

## “REPRESENTATION TAX” HUNGARY

### How to differentiate between office supplies and catering expenses?

Computers, stationery, furniture will usually be considered **office supplies**. Food and drink are usually **representation expenses**. There is a **fuzzy zone** in between, including cutlery, paper plates, folding chairs, which might not be so obvious.

YOUR PURCHASE	CONTAINS VAT	VAT CONTENT RECLAIMABLE	FULL PRICE DEDUCTIBLE FROM CORPORATE TAX	40.71% “REPRESENTATION TAX” TO BE PAID AFTER IT
laptop for the secretary	yes	yes	yes	no
shelves in the meeting room	yes	yes	yes	no
coffee	yes	no	yes	yes
coffee machine	yes	no	yes	yes
biscuits	yes	no	yes	yes
hotel reservation for a business trip	yes	yes	yes	no
airplane tickets for a business trip	no	no	yes	no
conference attendance fee	yes	yes	yes	no
company dinner at a restaurant	yes	no	yes	yes
riding a taxi home after the company dinner	no	no	yes	yes
riding a taxi to a business meeting or to the airport during a business trip	no	no	yes	no
having a single dinner while on a business trip	yes	no	yes	yes
family vacation	yes	no	NO	No, as it is not deductible. You cannot pay for it with company money. If you did, you must pay it back to the company.

If you are not sure whether a given article or service is considered office supply or representation cost, consult your English-speaking accountant. Your accountant will **help you estimate your expenses**, and **calculate your taxes** even before the purchase is made. This way you can better **allocate your budget and make more informed decisions** on behalf of your Hungarian company.