



ATLAS

BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

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Hungary has a population of 9.6 million people and a GDP of €196bn in 2023. The country belongs to the group of high-income countries. It has been a NATO member since 1999 and became a member of the European Union in May 2004, but remains outside the Eurozone.

Hungary's GDP contracted in 2023 due to high inflation and interest rates and weaker external demand. A gradual recovery is expected as economic activity began to recover in 2024-Q1, with inflation at 3.7% mid 2024. In 2023, public debt was down to 73.5% of GDP from 80% in 2020, but it is expected to slightly rise to 74.3% in 2024. Nevertheless, GDP is expected to grow by 2.4% in 2024 and 3.5% in 2025.

Investment is being held back in 2024 by fiscal consolidation efforts and an overcapacity of commercial real estate, but it is projected to rebound in 2025, driven by rising capacity utilisation, large FDI-financed projects, and government support schemes for the purchase and renovation of dwellings.

Relations with the EU must continue to be monitored, since the government continues to carry a tough nationalist stance, an anti-immigration policy and a crackdown on civil society. However, Hungary's attractiveness for foreign direct investment has remained strong, based on cheap labour costs and economies of scale related to the size of its manufacturing sector.

Summary

BNP Paribas presence

BNP Paribas has been established in Hungary since 1978, with a business centre in Budapest. Customers benefit from a dedicated corporate customer service team including Hungarian, French and English language support, and flexible, tailored solutions.

Currency

Currency

- Hungary uses the Hungarian forint (HUF).

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate HUF per USD	281.52	274.43	270.21	290.66	308.00

Source: IMF, International Financial Statistics, July 2021.

Central Bank

- The Hungarian central bank is the Magyar Nemzeti Bank (MNB – www.mnb.hu).
- The MNB is a member of the European System of Central Banks (ESCB).

Bank Supervision

- Hungarian banks are supervised by the MNB's Directorate for Credit Institutions and Financial Enterprises Supervision.

Bank accounts

Resident / non-resident status

- A company is considered resident in Hungary if it is incorporated under Hungarian law and has a resident registered office.

Bank accounts for resident entities

	Within HUNGARY	Outside HUNGARY
Local Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.
Foreign Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.

Bank accounts for non-resident entities

	Within HUNGARY	Outside HUNGARY
Local Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.
Foreign Currency	Permitted without restriction, fully convertible.	Not applicable.

Lifting fees

- Lifting fees vary from bank to bank.

BNP Paribas Cash Management Capabilities

Collections

Cash collections	✓
Cheque collections	✓
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	✓
Virtual accounts	●
International incoming transfers	✓
Card acquiring	●

Payments

Cash withdrawals	✓
Cheque payments	●
Direct debit payments	✓
Domestic outgoing transfers	✓
Commercial cards	●
Virtual cards	✓
International outgoing transfers	✓
SWIFT gpi	●
Real-time international payments through BNP Paribas' network	●
Card issuing	✓

Channels

Local e-Banking	●
Global e-Banking - Connexis	✓
SWIFT/ host to host	✓

Payments & collections

Market overview

There has been a shift towards greater use of electronic payment instruments in Hungary, with a rapid growth in the use of both electronic credit transfers and payment cards, particularly debit cards. Ninety-two percent of all cards issued are contactless.

In March 2020, the MNB launched an instant payments service (AFR) to enable consumers to initiate payments with a value up to HUF 10 million (approximately EUR 28,000) using only the mobile phone number of the recipient. In 2020, 94 million transactions were processed with a value of HUF 14,414 billion.

There is no national electronic banking standard in Hungary; most banks offer MultiCash, as well as proprietary services. Spectra, a domestic e-banking system, is also available. Transaction and balance reporting, automated end-of-day sweeping, and some transaction initiation services are available on a domestic and cross-border basis.

Online and mobile banking services are provided by most Hungarian banks. An estimated 8.4 million accounts were accessed online in 2019. Online electronic invoice and bill presentment is increasing used by Hungarian companies.

Payment Systems

VIBER	Type	<ul style="list-style-type: none">• Real-time gross settlement.
	Participants	<ul style="list-style-type: none">• 38 direct, 7 indirect.
	Transaction types processed.	<ul style="list-style-type: none">• High-value and urgent HUF-denominated domestic credit transfers.
	Operating hours	<ul style="list-style-type: none">• 07:00–18:00 CET, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none">• Payments are cleared and settled in real time.• Interbank payment cut-off time = 17:00 CET.
	System holidays	<ul style="list-style-type: none">• VIBER is closed at weekends and on all Hungarian bank holidays.• Hungary's bank holidays are:• 2nd half 2021: 20 August, 23 October, 1 November, 24–27 December.• 2022: 1 January, 15 March, 15, 18 April, 1 May, 6 June, 20 August, 23 October, 1 November, 24–27 December.

Interbank CLEARING SYSTEM (ICS)	Type	<ul style="list-style-type: none"> • Designated-time gross settlement system: • Three subsystems: • Overnight settlement. • Intraday settlement. • Instant settlement.
	Participants	<ul style="list-style-type: none"> • 34 direct, 10 indirect.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value and non-urgent HUF-denominated credit and debit payments.
	Operating hours	<ul style="list-style-type: none"> • 24 hours a day, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • The ICS processes payments on a same-day or overnight basis. • Intraday clearing = 07:30–16:30 CET (takes place in batches at hourly intervals). • Cut-off times for same-day settlement = 15:30–16:00 CET (although it should be noted that exact cut-off times do vary between banks). • Direct debits are only cleared on an overnight basis. • GiroInstant facilitates instant payments, and operates 24 hours a day. • Final settlement takes place across participants' correspondent accounts held at the MNB via VIBER.
	System holidays	<ul style="list-style-type: none"> • The ICS is closed at weekends and on all Hungarian bank holidays. • Hungary's bank holidays are: • 2nd half 2021: 20 August, 23 October, 1 November, 24–27 December. • 2022: 1 January, 15 March, 15, 18 April, 1 May, 6 June, 20 August, 23 October, 1 November, 24–27 December.

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- High-value and urgent domestic credit transfers are settled in real time via VIBER.
- High-value and urgent EUR-denominated cross-border credit transfers can be settled with end-of-day value by the Euro Banking Association's EURO1 system. OTP Bank is Hungary's only participant bank in EURO1.

- High-value, cross-border credit transfers in domestic and other currencies can be processed via SWIFT and settled through correspondent banks abroad.
- Low-value and non-urgent credit transfers, known as giro credit transfers, are settled on a same-day or next-day basis via the ICS.
- There are two types of low-value and non-urgent credit transfer in Hungary, the ordinary transfer instruction and the multiple transfer instruction (direct credit). Multiple transfer instructions are typically used to manage bulk payments.
- SEPA credit transfers can be settled via STEP2 (accessed indirectly via international networks). Twenty-five banks in Hungary participate in the SEPA credit transfer scheme.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds.
- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- EBA Clearing has launched a pan-European request to pay (R2P) infrastructure solution with the support of 27 payment service providers from 11 countries. The new 24/7 service is compatible with the SCT and SCT Inst schemes and allows payees to take the initiative to request a specific payment from the payer.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.
- The AFR instant payment system is compatible with the SCT Inst scheme and supports domestic credit transfers up to a maximum of HUF 10 million (EUR 32,000). The system operates 24/7/365. Customers are able to initiate transfers applying secondary account IDs (mobile phone numbers, e-mail addresses, tax ID/tax number) without using the account numbers. In 2020, 94 million transactions were processed with a value of HUF 14,414 billion.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- Direct debits can be cleared on an overnight basis via InterGIRO, or bilaterally between banks.
- SEPA direct debit CORE and B2B SEPA direct debit schemes are available in Hungary and can be settled via STEP2. Two banks in Hungary participate in the SEPA direct debit scheme.

Cheques

- Cheques are rarely used in Hungary.
- Cheques are cleared bilaterally between banks.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 9.8 million payment cards in circulations in Q1 2021: 8.6 million were debit cards and 1.2 million credit cards. Of the total, approximately 9.1 million were contactless. The ratio of contactless payments as a percentage of all in-store transactions reached 97% in Q1 2021.
- Visa and MasterCard-branded payment cards are the most widely issued.
- Visa and MasterCard credit card payments can be cleared by the card provider. Net settlement is via MKB Bank.
- Card payments can also be settled via SIA Central Europe.
- All cards issued are SEPA-compliant with EMV chips.

ATM/POS

- There were 4,974 ATMs in Hungary at the end of Q1 2021.
- There were 212,173 POS terminals in Hungary at the end of Q1 2021.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Reloadable pre-paid cards are available.
- Mobile wallet schemes such as Apple Pay and Google Pay are available although usage is low.
- There were 3.5 million mobile payment accounts registered at the end of Q1 2021.
- Cards registered in mobile wallet apps totalled 814,024 in Q1 2021.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted for residents and non-residents.

Demand deposits

- Demand deposits are available for residents and non-residents.

Time deposits

- Time deposits are available in HUF or major foreign currencies with terms ranging from one week to one year.

Certificates of deposit

- Domestic commercial banks issue certificates of deposit for terms ranging from one month to three years.

Treasury (government) bills

- The Government Debt Management Agency issues Treasury bills (T-bills).
- Short-term T-bills are issued with terms of three and 12 months.
- The MNB issues its own MNB deposits with fixed rates and terms of three months via weekly auctions.

Commercial paper

- Commercial paper is available but not widely used.

Money market funds

- Money market funds are available.



Repurchase agreements

- Repurchase agreements are available in Hungary.



Banker's acceptances

- Banker's acceptances are rarely used in Hungary.




Trade payments

Documentary credits	
Documentary collections	

Guarantees

Bank guarantees	
Standby letters of credit	

Supply chain management

Receivables	
Payables	
Inventory	

Trade channels

Connexis Trade	
Connexis Supply Chain	
SWIFTNet Trade for Corporates	
Connexis Connect	
Connexis Guarantee	
SWIFTnet Supply Chain	

- BNP Paribas Global Trade Solutions (GTS) in Hungary is recognised as one of the leading trade finance solution providers to large corporations headquartered in, or operating in Hungary. The local team comprises a trade manager and 2 trade officers.

International trade

General trade rules

- As a member of the EU, Hungary follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with other countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA. The EU and the UK are currently negotiating their future trading relationship, following the UK's withdrawal from the EU.
- The EU-UK Trade and Cooperation Agreement came into force on 1 May 2021.

Imports / exports

Imports	Cars and vehicle parts	Packaged medicines	Broadcasting equipment	Integrated circuits	Crude petroleum	
Primary Import sources	Germany (25.0%)	China (6.0%)	Poland (6.0%)	Austria (6.0%)	Czechia (5.0%)	Slovakia (5.0%)

Exports	Cars and vehicle parts	Packaged medicines	Spark-ignition engines	Video displays	Broadcasting equipment	
Export markets	Germany (27.0%)	Romania (5.0%)	Italy (5.0%)	Slovakia (5.0%)		

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	88,625	96,583	104,740	104,211	101,467
	- services USD m	24,476	27,017	29,913	30,336	22,364
Imports	- goods USD m	83,531	94,465	104,740	107,590	102,397
	- services USD m	16,967	18,812	20,847	22,313	17,855
Current account as % GDP		6.2	2.8	0.4	- 0.9	0.2

Source: IMF, International Financial Statistics, July 2021.

Trade finance - Imports

Documentation

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to import goods into Hungary from outside the EU:
 - customs declaration

- commercial invoice
- bill of lading
- packing list
- certificate of origin (in certain cases).

Import licences

- Import licences are required for certain agricultural products, armaments, ammunition, explosives, military equipment, dual-use items and certain drugs.
- Quantitative restrictions apply to tobacco and alcohol imports.

Import taxes and tariffs

- Tariffs are set according to the EU customs code for all imports from outside the EU, with higher tariffs for agricultural imports than for non-agricultural imports.

Financing requirements

- None

Risk mitigation

- None

Prohibited imports

- Hungary prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Documentation

- Documentation is not required for exports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to export goods from Hungary outside the EU:
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Export licences

- Export licences are required for armaments, ammunition, military equipment and dual-use items.

Export taxes and tariffs

- None

Financing requirements

- None

Risk mitigation

- Hungary has implemented the EU directive on export credit insurance.
- Hungarian Export Credit Insurance Ltd (MEHIB), Hungary's national export credit agency, provides state-supported export credit insurance.
- Export credit insurance is also available from private insurance companies.

- Hungarian Export-Import Bank (Eximbank) provides state-subsidised export credit.
- Export financing is also available privately from commercial banks.

Prohibited exports

- Hungary prohibits the export of certain items in line with EU regulations and UN Security Council resolutions.

Regulatory requirements

Reporting regulations

- All transactions between resident accounts, and accounts held by non-residents must be reported to the MNB.
- Resident entities with high volumes of transactions with non-resident accounts and with sizeable external positions are selected to report to the MNB on a monthly basis.
- Other resident entities are required to submit reports to the MNB on a quarterly and annual basis.

Exchange controls

- Restrictions apply to foreign investment in specific industries (Hungarian airlines, shipping, and asset management).

Taxation

Resident / non-resident

- A company is considered resident in Hungary if it is created under Hungarian law, and its legal seat is located in Hungary or if its place of management is in Hungary. Non-residents may only do business in Hungary through a subsidiary, a registered branch or a permanent establishment (PE).
- Nationals of the European Economic Area (EEA) and companies registered there may provide cross-border services without setting up a business entity in Hungary.

- Representative offices can also be registered for mediation of contracts, provision of information, advertising and other related services, with the view to establishing commercial links between the foreign enterprise and potential Hungarian customers.

Tax authorities

- National Tax and Customs Office (NAV).

Tax year/filing

- The tax year is generally the calendar year, although a taxpayer may elect a different financial year that also applies for tax purposes. The tax year is generally 12 months, but can be shorter in certain cases.
- Corporate income tax self assessed returns must be filed by 31 May of the year following the financial year if the business/tax year corresponds to the calendar year, or otherwise by the last day of the fifth month after the end of the business year-end.
- Each company must file its own return. However, companies may form a tax group for corporate tax purposes (subject to conditions). Members of a tax group may offset losses against the profits of other group members and enjoy simplified transfer pricing rules.
- In general, advance tax payments based on the previous year's tax liability are due monthly for companies whose tax liability exceeded HUF 5 million in the preceding year.
- The tax top-up liability for CIT purposes was abolished with effect from the tax year starting 2019.

Financial instruments

- There are no specific tax rules relating to financial instruments.

Interest and financing costs

- Interest expense is fully deductible in Hungary, provided that it is incurred for business purposes; no thin capitalisation rules apply and is not paid to a controlled foreign company.

Foreign exchange

- Foreign exchange effects are taxed as part of the accounting profit. However, under certain circumstances, taxation of non-realised FX gains may be postponed until their realisation. Financial statements may be prepared in the currency chosen by the company (foreign functional currency, apart from EUR, can only be applied if certain conditions are met). Tax returns must be prepared in thousand HUF. Where the company keeps its books in a currency other than HUF, the exchange rate of the central bank effective on the last day of the given year should be applied for the conversion.

Advance tax ruling availability

- A taxpayer may request an advance ruling on the tax consequences of a proposed transaction. Advance pricing agreements are available.

Capital gains tax

- Capital gains are taxed as part of the accounting profit at a rate of 9%. However no tax is due if the participation exemption applies.
- Capital gains realised by a non-resident shareholder from the sale of its shares in a Hungarian company generally are not taxable. However, capital gains realised by a shareholder resident in a non-treaty country, or by a shareholder resident in a tax treaty country if the relevant treaty so provides, on the sale of its shares in a Hungarian real estate company are taxable at a rate of 9%.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	None	None	None	None
Non-resident entities	None	None	None	None

- There is no [withholding tax](#) on dividends, royalties or interest paid to companies under domestic law. This exemption is not applicable if the recipient is a private individual.
- As a member of the EU, Hungary also benefits from European Regulations and Directives, e.g. the EU Interest and Royalty Directive. This directive provides that no withholding tax should be levied on interest and royalty payments between certain related parties within the EU.

Tax treaties / tax information exchange agreements (TIEAs)

- Foreign-sourced income is taxable in Hungary, with a credit granted under domestic law for foreign tax paid, even if there is no tax treaty with the country of source. Hungary's tax treaties provide for either a credit for the foreign tax paid or an exemption of the foreign income.
- Hungary has 80 tax treaties in effect.

Thin capitalisation

- Excess borrowing costs are deductible up to the greater of 30% of the taxpayers' EBITDA or EUR 3 million. For companies in a corporate tax group, exceeding borrowing costs and EBITDA figures are calculated on a consolidated basis. Exemptions for standalone entities and members of a consolidated group for financial accounting purposes apply.

Transfer pricing

- If the consideration applied in related party transactions is not at arm's length, the transfer pricing rules require that the tax base be adjusted.
- The following transfer pricing methods may be used: comparable uncontrolled price method, resale minus method, cost-plus method, transactional net margin method, and profit-split method. If none of these methods leads to a proper result, the taxpayer may apply any other defensible method.
- Documentation requirements apply for related party transactions and advance pricing agreements are available.
- Hungary has implemented country-by-country (CbC) reporting legislation. CbC reporting applies to Hungarian resident companies that were, in the fiscal year preceding the reporting fiscal year, members of a multinational company group with a total annual consolidated group revenue exceeding EUR750 million (or HUF equivalent).

Stamp duty

- Various stamp duties apply in administrative and court procedures.

Cash pooling

- There are no specific tax rules relating to [cash pooling](#).

Financial transactions / Banking services tax

- A transaction tax fee applies to payment service providers, credit institutions authorised to pursue currency exchange activities and special services intermediaries of currency exchange services performing activities in Hungary. The scope of the transaction tax includes any transfer of funds, direct debits, cash withdrawals from payment accounts (also by means of cash-substitute), loan repayments and commissions and fees as charged. The amount of the transaction tax is 0.6% in case of cash withdrawals (without limitation) per transaction and 0.3% in all other cases (capped at HUF 6000 per payment transaction).

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com).



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