

Unfavourable development in the taxation of transport in Hungary

In addition to the generous subsidies to road transport, the government of Hungary modified the legislation of the taxation of commuting by car.

From now on if someone commutes by his or her own car, he could get 3 HUF (1.1 Eurocent) per kilometre reimbursed by his workplace without paying any taxes. In May 2005 the Hungarian Parliament raised this 3 HUF to 9 HUF, and it also permitted that anyone can get this reimbursement, not only the owner of the car. This is in addition to the possible reimbursement of the cost of fuel used by the employees on work assignments.

Clean Air Action Group wrote a letter to Ferenc Gyurcsány, Prime Minister of Hungary, to Tibor Draskovics, Minister of Finance and as well as to the Budget Committee of the Parliament explaining the various reasons why this move is harmful from an environmental point of view. The notion of avoiding paying taxes by employees accounting their personal commuting as business trip is widespread not just in Hungary. By making the cost of road transport inexpensive, these types of developments constitute a disincentive for more effective commuting habits.

Many European countries face similar tax evasion, so a co-ordinated European effort is needed to tackle the problem.

Zoltán Szabó

Clean Air Action Group, Hungary