



Newsletter

Dear Business Partner,

Leinonen Hungary would like to inform you regularly about some important practical issues in our fields of business: accounting and payroll in Hungary. With this newsletter we aim to provide a summary of the most important amendments to tax legislation. We hope that you will find this information useful.

S&P Upgraded Hungary

Rating agency Standard and Poor's reviewed Hungary's sovereign rating on 16 September and decided to upgrade it to BBB-. With this step S&P classified Hungary again as "recommended to invest". Rating agency Fitch has already made this step on 20 May. Now only Moody's Investors Service keeps Hungary below the recommended level, and their review is due on 4 November. S&P acknowledged the significant improvement and the stability of the Hungarian economy since the crisis of 2009. This step can open the doors for further foreign investments in Hungary, and Leinonen is ready to serve the newly arriving foreign companies.

More and More Online Cash Registers

As from 1 January 2017, the scope of businesses obliged to use online cash registers connected to the tax authority is getting wider. This time, the following entrepreneurs are required to have such an equipment to legally operate in the future: vehicle repair and maintenance, retail trade of automotive components, trade and repair of motorcycles and spare parts, plastic surgeries, discos and dance halls, textile and fur washing, cleaning, dry cleaning, ironing, massage and slimming salons, fitness and body building clubs, taxi drivers, and money changers. In order to fulfil all the obligations in time, the purchasing process should be started by end of October.

Employees of Foreign Employer in Hungary

There are special rules and regulations for those employees, who work in Hungary for a foreign employer. If the employer is not present in Hungary, he can choose to either register at the tax authorities and administer the payroll related taxes and contributions through a representative, or he can leave the administration and the payments to his employee in Hungary. In this case the employer pays all the taxes and contributions as well to the employee, who will be responsible to forward them to the tax authority. If you are interested in this solution, please contact us at contact@leinonen.hu.

My Company Needs More Money, What To Do?

It is pretty common that a new company is established with the minimum equity, but later on further fund is necessary to continue the business before it achieves the break-even point. But older companies also happen to face less prosperous periods, when additional money is required to keep the business running. The banks are usually not willing to provide loans to such enterprises. If the owners have the necessary funds, they can help their company more ways. The first idea usually is to give a loan to ourselves. This step can help the current cash flow, but in longer term there are disadvantages. Not only accruing the legally expected interest payable, but increasing the liabilities, while the equity of the company is still low. The other way is the payment of additional capital. It needs a little more preliminary administrative work, because the deed of association should properly include this option, but the daily use is easy. The purpose of the additional capital is to cover the losses of the company. It is part of the owners' equity, so it helps to keep it at the requested level. Once the company is running well, it can be paid back to the owners. There is no time limit and no interest on it. Should you need a consultation on this issue, do not hesitate to contact us at contact@leinonen.hu

Leinonen Group as a one stop service provider

Leinonen Group (www.leinonen.eu) is all about company formation, accounting and payroll services. We provide you with advice in all these fields. Having been in business for over 20 years we have extensive experience in helping both foreign and local companies to establish and operate their business in our market areas.

Leinonen Group is an expanding international company with offices in 11 countries: Finland, Sweden, Norway, Estonia, Latvia, Lithuania, Poland, Hungary, Bulgaria, Russia and Ukraine. Our customers are mainly foreign-owned companies in all these countries, while we are certainly ready to serve local partners as well.

We are convinced that outsourced accounting and payroll administration helps you concentrate on your core business, while improving your efficiency.

We are looking forward to co-operating with you!

Kind regards,

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