

# TAX GUIDE

Corporate group health insurance · 2026

Unofficial English translation – in case of any discrepancy, the Hungarian version prevails.

One of the most common questions company leaders ask about group health insurance: how is it taxed? The good news: it is one of the most tax-efficient employer benefits in Hungary – the summary below, based on the insurers' official tax publications, shows exactly why.

## 1. The essence in one minute

- The premium of a genuine group (risk-type) health insurance – if the per-person premium cannot be determined even by apportionment – is taxed as a so-called **specific defined benefit** [PIT Act s. 3 §89 b) bb) and s. 70 (6) b)]. If the per-person premium can be determined, the premium is taxed according to the legal relationship (as salary, in an employment relationship).
- The total public burden: 15% personal income tax on 1.18 times the premium + 13% social contribution tax = **33.04% – paid solely by the employer.**
- For the employee: **HUF 0 tax and HUF 0 contribution.** The services used (examinations, treatments), as well as cash sickness- and accident-insurance benefits – such as a daily hospital allowance – are, as a general rule, tax-exempt for the insured individual [PIT Act, Annex 1, 6.6.], because the payer already paid the premium out of taxed income. (For contracts taken out before 2019 and covered by a tax-exempt premium, the HUF 15,000 daily cap still applies to income-replacement benefits.)
- For corporate income tax purposes, the premium is a recognised cost incurred in the interest of the business activity (i.e. it is not added back to the tax base) if the insured is a person in an employment or voluntary legal relationship with the company, the company's executive officer, a member personally contributing to its activity, or a vocational-school student receiving practical training with the company under a student contract [CIT Act, Annex 3, B) 8.].

## 2. In numbers: insurance or a pay rise?

The insurers' publications use an example of HUF 100,000 annual benefit value – i.e. what it costs the company for an employee to receive a benefit worth HUF 100,000:

| Item                                   | As group insurance | As salary (grossed up*) |
|----------------------------------------|--------------------|-------------------------|
| Gross salary required                  | –                  | HUF 150,376             |
| PIT – payer (15% on 1.18× the premium) | HUF 17,700         | –                       |
| Social contribution tax (13%)          | HUF 15,340         | HUF 19,549              |
| Charges deducted from the employee     | HUF 0              | HUF 50,376              |
| The employee's net benefit             | HUF 100,000        | HUF 100,000             |
| <b>TOTAL COST TO THE COMPANY</b>       | <b>HUF 133,040</b> | <b>HUF 169,925</b>      |
| <b>Total public burden ratio</b>       | <b>33.04%</b>      | <b>69.92%</b>           |

\* *Grossed-up salary: the gross salary at which the employee's net income does not decrease. Without grossing up, the tax and contributions would be deducted from the employee's existing net pay.*

### THE BOTTOM LINE

For an employee bearing the full personal income tax and contribution burden, the same employee value costs the company more than 20% less as group insurance than as a grossed-up pay rise – nearly HUF 37,000 saved per person per year even in this HUF 100,000 example. Note, however, that the ratio varies by employee: for those exempt from personal income tax (people under 25, mothers under the NÉTAK scheme, mothers of two or three children), the advantage narrows to roughly 4%, while for an employee making full use of the family contribution allowance a pay rise may even be cheaper. An accurate picture can only be given per employee, based on actual salary and allowance data – we are happy to prepare this calculation for you.

## 3. Why is it taxed this way? The three categories

The Hungarian Tax Authority's guidance of 14 May 2020 and the related Ministry of Finance position statements classify insurance paid by another person (the employer) into three groups:

- **Individual insurance** (even under a so-called collective umbrella): taxed according to the legal relationship – in employment, as salary.
- **Group capital-accumulation (savings) insurance:** also taxed by legal relationship, because the per-person savings premium can be clearly determined.
- **Group risk insurance – such as group health insurance:** if the contract has an undivided premium — i.e. the per-person premium cannot be determined even by apportionment, due to banded pricing, annual settlement, headcount tolerance and no-claims bonus — then the full premium is taxed as a specific defined benefit [PIT Act s. 3 §89 b) bb), s. 70 (6) b)]. The statutory condition is that the payer, despite acting in good faith, is unable to determine the income of the individual persons; under Ministry of Finance position statement PM/27058/2019, for group risk insurance this is in itself established by the continuous variability of the premium. It is important to know that the Ministry of Finance (now Ministry of National Economy) position statement is informational in nature and is not legally binding on the tax authority – full protection is provided only by a binding ruling under the Tax Procedure Act. Correct structuring and documentation of the contract is therefore essential.

### ATTENTION

The most common trap: if employees decide individually about joining or individually choose their package (collective umbrella), the arrangement may qualify as INDIVIDUAL insurance for tax purposes – taxed as salary, at a burden of nearly 70%. The favourable 33.04% belongs to a genuine group contract in which the policyholder designates the group of insured persons in advance, according to predetermined, objective criteria, and the per-person premium cannot be determined even by apportionment [PIT Act s. 3 §89 b) bb)]. Structuring the contract correctly is therefore not a formality but the key to the tax advantage – we help with this too.

## 4. Practical rules

- **Headcount:** the favourable payer-side taxation has no statutory headcount threshold – Tax Authority and Ministry of Finance practice already treats a contract with two insured persons as group insurance. The statutory condition, however, is not headcount but whether the per-person premium cannot be determined even by apportionment; this is typically established in larger portfolios by banded pricing, headcount tolerance and no-claims bonus. **Insurers' own risk-acceptance minimums are generally 3-10 persons.**

- Including family members: possible, but the premium attributable to them is not a recognised cost for corporate income tax, because the group of persons covered by CIT Act, Annex 3, B) 8. does not extend to family members. Two common solutions: the company adds the family-member premium share back to its corporate income tax base, OR – more commonly – the employee reimburses the family-member premium share. Reimbursement is made from net salary; under Section 161(2) of the Labour Code, an amount may be deducted from salary only with the employee's prior, written consent. Absent reimbursement, the premium attributable to the family member also qualifies as a taxable benefit.
- Cafeteria: proceed with caution. If the employee individually selects the insurance from their cafeteria budget, or individually decides whether to join, Ministry of Finance position statements treat the arrangement as "individual insurance under a collective umbrella", taxed as salary – and the cafeteria budget is reduced by the tax-grossed-up amount. The favourable 33.04% payer-side taxation is retained only if the insurance is provided outside the cafeteria system, uniformly, to a predetermined group, independent of the employee's individual choice.
- Joiners and leavers during the year: the payer settles the tax liability when paying the premium, as an obligation for the month of the benefit, in the monthly '08' return, and monthly premium corrections follow headcount changes. No per-employee record-keeping or withholding is required, so the administrative burden is minimal.
- KATA small-taxpayer: a small-taxpayer under Act XIII of 2022 (the current KATA regime) cannot be included in the employer's group health insurance. First, a KATA taxpayer may only be a full-time sole trader who does not hold an employment relationship reaching 36 hours a week; second, if the KATA taxpayer receives income from a payer (including non-cash benefits), their KATA taxpayer status terminates. The premium attributable to them also would not qualify as a recognised cost under CIT Act, Annex 3, B) 8. If the company also works with KATA subcontractors, they should be excluded from the contract.

## 5. Legal anchors and sources

PIT Act (Act CXVII of 1995) s. 3 §§89 and 91, s. 70 (6) b), Annex 1, 6.6. · CIT Act (Act LXXXI of 1996) Annex 3, B) 8. · Tax Authority guidance: Taxable insurance premium (14 May 2020) · Position statements PM/19271/1/2018 and PM/27058/2019.

Sources: the effective text of the PIT Act, the CIT Act and the Social Contribution Tax Act; the Tax Authority's guidance "Taxable insurance premium" (14 May 2020); Ministry of Finance position statements PM/19271/1/2018 and PM/27058/2019; and the official tax publications of Generali, Union and Groupama. Date this material was finalised: 17 August 2026; it does not reflect legislative changes after that date. The PIT rate (15%) and the social contribution tax rate (13%) are unchanged in 2026, so the combined 33.04% burden also applies to the 2026 tax year.

### IMPORTANT - PLEASE READ

This summary is for information purposes only and does not constitute tax advice. Its content is based on the insurers' official tax publications and the Tax Authority guidance and Ministry of Finance position statements referenced therein. Tax legislation may change, and the specific accounting treatment always depends on the company's individual circumstances – before deciding on implementation, please consult your accountant or tax adviser. On request, we will provide the referenced insurer publications.



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