General Information on Deadlines and Legislative Changes Relating to the Global Minimum Tax and Country-by-Country Reporting obligation in 2025 and 2026

Dear Partner,

The briefing provides you with information on the 2025 and 2026 deadlines and legislative changes affecting the global minimum tax (GLOBE) and the Country-by-Country Reporting (CbCR) obligation.

I. Taxpayers of the Global Minimum Tax

The global minimum tax applies to members established in Hungary of multinational enterprise (MNE) groups or large-scale domestic groups, provided that the group:

- has an annual consolidated revenue, according to the ultimate parent entity's consolidated financial statements, of at least **EUR 750 million** in at least two of the four fiscal years immediately preceding the fiscal year concerned (= Country-by-Country reporting threshold);
- Certain entities qualify as "excluded entities", e.g. ultimate parent entities that are investment funds or nonprofit organizations. Their figures are taken into account for threshold calculation purposes, but they are not subject to top-up tax liability.

II. Key Dates and Obligations for Global Minimum Taxpayers

31 December 2023: entry into force of the minimum tax rules (applicable for fiscal years starting in 2024, except for the Undertaxed Payments Rule – UTPR – which applies in Hungary from 1 January 2025).

Notification

- **By 28 February 2026:** calendar-year taxpayers subject to top-up tax in 2025 must notify the tax authority of their status.

For taxpayers with a non-calendar fiscal year, the deadline is the last day of the second month following the end of the fiscal year concerned.
Annual notification will be mandatory. If several group members are resident in the same jurisdiction, notification must be made for each, or one designated member may submit on behalf of the group.

Filing (1. GloBE Information Return and 2. Separate Domestic Top-up Tax Return)
For fiscal year 2024, the deadline for filing the top-up tax return is **30 June 2026** for calendar-year taxpayers. In general, returns must be filed (and the top-up tax paid) within 15 months following the end of the fiscal year concerned, or within 18 months in the case of the first fiscal year in which the group falls within the scope of GloBE in a given jurisdiction ("transition year").

Under the DAC9 Directive, centralised filing of the global minimum tax return will be allowed, either by the ultimate parent entity or a designated group member, on behalf of the entire group. A standardized return form (Top-up Tax Information Return; TTIR) will be introduced within the EU, with automatic exchange of information among Member States.

If the group has non-EU members, it must be verified whether the jurisdiction has joined the OECD's Multilateral Competent Authority Agreement on the Global Minimum Tax Information Return (GIR). Where the jurisdiction of a group member is not an OECD member, local-level filing of a global minimum tax return may still be required.

Hungary must transpose the DAC9 Directive into national law by 31 December 2025.

Penalties
For tax years beginning before 31 December 2026, no penalty may be imposed for failure to comply with statutory obligations, provided that the taxpayer has acted as could reasonably be expected under the circumstances.

However, it is worth to mention that the Hungarian Parliament has extended the maximum administrative penalty for failures relating to top-up tax returns/disclosures (incomplete, incorrect, or misleading data) up to **HUF 10 million.**

III. Determination of the Effective Tax Rate (ETR) and Taxation Mechanisms under GloBE

If the group falls under the global minimum tax, it must calculate its **effective tax rate** in each jurisdiction as follows:
Effective Tax Rate (ETR) = Adjusted Covered Taxes of local constituent entities / Net GloBE Income of local constituent entities.
{In Hungary, covered taxes include, in particular, corporate income tax, energy suppliers' income tax, local business tax, and the innovation contribution tax.}

If the ETR is below 15% (the minimum rate), a top-up tax liability arises in that jurisdiction. The Directive (and Hungarian rules) provide **three mechanisms**:

Qualified Domestic Minimum Top-up Tax (QDMTT)
The Directive allows the collection of the top-up tax locally (in the relevant jurisdiction) on the excess profits of constituent entities resident in that jurisdiction.
The Qualified Domestic Minimum Top-up Tax (QDMTT) reduces (down to a minimum of zero) the amount of top-up tax otherwise collected under the Income Inclusion Rule (IIR, see below).
{If the domestic qualified top-up tax receives an exemption through the so-called "peer review" validation (a "safe harbour QDMTT"), then the IIR top-up tax must automatically be deemed to be zero for that jurisdiction.}

Income Inclusion Rule (IIR)
The ultimate parent entity resident in a given jurisdiction must determine and pay its allocable share of the top-up tax with respect to itself and its low-taxed domestic and foreign constituent entities.
The IIR tax so calculated is reduced by the amount of Qualified Domestic Minimum Top-up Tax (QDMTT) paid by the constituent entities.

Undertaxed Payments Rule (UTPR)
If the ultimate parent entity is resident in a jurisdiction that does not apply the IIR (nor any intermediate parent), or if the parent qualifies as an excluded entity, the top-up tax will be computed and allocated among group members in jurisdictions applying GloBE, based on allocation rules.

Hungary's domestic top-up tax follows the "safe harbour QDMTT" rule.

IV. Calculation of the Top-up Tax Rate for Hungary

Hungarian top-up tax rate = minimum rate – effective tax rate

For the calculation of the effective tax rate and any potential top-up tax, as well as for information regarding applicable exemptions, please contact our tax advisory team through your dedicated company representative.

V. Filing of Domestic Top-up Tax advance

Although the return and payment deadline for the 2024 top-up tax is 15 or 18 months after the fiscal year end, the deadline for filing and paying the domestic top-up tax (QDMTT) prepayment is **20 November 2025**.

Electing a transitional relief does not exempt from the filing obligation. Constituent entities must calculate by 20 November whether they qualify for relief and the amount of prepayment due.

VI. Accounting Treatment: Accrual Required

From 1 January 2026, the Accounting Act of Hungary introduces a new rule:

- The expected amount of global minimum tax must be recognized as a liability (accrued expense) in the financial statements of the year concerned, to be reversed against the actual tax payable based on the filed return.

From an accounting perspective:

- subsidiaries must allocate their expected share of the top-up tax at year-end, even before the final GloBE figures are known;
- group-level consolidation reconciliations and audit documentation will become increasingly significant.

VII. General Information and Deadlines Regarding CbC Reporting (CbCR – Country-by-Country Reporting)

The purpose of the country-by-country report is to provide tax authorities with a clear picture of the geographical presence, economic activities, income allocation, and tax payment practices of multinational corporate groups.
The obligation to submit a CbC report and the related notification applies to multinational enterprise groups with consolidated net turnover of at least EUR 750 million. The turnover must always be assessed based on the financial data of the year preceding the reporting year. For example, with respect to the 2025 reporting year, the consolidated net turnover of 2024 must be examined.

There are two forms of obligation:

- **Reporting**: This is generally carried out by the ultimate parent entity or another designated group entity **by 31 December of the year following the reporting year**.
- **Notification**: Each Hungarian group member that is not itself responsible for reporting must declare which entity will submit the report and to which jurisdiction the reporting entity belongs. This must also be completed **by 31 December** of the relevant year (i.e. the CbC notification regarding the 2025 financial year must be submitted to the tax authority by 31 December 2025).

Please note that failure to meet the deadlines or omission of the reporting obligation may result in penalties of up to HUF 20 million.

Should you have any questions regarding the above, please do not hesitate to contact our colleagues responsible for your company.

Yours sincerely,

The Team of Bergmann Office