

TaxAlert

January 2010

In this alert we briefly inform our Clients about the recent Constitutional Court's decision on wealth tax.

The Constitutional Court's 26, January 2010 decision retroactively annulled the regulations of the Wealth Tax Law relating to real estate.

According to the Constitutional Court's decision, wealth tax should be paid on watercraft, aircraft and high-powered automobiles only.

As a summary, in case of watercraft and aircraft, the tax is payable on those vehicles which are officially registered in Hungary or are registered abroad but the owner is a Hungarian tax resident individual or a registered organization in Hungary. Passenger cars which have at least 125 kW engine power, are also subject to wealth tax. There are some available tax allowances.

The owner of the vehicle on each 1, January is subject to the wealth tax.

The Constitutional Court's decision does not impact the wealth tax advance payment obligations, - which should be paid two times a year, by 20, May 2010 and 30, September 2010, - or the tax return filing obligations.

Individual taxpayers are required to fulfill their tax advance obligations by completing the relevant annex of the annual personal income tax return by 20, May 2010. However, the wealth tax return can be also submitted separately, if the individual uses the possibility for the assessment through the employer.

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