



THE HUNGARIAN TAX INCENTIVE REBATE FOR FILMS

2026

EXPOSURE

Hungary offers a film incentive in the form of a cash refund.

Eligible productions can receive a rebate of up to 30% of their eligible direct production expenses.

- Rebate rate: up to 30% cash refund (post-financing).
- Eligible base: direct production expenses incurred in Hungary, plus a limited amount of eligible foreign expenses (non-Hungarian expenses).
- Non-Hungarian eligible spend: capped at 25% of the eligible Hungarian spend (equivalent to 20% of the total eligible budget).
- Effective rate: up to 37.5% of the eligible Hungarian spend when the maximum eligible non-Hungarian spend is included.
- Administration: the National Film Institute (NFI) manages the Collection Account and may charge an administration fee (up to 2.5% of the subsidy granted).
- No minimum spend and (in principle) no per-project cap; payouts are made from the dedicated Collection Account (subject to annual caps and registration limits set by government decree).
- The scheme is approved at EU level and secured until the end of 2030; system updates took effect in 2025 to increase predictability.
- For 2026, the annual amount that can be paid into the NFI Collection Account is capped at HUF 70 billion (Gov. Decree 439/2016 (XII. 16.), Section 1).
- For 2026 H1, the aggregate direct production costs in eligibility decisions are capped at HUF 140 billion, of which at least HUF 21 billion is reserved for Hungarian or Hungarian-participation productions (Gov. Decree 439/2016 (XII. 16.), Section 1/A).

WHAT PRODUCTIONS CAN BENEFIT?

ELIGIBLE FORMATS

Films of all genres made for cinema release.

Feature films, series, documentaries and animations made for television or other distribution platforms.

Post-production work performed in Hungary can qualify as part of an eligible project.

EXCLUDED FORMATS (NON-EXHAUSTIVE)

Pornographic content and extremely violent films.

Commercials and advertisements.

Reality shows, scripted reality, talent shows, daily soap operas.

News, sports coverage, talk shows, projected light paintings.

THE REBATE PROCESS

- Registration
- Qualification
- Rebate

REGISTRATION

A Hungarian film production company is required to qualify for the rebate.

1. Use the services of a third party Hungarian production company.
2. Set up a new Hungarian production company (SPV)

(The new company must be registered with the Hungarian Film Office)

BECOMING A QUALIFIED PRODUCTION

The registered Hungarian production company must submit an application for the project to the National Film Office (NFO).

- Production schedule
- Company documents
- Production service agreement (summarized in Hungarian)
- Production budget (relevant parts)
- Cultural test (Hungarian translation of the script is required)
- A statement declaring how often the production wishes to receive the rebate (monthly, quarterly or at end of filming)
- All of the above **MUST** be submitted at least 30 days prior to start of shooting. (60 days prior to start of shooting in case of official coproductions)

QUALIFYING: CULTURAL TEST

Section A: Cultural Criteria - 8 points

At least 2 points must come from this section (unless the project qualifies as a European co-production with Hungarian participation)

Section B: Industrial Criteria - 24 points

Must reach minimum 16 points out of 32 points (Section A + B)

At least 4 of the criteria a)-n) must score (i.e., a total of at least 4 criteria must be met).

CULTURAL CRITERIA

A: The storyline / underlying material of the motion picture is based on an event, which is part of the Hungarian or the European culture / history / mythology / religions

1 point

B: The motion picture is based on a character / personality belonging to the Hungarian/ European culture / history / society / religions

1 point

C: The motion picture is centered on Hungarian / European traditions / customs

1 point

D: The story of the motion picture is set in European scene / landmark / location / architectural or cultural environment

1 point

E: The storyline or underlying material is based on a literary work or on an adaptation of other art work (products of fine or applied arts, music etc.) with cultural value

1 point

F: The storyline or underlying material of the motion picture is centered on a current actual cultural, sociological or political issue for Hungarian or European society

1 point

G: The motion picture reflects an important Hungarian or European value such as cultural diversity / solidarity / equality / protection of minorities or human rights / tolerance / environmental protection / respect for traditions of culture or family

1 point

H: The motion picture reflects the Hungarian and European culture and identity

1 point

INDUSTRIAL CRITERIA

I: The film product is a motion picture product that creates value as a result of its genre.

4 point

J: The creators of the motion picture include Hungarian citizens or citizens of another EEA country or those non-EEA citizens who have received an international film festival award:
Director / Producer / Director of Photography / Script Writer / Leading or Secondary Actor or Actress
/ Composer / Art Director or Production Designer / Costume Designer / Editor
/ Make up Designer / Line Producer (Production Manager)
/ Post Production Supervisor (either audio) / VFX / DI)

1 point
for every
2 scores
(max. 6
points)

K: Final version of the film in any official EEA language.

4 points

L: At least 51% of the contributors to the motion picture - not falling under the scope of point J - are citizens of an EEA country or the motion picture is a co-production that does not qualify as a European co-production.

4 points

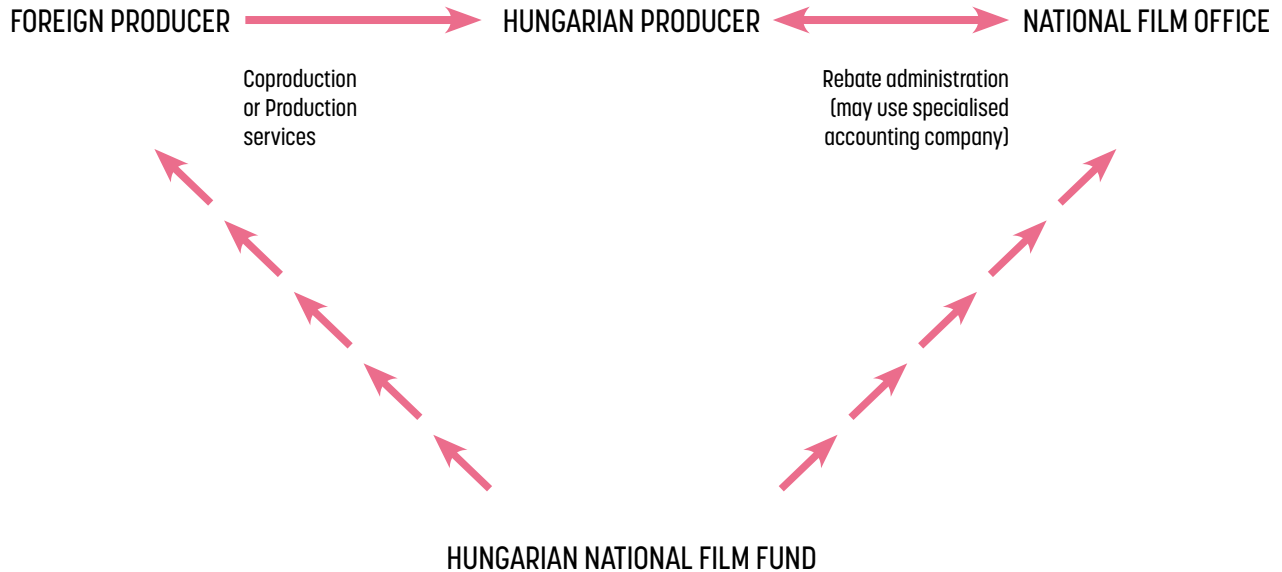
M: The location of the shooting is in Hungary.

3 points

N: Use of Hungary's cultural resources (i.e. pre or post-production in Hungary).

3 points

MECHANISM OF THE HUNGARIAN TAX REBATE SYSTEM



GROUND RULES

- 30 % tax rebate on the Hungarian qualifying production spend.
- The effective rate can reach 37,25% if foreign spend (outside of Hungary) is also an integral part of the Hungarian budget.
- No per-production cap on the amount of tax rebate (system-level annual limits apply to the Collection Account).
- No minimum expenditure.
- Tax certificates can be obtained once budget items have been financially settled.
- Tax certificates can be requested at the end of the production; quarterly or monthly scheduling is available only if the production does not finish within 9 months or if direct production costs exceed HUF 150 million (Act II of 2004 on motion pictures hereinafter referred to as: „Mktv.”, 31/D (2)).
- In general, tax-rebate works as post-financing. Pre-financing is available through a specialised bank loan. **Pre-financing is available through a specialised bank loan.**

QUALIFYING EXPENSES

- Direct production expenses (both Hungarian and foreign) invoiced to, and paid by (via bank transfer), the qualified Hungarian production company, for example:
- Local wages (both above-the-line and below-the-line)
 - Rental costs
 - Purchases, costs of materials / amortisation
 - Travel and accommodation
 - All kinds of financing and administration costs, insurance, completion bond etc.
 - Post production

Foreign spend elements: Production expenses incurred outside of Hungary can qualify in an amount up to 1/4 of the total qualified Hungarian production expenses (i.e., up to 25% of the Hungarian spend, which equals max. 20% of the combined eligible budget). If 100 units are spent in Hungary, another 25 units of foreign spend can also be deemed eligible spend. This is what can increase the effective tax rebate from 30 to 37.5% (of the qualifying Hungarian budget).

EXPENSES THAT DO NOT QUALIFY

- Travel costs where Hungary is neither the departure nor the destination
- Producers fees above 4% of qualifying budget
- Copyright fees, royalties above 4% of qualifying budget
- Promotional costs, unless directly related to the production (like still photos) limited to 2% of the qualifying budget (but max HUF 10,000,000).
- Expenses where the date of the certificate of completion falls outside the production period, or the invoice is issued later than 3 months from the end date, are excluded.
- Costs of completion bonds limited up to 5% of the qualifying budget (but max HUF 100,000,000).
- Cost of services delivered by non-Hungarian sub-contractors limited up to 25% of eligible Hungarian spend.
- Remunerations of cast and crew members up to HUF 3,000,000 per person and per film production will be eligible at 100% for tax rebate; eligibility of remuneration exceeding this limit is capped at 50% (exceptions may apply).
- Any expenses settled by compensation (products or services) are excluded.
- Any costs related to a film produced about an event are limited to the expenses incurred regarding the production, and not the event; if costs cannot be separated, all such expenses should be excluded.
- Costs related to purchase of goods or services from the foreign producer or co-producer are not eligible as direct production costs.

EXAMPLES FOR QUALIFYING FOREIGN SPEND

- Non-Hungarian copyright fees paid by the Hungarian production company (4% limitation)
- Foreign shooting costs paid by the Hungarian production company
- Foreign post-production costs paid by the Hungarian production company
- Rental costs (either equipment or real estate) paid to foreign entities

BRINGING FOREIGN CAST & CREW INTO THE HUNGARIAN SPEND

- Cast and crew members can become qualifying expenses if the remuneration is subject to Hungarian personal income tax under the applicable rules (also depends on double taxation treaties, where relevant).
- Foreign cast or crew members whose remuneration is subject to Hungarian personal income tax will have to obtain a Hungarian tax number and pay personal income taxes to the Hungarian tax authorities. Remunerations up to HUF 3,000,000 per person and per production are eligible at 100%; eligibility of amounts exceeding this limit is capped at 50% (exceptions may apply).
- The above depends on the individual contractual and tax setup (incl. applicable double taxation treaties).

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AUDIT PROCESS

- Either at the end of the production, or (where allowed by law) quarterly or monthly. For tax certificates, quarterly/monthly scheduling is available only if production does not finish within 9 months or if direct production costs exceed HUF 150 million („Mktv.” 31/D (2)). For cost-checking, quarterly scheduling depends on the applicant status and may require a higher cost threshold for film production companies (Mktv. 31/C (2a)).
- The production submits a financial report to the NFO of incurred expenses in each budget category.
- The NFO does a random review of the submitted invoices and contracts.

TAX CERTIFICATE AND TRANSFER OF REBATE

- The rebate is financed by both governmental and non-governmental tax-paying corporations who receive corporate tax benefits for cash flowing the rebate process. These companies pay into a special account administered by the National Film Fund.
- Once the expenses have been approved, the NFO issues a tax certificate to the production.
- Tax certificate is submitted to the National Film Institute (NFI) Collection Account and the tax rebate amount is transferred to the production's bank account, or is paid directly to the producer.

IMPORTANT TAX IMPLICATIONS TO CONSIDER

27% VAT has to be financed

- Reclaim of VAT is possible under the EU VAT Directive
- Refund claims can be submitted on a monthly basis
- Average timeline ranges from 3 to 6 months
- VAT on certain costs is not deductible by law
(e.g. fuel, parking, catering labour, entertainment costs and 30% of telecommunication expenses)

2% local business tax

- Limited amount of deductibles, better to budget on the total production spend
- The place of shooting determines the liability, it is applicable in most municipalities

Personal income tax / social security

- Non-US actors are, in general, subject to personal income tax in Hungary on their remuneration allocable to Hungarian activities (also depends on double-taxation treaties)
- Foreign crew and US actors may also be subject to personal income tax if hired locally or spend more than 183 days in Hungary

REASONS TO FILM IN HUNGARY

- 30 - 37.5% tax rebate that is bankable
- No fringes. All Hungarian film crew are independent contractors and submit invoices for payment of services.
- 12-hour working days (11 hour day + one hour lunch break)
- Overtime pay for shooting crew only
- English-speaking crews with experience on major international productions
- Local rental companies for all industry standard production and post-production equipment
- Locations: Variety of diverse filming locations in close proximity to each other. Budapest is one of the most diverse and beautiful cities in Central Europe and can represent almost any European city on film.
- Set-building know-how
- Studios: Brand new, world class film production infrastructure