

According to Section 14(9) of the Act on Accounting, the daily average of the daily closing cash balance calculated on monthly basis should not have exceeded 1.2% of all revenues realized in the previous financial year, or if the 1.2% did not reach HUF 500,000, then HUF 500,000.

*Applicable:
From 1 January 2009*

Following the modification, this limit is increased from 1.2% to 2%, i.e., the daily petty cash balance can be 2% of the total revenue of the previous year or at least HUF 500,000 at the maximum.

Act on Tax Procedure

Act XCII of 2003

Section 172(20) of the Act on Tax Procedure which entered into force on 1 February 2009 – i.e., if taxpayers obliged to open bank accounts make payments exceeding HUF 250,000 in cash, the Tax Authority assess a 20% default penalty on that part of the payment exceeding HUF 250,000 – was repealed.

*Entry into force:
The 3rd day following
the day of
promulgation – 13
March 2009*

Imposing restrictions on cash payments would have caused a problem for those small and medium enterprises which require immediate cash payments in order to avoid their taking part in a chain of debts and having to bear the risk of non-payment.

Tax penalty

Exemption and reimbursement

In the modification law, it is stated that a default penalty cannot be imposed if

- the modified accounting rules are violated between 1 January 2009 and 11 June 2009, or
- the modified cash payment regulations of the Act on Tax Procedure are violated between 1 February 2009 and 13 March 2009.

If any default penalties were imposed before the tax modification came into force due to a violation of the above rules, the tax authority will withdraw its resolution and repay the penalties within 60 days.

Should you have any question about the topics discussed in this Newsletter, we are always happy to be of service.

Sándor Szmicsek

Tax partner

Mazars Metrum Kft.

1074 Budapest, Rákóczi út 70-72.

+36-1-429-30-10

s.szmicsek@mazars.hu

Please note that this Newsletter is only for general information. The information provided here cannot replace professional consultation, and it should not be used as a basis for any decision or act without prior consultation with your advisor.