

Dear Managing Director, Dear Future Supporter!

The Act on corporate income tax provides favorable conditions for those profitable companies which support our performing arts activity.

The full amount of the subsidization may be deducted from the corporate income tax and, in fact, this amount is accountable as miscellaneous expenditure costs, which thus decreases the tax base and provides a form of moderate savings. The subsidization decreases the amount of corporate income tax due in 2015, as well as the advance tax payment due in 2016. Just as in the former years, the Trafó House of Contemporary Arts is staging numerous high-quality domestic and international contemporary performing arts productions in the 2015/16 season for old and new audiences alike. In order to increase the success of these productions, we are seeking out corporate supporters who could provide **subsidization entitled to corporate income tax benefits** for the Trafó in the 2015/16 season. There has been a breakthrough in recent years in that in accordance with the new performing arts law, theaters have the opportunity to gain Supporters in order to achieve their goals, thus personalizing their liability to pay taxes.

We are awaiting the application of partners at the szilvik@trafo.hu email address or at our **+36 1 215 1707** phone number.

Please, if you feel there's a possibility to support our cause, please provide us with a personal meeting so we could give you a comprehensive overview of the details.

Sincerely,

György Szabó | managing director
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Tax savings in the case of a subsidization of 10.000.000 HUF:

The supporter must pay a 10% corporate income tax (tax base < 500 million HUF)

Denomination	Supporting (thousands of HUF)	Non-supporting (thousands of HUF)
Earnings before taxes	150 000	150 000
Amount of subsidization	10 000	-
Tax base	140 000	150 000
Corporate income tax liability	14 500	15 000
Tax benefit	5 000	-
Corporate income tax liability	4 500	10 000
Supplementary support (75% of 10% of the support)	750	-
Actual amounts paid (subsidization and corporate income tax)	14 750	15 000
* Proceedings fee	20	-
Savings + the experience	230	

Supporter pays 19% corporate income tax (tax base > 500 million HUF)

Denomination	Supporting (thousands of HUF)	Non-supporting (thousands of HUF)
Earnings before taxes	150 000	150 000
Amount of subsidization	10 000	-
Tax base	140 000	150 000
Corporate income tax liability	26 600	28 500
Tax benefit	10 000	-
Corporate income tax liability	16 600	28 500
Supplementary support (75% of 19% of the support)	1425	-
Actual amounts paid (subsidization and corporate income tax)	28 025	28 500
* Proceedings fee	20	-
Savings + the experience	455	

* A one-time proceedings fee regardless of the amount of the subsidization.

Legal background: Item 37 and 39 of paragraph 4, section 1 of paragraph 22, item b of sections 4-8 of paragraph 22, sections (1)-(2) of paragraph 29/T, item B/15 of addendum no. 3 of the Act on corporate income tax and dividend tax.) • Useful information: Subsidization contract outline • Significant laws: Act LXIX of 1996 on corporate income tax and dividend tax • Act XCIX of 2008 on the support and special employment rules of performing arts organizations • Ministry of National Resources decree of 14/2012 (B/6) on the detailed regulations concerning the official procedures and data provision related to the operation of performing arts organizations and the performing arts advocacy groups • Informational brief of the Office of Film and Performing Arts

What are the benefits for a company to support a theatre?

- **Tax benefits:** The supporter may **make use of the benefits from the taxes** due up to the amount included in the subsidization certification for the tax year in question and the subsequent three tax years, up to the amount determined in section 3, paragraph 23 of the Act on corporate income tax and dividend tax.
- **"Personalized tax payment" consideration:** Instead of paying money into the impersonal, unverifiable state treasury, the Supporter can pay a segment of their corporate income tax to a theatre they prefer.
- **Liquidity consideration:** They can utilize the amount of the tax benefit for years, thus optimizing the payment liability for the years in question.
- **Savings consideration:** The subsidization is accountable as costs, thus decreasing the corporate tax base and proportionately decreasing the Supporter's tax liability.
- **Non-restricted support:** Not only financial support is possible, but all forms of devices and materials may also be rendered as subsidization.

Please support our theatre,
while saving money for your firm!

