Pannon Egyetem
University of Pannonia

Regulation of Certain Defined Benefits

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The Regulation of Certain Defined Benefits (hereinafter referred to as: "Regulation") issued by the University of Pannonia (hereinafter referred to as: "University") on the basis of the University's Organisational and Operational Rules (hereinafter referred to as: "OOR"), Part I Organisational and Operational Rules of Procedure (hereinafter referred to as: "OORP") approved by the Senate of the University of Pannonia and adopted by the Foundation for the University of Pannonia acting as the operator exercising founders' and ownership rights (hereinafter referred to as: "Operator") and on the basis of the resolution by the Board of Trustees on the rules of procedure for adopting the regulations of the University of Pannonia by the Board of Trustees are as follows:

Chapter I

GENERAL PROVISIONS

1.§ Introduction

(1) The University is a tertiary educational institution operating as an organisation of public utility, which, as an economic entity, has determined the internal regulations for expenditures related to non-monetary allowances based on the relevant laws and internal regulations.

(2) Non-monetary allowances are grouped as follows:
   a) fringe benefits,
   b) certain defined benefits not considered as fringe benefits (hereinafter referred to as: certain defined benefits),
   c) other tax-free allowances.

(3) Fringe benefits are described in the University's 'Policy of Fringe Benefits'.

2.§ Legislative environment and related regulations

(1) Act CXVII of 1995 on Personal Income Tax (hereinafter referred to as: "Personal Income Tax Act"),
(2) Act LII of 2018 on Social Security Act (hereinafter referred to as: "Social Security Act"),
(3) Act CL of 2017 on the Rules of Taxation (hereinafter referred to as: "RTA"),
(4) Act CXXVII of 2007 on Value Added Tax, (hereinafter referred to as: "VAT Act"),

(5) Act CCIV of 2011 on National Higher Education (hereinafter referred to as: "NHEA"),
(6) Policy on Fringe Benefits of the University of Pannonia,
(7) Organisational and Operational Rules of the University of Pannonia, Part II Employment Requirements System,
(8) Regulation of Powers and Competence Relating to Financial Management.

3.§ The purpose of this Regulation

(1) The purpose of this Regulation is to define, for all faculties, comprehensive organisational units and organisational units of the University (hereinafter collectively referred to as the "organisational units"), the contents of certain defined benefits and of the allowances that can be provided free of charge with respect to the subject matter, and the conditions of their use.

(2) The Regulation determines the registration and accounting of certain defined benefits applied by the University, and the order of declaration and settlement of the employer's (University) taxes.

(3) The Regulation determined the method of calculation of the budgets attributed to certain defined benefits.

4.§ Scope of the Regulation

(1) The organisational and personal scope of this Regulation extends to all organisational units of the University and to all employees of the University, as well as to private individuals not employed by the University, who either come into contact with the University through economic events or are connected with the University and affected by economic events.

(2) The material scope of this Regulation extends to certain defined benefits that emerge in the interests of the University, accountable to the debit of its budget, and the tax-free allowances related to the topic.

Chapter II

INTERPRETATIVE PROVISIONS

5.§ Terms and definitions

(1) *Income*: material value obtained by the private individual in any form and legal title – cash or non-cash – from another person or entity. *Non-monetary income* is, especially in the cases and under the conditions indicated by the Personal Income Tax Act, any goods acquired or service or any value obtained free of charge or at a preferential price, especially vouchers, gifts and the personal (private), free or preferential use or utilisation of goods or services.

(2) *Income:* earnings gained by a private individual in the tax year under any title and form from other persons, or the part of the said earnings decreased by expenses recognised by the Personal Income Tax Act, expenses recognised without receipt or as a lump sum, or part of the earnings determined by the Personal Income Tax Act, except if such earnings are not to be taken into consideration when calculating the income.

(3) *Tax base of the non-monetary allowance:* the earnings (income) obtained by the private individual are the amount that are equal to the normal market value of the product or service provided free of charge or preferentially, i.e. the cost borne by the University, and the part thereof the private individual is not obliged to pay.

(4) *Date of acquisition of the non-monetary allowance*: for a product or object, it is the day the private individual or another person to the benefit of the said private individual has taken possession of the said product or object. In case of services used, the time of acquisition of the income is the day a tax payment obligation is or would be created for the provider of the service according to date of performance as per the VAT Act.

(5) *Official or business trip:* a trip necessary for the private individual to earn his/her income, in order to perform a task related to his/her **paying** activity – with the exception of commuting to the workplace, the registered office or the site – including especially travels necessary for outstations or working at another employer in the framework of employment other than an employment contract, but not including travels for which it can be directly

or indirectly established, based on the corresponding documents and circumstances (organisation, commercial, advertisement, destination, duration, share of actual professional and leisure activity, etc.), that the trip is only apparently of an official or business nature.

(6) *Outstation:* trip that has become necessary for the performance of a task in connection with the activity of the employer, ordered by the **employer**, especially working at another location in the framework of employment other than an employment contract, but not including commuting to the workplace from the residence or accommodation address. In the application of the present provision, a workplace is the site of the employer where the employee regularly performs his/her work.
In the following, the allowances and provisions pertaining to outstations shall be described under the legal title of official business trips.

(7) Representation: hospitality services (meal and beverage) and other services linked to an event – outside the said event's official part – provided at business, official, professional, diplomatic or religious events in connection with the activity of the provider, and on state or religious national holidays.

(8) *Gift of small value:* a product or service that may be given **three times annually**, the value of which on each occasion shall not exceed 10 percent of the minimum wage.

(9) *Business gift:* gifts given in connection with the activity of the provider in the framework of business, official, professional, diplomatic and religious connections (products or services given free of charge or preferentially, or a specific voucher issued exclusively for the said product or service).

(10) *Business policy* - commercial - *allowance:* a "promotion" allowance that may not be deemed a business gift. Its objective is the popularisation and advertisement of a product or service, or the provider of the allowance.

(11) *Provider:* the employer or the paying entity (in this Regulation: the University), that provides certain defined benefits or tax-free allowances to those subject to the organisational and personal scope of the Regulation.

Chapter III

DETAILED PROVISIONS

6.§ The legal titles of certain defined benefits

Based on the Personal Income Tax Act, certain defined benefits are:

(1) Taxable income provided to the private individual in the form of hospitality or other services in connection with the *official or business trip.*
If the participant of the official or business trip settles the invoices, he/she will not have any taxable income generated after his/her expenses incurred (e.g. travel expenses, accommodation, etc.). If the accommodation is inclusive of breakfast, that is likewise tax-free. However, if the invoice lists the breakfast charge separately from the accommodation fee, it shall be taxed as a certain defined benefit under Section 70 of the Personal Income Act.

(2) The *private use* of the local and long distance call service, mobile telephone service and voice-oriented data transmission service using internet protocol provided to enable the employer (University) to perform its activity (together hereinafter referred to as: "*telephone service"*).

a) The University (based on the Personal Income Tax Act), assuming 20% of the telephone services is private use and classifying it as certain defined benefits, given that it performs payment of the related employer's taxes at institutional level.

(3) *The business gift* that is given in connection with the activity of the University, in the framework of business, official, professional, diplomatic and religious connections. Business gifts may only be given in the framework of the relations listed – i.e. to existing or future business partners in order to establish, maintain and care for the business relationship – and it may be a freely or preferentially provided product or service or a voucher exclusively for the acquisition or use of a product or service, but it may not be securities.

a) From the University's perspective, donations refer particularly to gifts given to domestic and foreign guests and business partners.

b) For gifts, it is advisable to select products emphasizing the role and characteristics of the University.

(4) *A gift of small value* that may be given **three times** annually. A gift of small value may only be a product, service or a non-redeemable voucher for a product or service whose value does not exceed 10% of the minimum wage. A private individual may only receive a gift of small value from the same employer or paying entity (University) three times annually, even if, on each occasion, the amount of the benefit does not reach 10 per cent of the minimum wage. A gift of small value is typically a retirement gift, a book voucher, etc, or a benefit provided as a gift of small value in accordance with the University's internal regulations and instructions in force at any given time.

(5) *Business policy* (commercial) *allowances* may not be deemed business gifts. The objective of this allowance is the popularisation and advertisement of a product or service, or the provider (University) of the allowance. The popularisation of the University and its activity is realised upon appearances at open days, job fairs and other events by promoting objects bearing the university logo and distributing small gifts.

(6) *Taxable income provided in the form of a free of charge or preferential product or service,* to whose use *more than one private individuals are entitled simultaneously*, and the employer – in spite of the employer's acting in benevolence – is not able to establish the income gained by the particular private individuals (e.g. providing mineral water in containers or coffee or tea, finger food, etc. provided in the form of continuous hospitality services, etc.).

(7) The costs borne by the employer in connection with *free of charge or preferential events* organised for several private individuals (including business partners) simultaneously (if the event, as far as it can be established from the circumstances of the allowance, goes towards accommodation and leisure programmes), including the gifts given to participants at such events, assuming that the individual value of the gift per person does not exceed 25% of the minimum salary (e.g.: Leisure programmes, entertainment, prizes, gifts, etc. provided and given at the Balaton Regatta event).

(8) Representation that are *hospitality services (meal and beverage) and related services provided at business, official, professional, diplomatic or religious events in connection with the activity of the University, and on state or religious national holidays*. All these do not qualify as representations, but the income of the

private individual, if, based on the real content of the documents and circumstances concerning the allowance (organisation, commercial, advertisement, route, destination, share of actual professional or religious and leisure programmes, etc.), the violation of properly exercising a right can be established, even if indirectly.

a) The following are to be understood as representation:
   aa. Hospitality expenses without consideration of professional negotiations, meetings and events (including those of the consumption of the institutional employees welcoming and accompanying the guests), such as university staff meetings, professional meetings and conferences,

   ab. The food, beverage and additional services provided at workplace commemorations, professional meetings and conferences linked to societal events,

   ac. The food, beverage and other services provided in the framework of the events connected to the state holidays,

   ad. Hospitality in connection with press conferences,

   ae. Food and beverage served at a work lunch or work dinner based on the invitation by an external partner,

   af. The purchase of consumption items exclusively connected to the reception of the guests.

b) The primary condition of acceptability is the existence of *the connection to the University's educational, research and scientific activity* and the possibility to establish proper exercise of rights regarding the event in question.

c) Upon *state and ecclesiastical national holidays*, food and beverages served to own employees also count as representation costs. According to point 2 of Article J) of the Fundamental Law of Hungary, 20 August is a national state holiday, with ecclesiastical holidays being those that are celebrated in the religious life of the church in question (the most common of these being Christmas and Easter). In such cases, the representation does not have to match the activity of the provider.

d) Expenses at the meetings of workplace communities not related to the *University's educational, research and scientific activity*, and other commemorations and events cannot be regarded as representative expenses.

e) Not representative expenditure are the costs forming the requisites of the administration of the above events (e.g. venue rental fee, usage fee for presentation devices), and the travel and accommodation costs of those participants who are performing their work there, according to the programme (organisers, contributor guests, invited presenters, artists and employees concerned by the event according to their job descriptions).

f) Further important provisions concerning representation:

fa. Upon qualifying the expenses concerning representation, the individual judgment of the relation between the participants and the events according to the currently effective Personal Income Tax Act is required in each case.

fb. **The nature and value of the products and services to be used for the representation** (e.g. mineral water, coffee, finger food, sandwich lunch, multiple-course lunch, entertainment, catering, etc.) **and the scope of the persons delegated and invited for the event must be determined to be in coherence with the nature, declared objective, philosophy, moral norms and 'business value' of the said event.**
Upon determining the justifiable extent of representation, the principle of cost-effective management, rationale and efficiency must be asserted.

fc. the costs of hospitality offered in the framework of the conference organised by the institution, the public dues shall not be borne by the University, if the costs are recharged by the University in addition to the participation fee.

7.§ The legal titles of the tax-free allowances connected to the scope of certain defined benefits

(1) The legal titles of the tax-free allowances connected to the scope of certain defined benefits related to the University's activity are the following:

a) The consideration for travel tickets for official and business trips.

b) The consideration for accommodation for official and business trips.

c) Based on the act on voluntary activities of public interest, the services provided to the volunteer, not deemed a countermove.

d) A service provided to the employee by the employer (including use of equipment and devices), whose source is a financial fund of the European Union based on a tender announced by an institution of the European Union or a tender won to the debit of a financial fund of the European Union and the budget of some sub-system of the national budget, given that *the use of the subsidy meets the conditions of the tender or the programme plan*.

e) A service provided to the independent party by the employer, whose source is a financial fund of the European Union based on a tender announced by an institution of the European Union or a tender won to the debit of a financial fund of the European Union and the budget of some sub-system of the national budget, given that the service is not to be understood as the consideration of the private individual's activity.

f) Money reward given for results achieved at the National Scientific Students' Associations Conference.

g) Medals, cups and trophies won at sports event and competitions.

h) The service that the employer provides ate the sports event organised in the sports facility it operates or uses, and the sports service the employer provides through the use of the sports facility it operates.

i) Travels, accommodation, meals related to events organised with the support of the National Cultural Fund, and the grant the student enrolled in public education or similar training, supplied from a subsystem of the national budget (even indirectly) receives during study excursions, camping, academic competitions and that the

private individuals supervising the said students receive in non-cash form (travel, accommodation, meals).

j) An entry ticket, pass, library subscription fee, provided to the same private individual in the tax year, in extent not exceeding the minimum salary.

k) Ticket or pass to a sports event subject to the act on sports, whose value in the subject year does not exceed the value of the minimum salary.

l) Ticket or season ticket to the zoo, falling under the scope of the Animal Protection and Welfare Act, the value of which shall not exceed the minimum wage.

m) A service offered in the framework of an event, announced by a tertiary educational institution for a broad circle of students and lecturers – including community building and traditionalist events – and accommodation provided in an amount not exceeding 10 percent of the event's total cost, regardless of the time of the allowance, even if others may also participate at the event besides students and lecturers.
A condition to accounting the above extent of hospitality as tax-free allowance is the elaboration of the cost plan of the event, and the consolidated report of all expenses after the event.

8.§ Funds, rights and budgets of certain defined benefits and the tax-free allowances corresponding to the subject

(1) The funds of certain defined benefits and the tax-free allowances corresponding to the subject are:
a) *Tender funding*: exclusively in case the legal titles of certain defined benefits determined in this Regulation are *included in the tender programme plan* (cost plan).

b) *To the debit of personal income,* primarily the allowances determined in this Regulation, connected to the *particular income generating activities* of business, professional reconciliations, conference and event organisation may be accounted.

c) Primary allowances related to the University's basic research and educational activity, nominated in this Regulation – such as education, training, enrolment, internationalisation, academic year opening and diploma presentation events, obtainment of doctoral degrees and habilitations – may be accounted *to the debit of the sectoral operator's support, the income from the self-financed training, and the charges and procedural fees paid by the students.*

d) The *reserve funds* primarily serve to account titles nominated in this Regulation, primarily concerning activities aimed at *establishing new business and professional opportunities*, and/or may be used when the own funds and the sectoral/operator's grant opportunities have been depleted.

e) In case of the central tasks (e.g. university celebrations), the use of separate provisions is implemented up to the specific budget amount determined in the budget.

(2) The obligation rights and responsibilities related to the University's activity, regarding the payment titles subject to this Regulation, are described in the "Powers and Competence Relating to Financial Management". A precondition to the covenant is the chancellor's approval.

(3) The permission must be initiated according to the University's internal regulations and instructions in force at any given time, and the purchase order request according to the University's Procurement Policy at the Department of Procurement of the Directorate of Legal Affairs and Procurement (hereinafter referred to as: "Department of Procurement").

(4) Upon preparing the procurement and purchase order requests, obligations related to events, efforts must be made to compile the cost plan of the event and to initiate the complete procurement request of the products and services related to the event (e.g. university or faculty celebrations, summer camps, conferences, Balaton Regatta, etc.).

(5) In connection with certain defined benefits, a budget is determined simultaneously to the acceptance of the Institutional Budget for financing from sectoral/operator's grant or from own income.

(6) The budget is calculated for the entire university, and for the Faculties and University Centres, it is the planned value of the sectoral/operator's subsidy and own income determined in the current budget.

(7) The Rector's budget includes the Rector's consumption and the comprehensive organisational units of the academic area outside the Faculties and University Centres and the consumption of the employee representative bodies.

(8) A Chancellor's budget includes the Chancellor's consumption, and those of the comprehensive organisational units of the Chancellor's Office.

(9) The event organisation by the student representation bodies (Students' Union of the University of Pannonia (SUUP), Doctoral Students' Union of the University of Pannonia (DSUUP) must be realised according to the University's regulations and instructions in force at any given time.

(10) Upon preparation of the periodic reports and upon request, the Directorate for Economic Affairs provides data.

(11) In case of the budget's depletion, the permission for the amended budget is in the scope of authority of the Chancellor.

(12) The certain defined benefits may only be accounted against invoice issued to the University, and against accountancy document (e.g. travel ticket) in the cases specified by law.

9.§ Records of allowances

(1) The Directorate for Economic Affairs must keep a registration of certain defined benefits and the related documents must be kept (filed) so they enable identification of the tax obligations and exemptions even subsequently, within the corresponding term of limitation.

(2) From the documents attached to the voucher sheet attached to the invoices of certain defined benefits posted for payment by the Department of Procurement to the Directorate for Economic Affairs, it must be clearly identifiable whether it is a question of representation, gift, marketing product or certain defined benefits related to the event. The related

documentation forms the basis of the accounting and payment of the contribution and the inspection by the tax authorities.

Annexes to be attached to the professionally justified invoices:

a) A copy of the purchase order request, containing:
   - The nature of the representative event (*business, official, professional, diplomatic or religious*),
   - The name of the event or the donation or promotion occasion, the elements of the programme related to the University's activity, in case of an event (e.g. entertainment, catering, amplification, accommodation, photography services, video recording services, performers (use of performing art services) venue rental, security services, health services, gifts, advertisement and promotional materials, etc.), and its date and time.

b) The list of attendants, broken down to university employees and external guests.

(3) The Directorate for Economic Affairs keeps register of the tax-free allowances and gifts of small value that may be offered subject to restrictions – up to the budget established by the Personal Income Tax Act – so that the data suitable for authentically identifying the individual receiving such allowances or gifts be entered in the said register.

(4) The Directorate for Economic Affairs maintains a register of tax-free allowances and gifts of small value that may be offered under restricted conditions, from which it can be established how many times a private individual has received a gift of small value from the employer during a tax year and/or what amount of tax-free allowances the said private individual received (see: Provision of tax-free sport and cultural services and zoo tickets, in Section 7 (1) j), k), l)).)).

10.§ Payment of the employer's taxes and contributions

(1) The taxes after certain defined benefits are to be paid by the employer (University). After these allowances, the tax must be established by the employer, and declare and pay it in accordance with the RTA.

(2) In determining the tax payment obligations of the University,

a) The taxable amount is the purchase value of the allowance (representation expenditure, business gift) increased by the value added tax,

b) The amount of tax is determined by the Personal Income Tax Act and the Social Security Act.

(3) To determine the value of the allowance, the value including the value added tax must be taken as the base.

(4) If the employer should provide income to the private individual in a form that is not compliant with the provisions of the Personal Income Tax Act, the tax obligation shall be borne by the said private individual, and the income provided shall be taxed as part of the consolidated tax base, as per the legal relation existing between the employer and the said private individual.

(5) The percentage data table – valid for the year in question – determining the extent of the public dues to be paid after certain defined benefits can be found on the University's website (www.uni-pannon.hu) at the following location:
University organisations / Directorate for Economic Affairs (DEA) / documents / The tax to be paid by the employer after certain defined benefits

(6) It is the obligor's responsibility to arrange for the funding for the taxes to be paid by the employer after certain defined benefits.

(7) Based on the taxes to be paid after certain defined benefits – established based on the invoice received – the debit of the employer's taxes to various financial centres takes place once monthly, on the first working day following the subject month automatically, by starting the SAP accounting programme's "Calculation and posting of tax and contribution payments" menu.

(8) The public charges on certain defined benefits shall be established by the University as liabilities for the quarter in which the allowance is provided, and taxes related to the payments and allowances shall be declared and paid as described and by the deadline specified in the RTA. Records of the public dues, the subledger required for declaration and data provision is the responsibility of the Directorate for Economic Affairs. Entry of the University's public dues in connection with personnel expenditure in the Online Form Filling Application of the National Tax and Customs

Administration of Hungary (NTCA) takes place with the contribution by the Direcorate of Human Resources Management.

Chapter IV

CLOSING PROVISIONS

(1) This Regulation has been published by the University on its website (www.uni-pannon.hu).
(2) This Regulation has been adopted by resolution no. 140/2025. (IX.25.) of the Senate.
(3) This Regulation becomes effective on 1st October 2025.
(4) This Regulation is valid until it is revoked.
(5) With this Regulation becoming effective, the policy on Regulation of Certain Defined Benefits approved by Senate decision no. 170/2022. (IX.29) is automatically rendered ineffective.

Veszprém, 25th September 2025

Dr. János Abonyi
Rector

Zsolt Csillag
Chancellor

Approved on behalf of the Foundation for the University of Pannonia, acting as Operator:

Veszprém, 2025.

Dr. Péter Bartus
Director of Operations