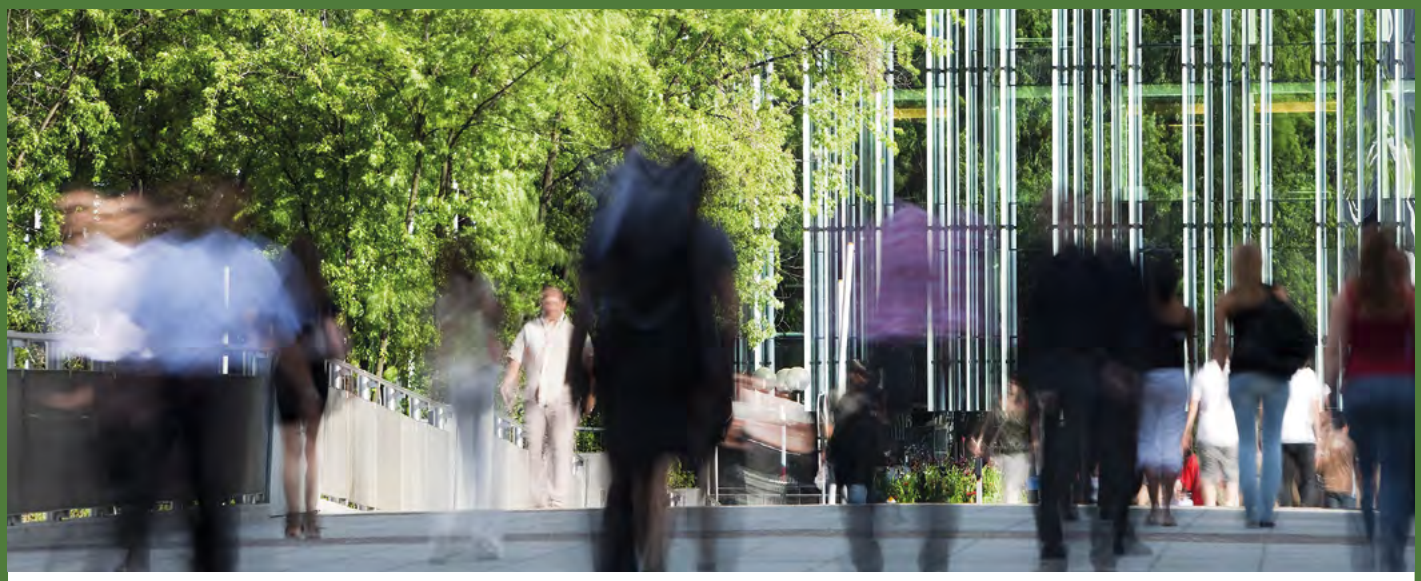

# Corporate tax

## How much have you saved for your company so far by way of sponsorship from your corporate tax?

**In recent years, besides the tax benefit, a new opportunity has been available to sponsor certain organisations at the expense of corporate tax. This is donation which has significantly reduced the risks related to sponsorship and has, therefore, been applicable by all companies in a safe manner for years.**

Organisations of performing artists have been omitted from those eligible for sponsorship since 2019 but cinematographic works and popular team sports can still be sponsored. The arrangement is extremely favourable, costs hardly any time and is risk-free for the donor. Donations are very simple to make, involve minimal administration, and can help you achieve a tax credit.

### Who can be the beneficiaries?

The new system makes it possible for companies to make sponsorship donations in an amount up to 80% of their corporate tax for certain types of beneficiaries. Sponsorship is possible in support of the following two areas:

- cinematographic works;
- popular team sports.

### Why sponsor?

In addition to aspects related to corporate social responsibility, providing sponsorship offers a number of advantages for companies. Let us see some examples.

- No expenses! There are no expenses involved in connection with sponsorship as the tax authority transfers the amount of the donation at the request of the selected organisation from the corporate tax already paid. This means there are no additional costs incurred by the company other than the corporate tax that has already been paid.
- No risks! If, for any reason, the company fails to satisfy a condition, the tax authority will simply not transfer the amount offered to the organisation selected. Since the corporate tax has already been paid, no tax arrears arise in such a case.

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- Minimal administration! Sponsorship is provided by way of submitting a form and the rest of the administration is completed between the beneficiary and the Tax Authority.
- No cash-flow disadvantage! Indeed, the company is eligible to credit after the amount offered. The company does not transfer the donation to the beneficiary, only pays the corporate tax as required. The tax credit is added to the tax account of the company, and as such, it can be used for reducing later corporate tax liabilities.
- Tax savings of up to 7.5%! In the case of donations from the tax advance or tax advance supplement, up to 7.5% of the amount donated can be achieved as savings (in other cases, the tax credit is 2.5%).

## How can Mazars help you?

The experts of Mazars can assist you throughout the entire process with the following:

- We help in evaluating whether the selected organisation can be sponsored.
- We provide help with the related administration, the conclusion of the contracts and the preparation and filing of the necessary documents (including, in the case of popular team sports, the contract on the supplementary support, as well as in the case of all forms of sponsorship, the preparation and checking of the request for the sponsorship certificate, which is to be submitted jointly with the sponsored organisation, the submission of the sponsorship certificate, the preparation of the statement of instruction, etc.).
- We can determine the maximum amount that can be offered, as well as the optimal scheduling to achieve the biggest possible tax advantage.
- We maintain contact with the partner on a continuous basis, thereby freeing you from all related obligations.

Should you have any questions in connection with the above, we are pleased to be at your service.

## Contacts

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

Mazars started operations in Hungary in 1991; now we are one of the country's leading audit and advisory companies. With 150 highly trained and dedicated professionals, we provide a full spectrum of services to our clients across all sectors, from banking and finance to industry and services. In addition to the local subsidiaries of major international listed companies, we also serve many Hungarian small and medium-sized companies.

*where permitted under applicable country laws.

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