

Subsidies for investment projects in Hungary

The Hungarian Investment Promotion Agency (HIPA) supports investments with a one-stop-shop service. As part of the support package, HIPA undertakes all-inclusive project management for projects granted direct cash subsidies (EKD) by a discretionary government decision, and provides VIP treatment and comprehensive information about other subsidies available.

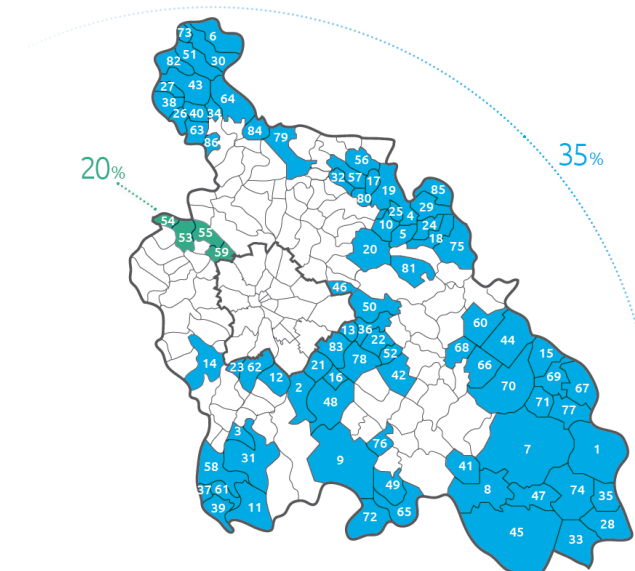
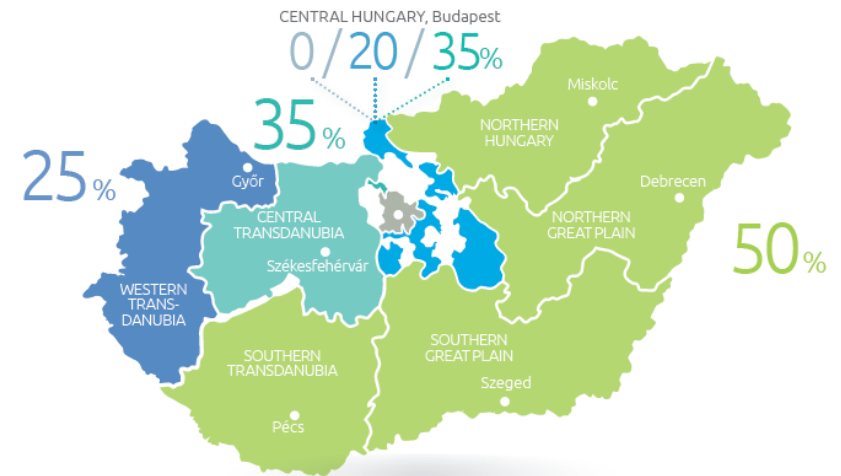
The Hungarian Government, through HIPA as intermediary, offers wide range of investment incentives in order to assist you with a prosperous investment in Hungary.

1. **Cash grants:**
 - Subsidy with Individual Government Decision (EKD)
 - EU co-financed tenders
2. **Development tax allowance**
3. **Training subsidy**
4. **Workshop establishment aid**
5. **Social tax allowance**
6. **Job creation subsidy**

Subsidy for large investment projects is also subject to an adjusted regional aid ceiling, on the basis of the following scale:

| Eligible expenditure | Adjusted aid ceiling |
|------------------------------|---------------------------|
| Up to EUR 50M | 100 % of regional ceiling |
| For part between EUR 50-100M | 50 % of regional ceiling |
| For part exceeding EUR 100M | 34 % of regional ceiling |

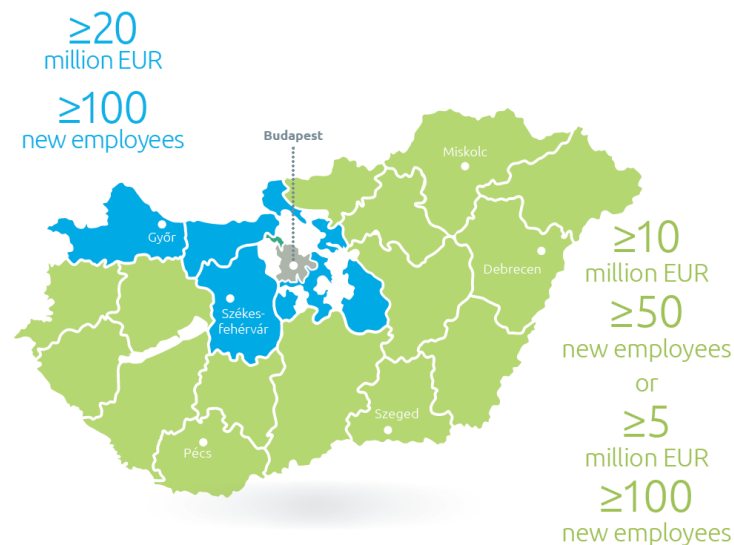
Maximum regional aid intensity



| Subsidies | Form | Amount of the subsidy | Condition | Application |
|--|--|---|---|--|
| Subsidy with Individual Government Decision (EKD) | cash, non-refundable, post-financed | decided individually by the Hungarian Government | <p><u>Asset investment:</u></p> <ul style="list-style-type: none"> – min. EUR 20 M investment volume, and 100 new jobs in the following counties: Fejér, Komárom-Esztergom and Győr-Moson-Sopron – min. EUR 10 M investment volume, and 50 new jobs in the following regions: Northern Hungary, Northern Great Plain, Southern Great Plain, Southern Transdanubia and in the following counties: Veszprém, Zala and Vas – min. EUR 20 M investment volume, and 100 new jobs in case of starting investments undertaking new economic activities implemented by large enterprises in the preferred areas of Central Hungarian region (in case of SME's capacity expanding can also be eligible) – min. EUR 5 M investment volume, and 100 new jobs in case of starting investments undertaking new economic activities implemented in the following regions: Northern Hungary, Northern Great Plain, Southern Great Plain, Southern Transdanubia and in the following counties: Veszprém, Zala and Vas <p><u>Job creation:</u></p> <ul style="list-style-type: none"> – min. EUR 10 M investment volume – in Northern Hungary, Northern Great Plain, Southern Great Plain, Southern Transdanubia and Veszprém, Zala, Vas counties: min. 50 employees – in Fejér, Komárom-Esztergom and Győr-Moson-Sopron counties : min. 100 employees <p><u>Creation or expansion of Regional Shared Service Centers:</u></p> <ul style="list-style-type: none"> – min. 50 new jobs in every region of Hungary that can be subsidized | „request list” containing core investment data submitted to HIPA |
| EU co-financed tenders | cash, non-refundable, post-financed | specified by the tender | <i>specified by the tender</i> | specified by the tender |
| Development tax allowance | tax allowance following the completion of the investment | exemption for 80% of the corporate tax payable for 10 years following the fulfillment of the investment | <i>Depending on the created workplaces, on the volume of the investment and on wage cost growth</i> | request should be submitted to the Ministry of National Economy |
| Training subsidy | cash, non-refundable, post-financed | 50-70% of eligible training costs | <i>min. 50 new jobs</i> | letter of intent needs to be submitted to the relevant minister |
| Workshop establishment aid | cash, non-refundable, post-financed | max.73% of eligible costs | <i>min. 50 employees with student contract (available only for large enterprises)</i> | letter of intent needs to be submitted to the relevant minister |
| Social tax allowance | tax allowance | The social tax is either 0% or 12,5% or 14% depending on the type of labour group (instead of 27%) | <i>The tax allowance can be granted for prioritized groups up to gross wage of HUF 100 000 for researchers and developers with PhD up to gross wage of HUF 500 000 for PhD students up to gross wage of HUF 200 000</i> | The claim of the allowance is to be indicated in the tax documentation |
| Job creation subsidy | cash, non-refundable, post-financed | decided individually by the Hungarian Government | <i>Granted Subsidy with Individual Government Decision, min. 250 new jobs, investment in a disadvantaged area</i> | letter of intent needs to be submitted to the relevant ministry |

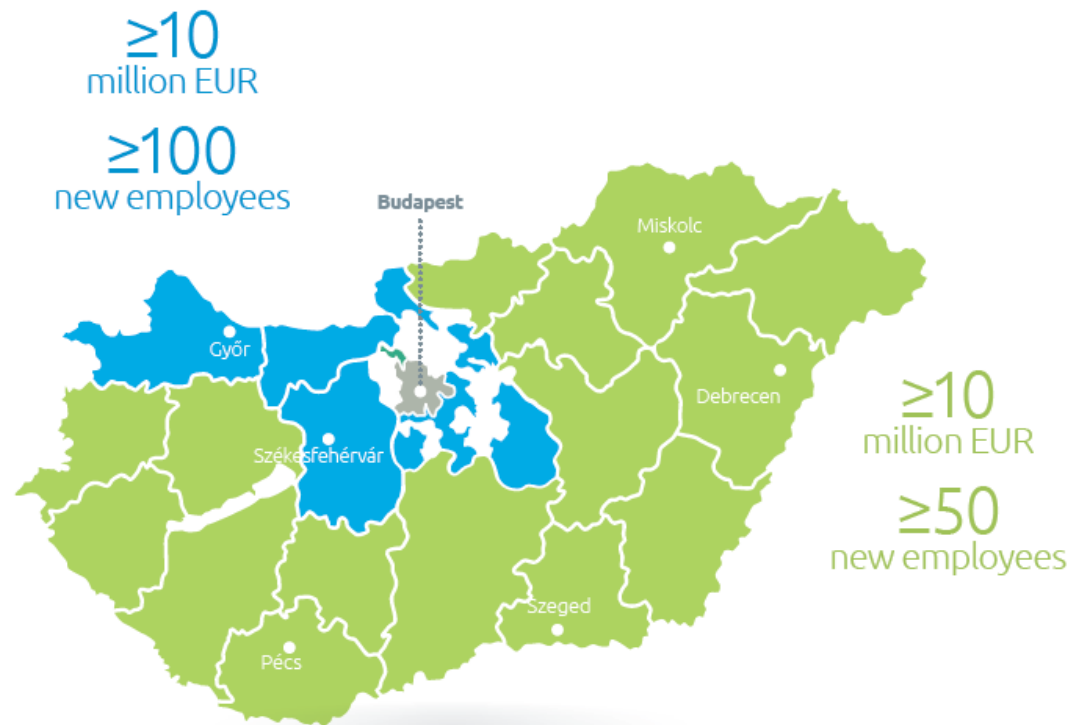
Conditions of claiming cash subsidy based on the decision of the Hungarian Government

The cash subsidy based on the decision of the Hungarian Government, can be claimed for asset investment, OR for job creation purposes as follows:



In case of asset investment:

- **min. EUR 20 million of investment volume and 100 new jobs created** in the following counties: Fejér, Komárom-Esztergom and Győr-Moson-Sopron
- **min. EUR 10 million of investment volume and 50 new jobs created** in the following regions: Northern Hungary, Northern Great Plain, Southern Great Plain, Southern Transdanubia and in the following counties: Veszprém, Zala and Vas
- **min. EUR 20 million of investment volume and 100 new jobs created** in case of starting investments undertaking new economic activities implemented by large enterprises in the preferred areas of Central Hungarian region (**in case of SME's capacity expanding can also be eligible**)
- **min. EUR 5 million of investment volume and 100 new jobs created in case of starting investments undertaking new economic activities** implemented in the following regions: Northern Hungary, Northern Great Plain, Southern Great Plain, Southern Transdanubia and in the following counties: Veszprém, Zala and Vas
- Moreover in case of investments aiming the creation or the expansion of Regional Shared Service Centers **creating min. 50 new jobs** in every region of Hungary that can be subsidized



In case of job creation investment:

- **min. EUR 10 million of investment volume and 100 new jobs created** in the following counties: Fejér, Komárom-Esztergom and Győr-Moson-Sopron
- **min. EUR 10 million of investment volume and 50 new jobs created** in the following regions: Northern Hungary, Northern Great Plain, Southern Great Plain, Southern Transdanubia and in the following counties: Veszprém, Zala and Vas
- **min. EUR 10 million of investment volume and 100 new jobs created** in case of starting investments undertaking new economic activities implemented by large enterprises in the preferred areas of Central Hungarian region (**in case of SME's capacity expanding can also be eligible**)
- Moreover in case of investments aiming the creation or the expansion of Regional Shared Service Centers **creating min. 50 new jobs** in every region of Hungary can be subsidized

EU co-financed tenders

In the 7-year financial period of the European Union between 2014 and 2020 Hungary will be entitled to approximately **EUR 40 billion** of financial source.

Generally it can be said that this period will be characterized by the followings:

- **60 % of the sources granted by the European Union will be spent on economic development** (instead of the 20 % allocated in the previous period)
- the support of the SMEs, R&D and rural development will be more pronounced

EU funds are available for a number of development goals, like asset acquisition, infrastructural development, new construction, renovation, service development, job creation and financing human resources costs.

For further information and a tailor made incentive package please contact HIPA

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