



Sport support scheme in Hungary – corporate tax benefit

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New sport support scheme in Hungary



- Program to increase the participation of citizens in sport activities (Adoption in 2011);
- Tax benefit scheme is quite unique in Europe and it is expected to boost Hungarian sport life;
- Focus on the five most popular team sports in Hungary (football, handball, basketball, ice-hockey and water-polo);
- Objective: to channel additional funds to the sport sector by incentivizing commercial undertakings through tax benefits to contribute to sport development.



These funds could be used for three main purposes:

- training of the young generation,
- personnel costs,
- investments to create or modernize sport infrastructure.



The scheme consists of two main parts

- Donation for certain sport objectives by corporate tax benefit
- Transfer tax (duty on transfer of property) exemption



I. Donation for certain sport objectives by corporate tax benefit

- The donation by an undertaking to the sport sector is backed by corporate tax incentives.
- It allows corporate donors to deduct their donation to sport support both from their taxable income and from their tax liability.
- The tax benefit can be maximum 70 per cent of the donor undertaking's yearly corporate tax payment obligation.
- In fact the greatest incentive of the corporate income tax benefit results from the supporter's perspective as tax saving.



II. Transfer tax exemption (duty on transfer of property)

- In the case of purchase of a "sport site" available for sport activity, the buyer/investor is entitled to a transfer tax exemption.
- The condition of the exemption is that the property should be used as sport facility for a minimum of fifteen years.



Beneficiaries

The direct beneficiaries of the measure are the „sport organizations”

- the sport associations of the five most popular team sports;
- professional sport clubs that are members of the sport associations specified in the previous point;
- investors of the sport sector if they can benefit from transfer tax exemption.



Beneficiaries

The indirect beneficiaries of the measure

- sport organizations using the subsidized facilities;
- the sportsmen, sportswomen of the professional sport clubs and the general public having access to better sport equipment and facilities;
- improvement of the quality of school and student sport;
- the increasing popularity of professional sports will have a positive impact on the popularity of sports.



Beneficiaries

Benefits for the general public

- all subsidized sport sites/facilities shall be open for use by the general public;
- school and student sport, leisure sport or other community events;
- all subsidized sport sites/facilities shall be adequate to be used for other purposes besides the activities of the professional sport clubs (multifunctional character).



Operation of the system

- strong monitoring and control mechanisms
- National Sport Institution
- annual report to the Commission



Future plans

Hungary's long term objective is to incentivize the spending of more private funds to sport development on commercial basis.

The current scheme establishes a direct link between companies and local sport clubs, so they could have the potential to pave the way for more market based co-operations in the medium and long term.



Results after the first anniversary

- Injection of 33.5 billion HUF (120 million EUR) into the sport sector;
- 1320 successful applications, the amount was distributed in 986 locations in the country;
- The distribution among the team sports : 58.2 % of the amount went to football, 19.7 % to handball, 9.7% to basketball, 6.6 % to water polo, and 5.8 % to ice hockey community programs;
- Increasing of registered athletes by 15 % and start with renovation of more than 100 sport infrastructure in the last year.



Thank you for your attention!