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We would like to take this opportunity to draw our Clients' attention to the most recent amendments to the Hungarian tax legislation, with special regard to the amendments which will enter into effect as of 2016.

This current newsletter **deals with the Changes to the Hungarian accounting rules.**

Recently, the **Accounting Act has been amended. The most significant amendment made to the Accounting Act is (in accordance with the European Community directives) that as of FY16 the extraordinary profit and loss categories could no longer be utilized.**

Based on the above, those business transactions that should have been accounted for as extraordinary profit or loss will impact the operating (business) profit or the profit related to the financial activity of the business as of FY16. The amendment specifies the applicable profit and loss categories to those business transactions which previously fell within the category of extraordinary profit or loss.

The amendments made to the accounting rules (related to the profit-loss accounting) **may have a significant impact on the cost-based pricing methodology of companies.** As a result of the change in the "profit structure", the scope of the costs (expenditures) which should be considered during the course of the determination of the cost base applicable to (transfer)prices may be modified. Due to the above, a review of the currently applicable principles pertaining to pricing may be required. This review would be beneficial prior to the first financial year, affected by the amendment. More detailed information on the transfer pricing related effects of the amendment will be provided in the September 2015 newsletter.

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