

# Global minimum tax

A guide to well-prepared  
strategic decisions



# ICT EUROPA

INNOVATION, COMMITMENT, TRUST



## About us

The ICT Europe Group is a Hungarian-owned business management service group that provides the strategic-minded players in the Hungarian corporate sector with the service level, customer experience, and complex advisory support (bookkeeping, payroll, taxation, accounting, business decision support, transfer pricing, and law) that result in security and a competitive advantage!





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## What is the global minimum tax?

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The global minimum tax is one of the OECD's solutions against aggressive tax planning. It introduces a uniform 15% minimum corporate tax for multinational and large domestic corporate groups, regardless of where they operate. The goal is to curb tax avoidance practices and encourage companies to pay taxes where they conduct real economic activities.



## When does the global minimum tax apply?

The global minimum tax rules will apply from **tax year 2024**, with the exception of the Undertaxed Profit Rule (UTPR), which will only apply from tax year 2025.



## What is the tax rate, and which companies are affected?

The global minimum tax rate is 15%. **The regulation applies to corporate groups where the annual revenue** of the ultimate parent company's consolidated financial statement **reaches EUR 750 million** (approximately HUF 286 billion) **in at least two of the four years preceding the tax year**. Thus, **if a corporate group was subject to Country-by-Country Reporting (CbCR) in the past years, it will be subject to the global minimum tax.**

## Who is considered part of a corporate group?

It is important to note that corporate group classification is not based on the affiliated company relationship typically used in transfer pricing regulations. As a general rule, entities belong to the same corporate group if they are linked through ownership or control in a way that requires the ultimate parent company to prepare consolidated financial statements.

## What is qualified as covered taxes in Hungary?

- **Corporate income tax** (CIT; rate: 9%),
- **Local business tax** (LBT; rate varies from municipality to municipality, but is limited to 2%),
- **Innovation contribution** (rate: 0.3%),
- **Income tax of energy suppliers** (rate temporarily 41% in 2025).

In addition to the actual tax liability, a deferred tax adjustment may be taken into account. The difference between the sum of these taxes and the 15% defined as the minimum will be levied according to the rules of the global minimum tax.



# How to pay the global minimum tax?

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**Qualified domestic minimum top-up tax** (“QDMTT”), which may be collected by the **country of under-taxation**,

**Income inclusion top-up tax** (“IIR tax”), which may be applied by the **country of the parent company**; and

**Undertaxed top-up tax** (“UTPR tax”) which may be applied by **the countries of the group members** if the country of the parent company has not introduced the IIR rules or the parent company is an excluded entity.

The minimum tax rules define 3 types of methods for collecting the tax differential, in the following order:



# Are There Any Exclusions?

No tax liability arises for **exempted entities** (e.g., state-owned entities, nonprofit organizations, pension funds, investment funds, etc.).

A **temporary exemption (Safe Harbour)** can be chosen for the first 3 years of application, based on CbCR data, if certain conditions are met.

**De minimis exemption:** can be elected on an annual basis if, in the given tax year, the total combined figures for all group members resident in the given state meet the following criteria (for the current and the two preceding years):

- the **average qualifying revenue** is less than **EUR 10 million**, and
- the **average qualifying income or loss** is either negative or less than **EUR 1 million**.

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**Multinational enterprise groups** in the **first 5 years** of their initial international operations.

**Large domestic enterprise groups** for the **first 5 years** starting from the first day of the tax year in which they become subject to global minimum tax rules.

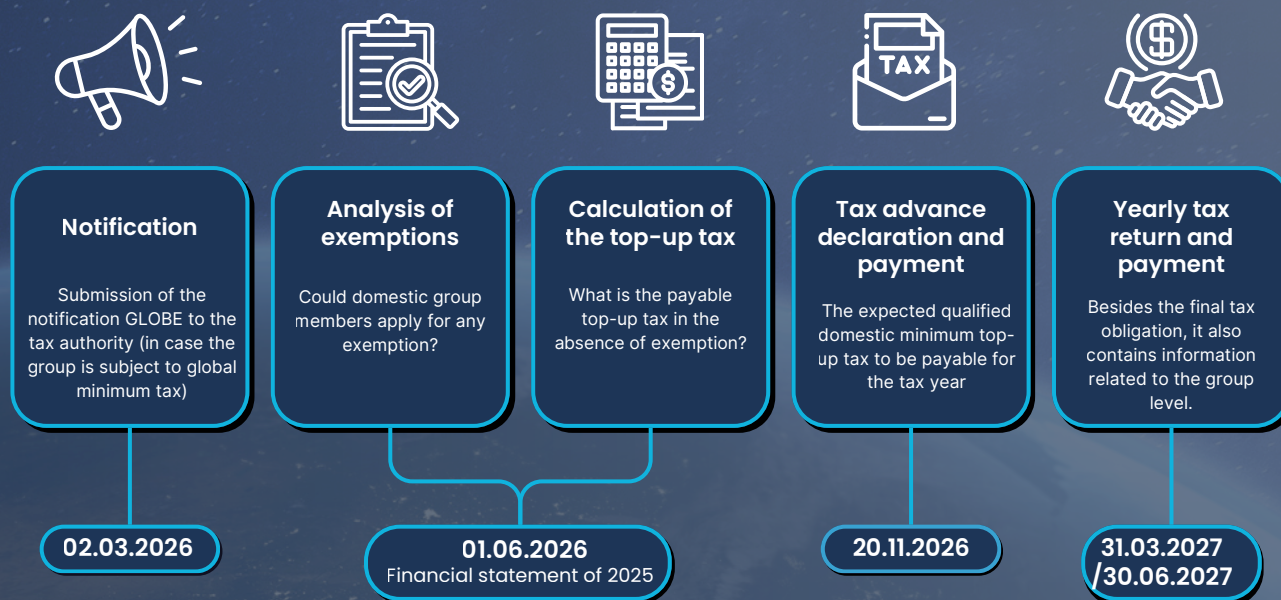




# What are the compliance deadlines?

- **Notification:** by the end of the second month following the tax year
- **Disclosure of top-up tax in the financial statement:** within 5 months after the end of the financial year
- **Tax advance declaration and payment:** by the 20th day of the 11th month following the tax year
- **Tax return and data supply:** Within 15 months (18 months for the first tax year) after the end of the tax year

## GLOBAL MINIMUM TAX DEADLINES FOR 2025



## What are the penalties for non-compliance?

**Default penalty:** HUF 5 million in case of failure to notify or late notification, **HUF 10 million in case of failure to submit a tax return**, or submission of an incomplete, incorrect, or false return and data supply. **Tax penalty:** 50% of the assessed **tax shortage** (200% in case of fraud). **Late payment surcharge:** central bank base rate (currently 6.5%) plus an additional 5 percentage points.





# Why choose us for global minimum tax advisory?

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We assess whether your corporate group is subject to the global minimum tax and whether any exemptions could apply.



As part of tax planning, we calculate the expected additional tax, taking into account the available options, deferred taxes, and tax credits that can be applied in relation to covered taxes.



We provide tax and accounting advisory services for all global minimum tax-related matters.



We support liaison with and data provision to the corporate group's headquarters.



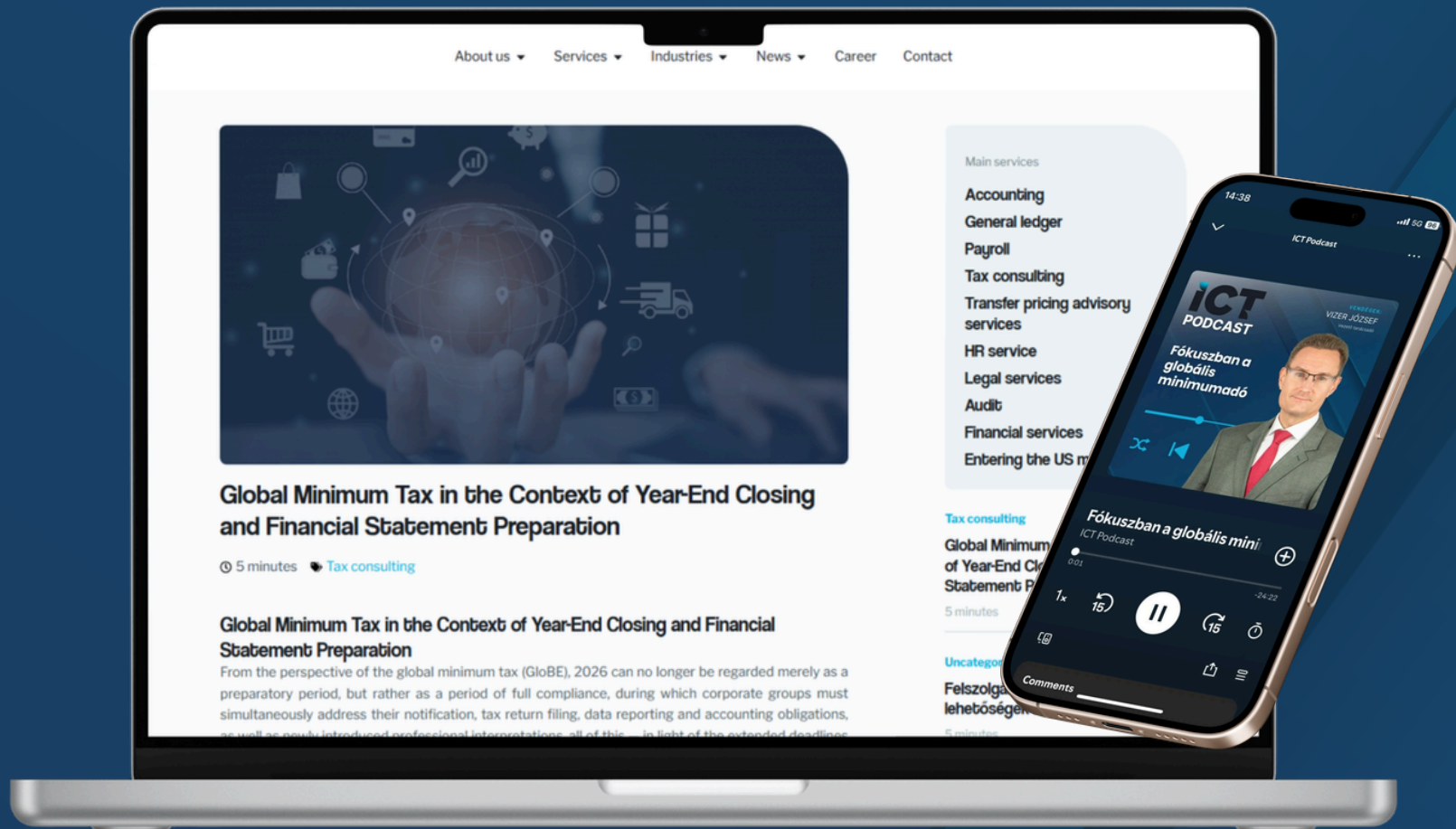
We perform calculations and provide assistance for reports required by the corporate group's headquarters.



We prepare the calculations for the qualified domestic minimum top-up tax, as well as the tax advance declarations, and annual tax returns.



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