Purpose: The objective of the study is to highlight the relevant contexts and problems of the Hungarian tax administration from the aspects of digitalisation, communication and education between 2018 and 2022.

Methodology/approach: The article is based on the statements from the professional literature and analysis of secondary data from national and international authorities and institutions. The article makes several comparisons.

Findings: The article shows how Information and Communications Technology (ICT) is used in tax administration in Hungary, filling the research gap. Based on the comparison, the digital development of Hungary is similar to that of the EU average. However, there are some impediments, such as the complexity of tax regulations and the numerous communication channels that exist. They could be simplified, and our proposed modifications in terms of communication and education could improve the use of ICT in the Hungarian tax system.

Research limitations: The research does not provide an in–depth examination of Hungarian tax legislation and lacks any primary research.

Originality/value: The article deals with some aspects of tax administration in Hungary; it describes the current situation and gives proposals for its development.

Keywords: tax, digitalisation, administration, communication, education, Hungary.
Streszczenie

Cel: Celem badania jest naświetlenie odpowiednich kontekstów i problemów węgierskiej administracji podatkowej w aspektach cyfryzacji, komunikacji i edukacji w latach 2018–2022.

Metodyka/podejście badawcze: W artykule wykorzystano stwierdzenia z literatury fachowej oraz analizę danych wtórnych pochodzących od organów i instytucji krajowych i międzynarodowych. W artykule dokonano kilku porównań.

Wyniki: W artykule przedstawiono wykorzystanie technologii informacyjnych i komunikacyjnych (ICT) w administracji podatkowej na Węgrzech, wypełniając luku badawczą. Z porównania wynika, że rozwój cyfrowy Węgier kształtuje się na poziomie średniej UE. Istnieją jednak pewne przeszkody, takie jak złożoność przepisów podatkowych i duża liczba kanałów komunikacji. Można je uprościć, a proponowane przez nas modyfikacje w zakresie komunikacji i edukacji mogłyby poprawić wykorzystanie ICT w węgierskim systemie podatkowym.

Ograniczenia badawcze: Badanie nie zapewnia dogłębnej analizy węgierskiego ustawodawstwa podatkowego i nie zawiera żadnych badań podstawowych.

Oryginalność/wartość: Artykuł dotyczy niektórych aspektów administracji podatkowej na Węgrzech, opisuje obecną sytuację i podaje propozycje jej rozwoju.

Słowa kluczowe: podatek, cyfryzacja, administracja, komunikacja, edukacja, Węgry.

Introduction

The role of the tax administration is important for all ecosystems and can significantly impact revenue generation. On the other hand, if there are not enough effective tools, it can lead to the reduction of tax revenues (Bassey et al., 2022).

In the Tax Competitiveness Index Rankings in 2022, Hungary came 7th among OECD countries. It is mainly because it has the lowest corporate income tax rate in Europe (9%) and a flat tax for personal incomes (15%). However, this position hides some problems of the Hungarian tax administration. In 2018, a renewed Act on Rules of Taxation was introduced to achieve a more transparent tax administration as the tax system was complicated. However, the number of tax types remains very high (52 in 2023), and because the regulations are amended several times a year, the content of returns and how to complete them also change. Communication and education play an important role in this tax environment (Veszprémi, 2018). This article highlights specific aspects of digitalised taxation, particularly the level of tax communication and the (lack of) education in Hungary. Therefore, this article fills a research gap, as there has been no similar research in recent years. Professional literature was selected, and data were collected from national and international authorities and institutions to analyse and compare them.

Every tax administration system has a complex background that includes politics and legislation (Prasopoulou, 2011; Remlein et al., 2022), finance (Dečman et al., 2010), and social psychology (Haro, 2018). Although examining the influential factors would be very informative, especially factors of the tax legislation in Hungary, we cannot introduce the connection between them in detail in this study.
The digitalisation of the economy, including tax systems, is a continuously developing process, which is a priority on the global agenda of the most important international organisations (Ihnatišinová, 2020). This process gives good opportunities for the countries to raise their tax revenue and to build such an ICT where cooperation with the taxpayer is more effective and faster. According to the World Bank (2021), the number of countries with an online system for filing and paying taxes has doubled over the past fifteen years. At the same time, digitisation in an unstable tax system can hardly work effectively. Taxpayers must be able to adapt to the new technology; however, this can be prevented by their lack of both digital knowledge and tax awareness. Therefore, this paper also makes suggestions for developing tax communication.

1. Literature review

Information and Communications Technology (ICT) has undergone a rapid change over the past decade regarding the amount of information, and partly as a result of that, the tools of communication are increasingly inseparable from technology. ICT is a catalyst for socio-economic development in terms of the search, aggregation, handling and spreading of information (Kuandykov et al., 2021). The tax administration needs to continuously adapt this process as it develops.

Bassey et al. (2022) created a conceptual framework for digital tax administration based on a systematic collection of the available studies. They developed different approaches based on the ICT Ecosystem model in the e-government literature, and after introducing their research methodology, they distinguished four different aspects: Context, Stakeholders, Technology and Demonstrated Results. Their short introduction provided an overview of the most important factors that influence ICT. Context highlights the role of e-government and the related (national and international) agencies. It emphasises the importance and influence of political institutions (see Greece, Prasopoulou, 2011), legislation and IT development. IT development is closely connected to cyber security and data protection. Bassey et al. quoted Walton (2013), noting, “There is a need to understand the various stakeholders involved in e-government development”. They mentioned the standpoint of the literature on two stakeholders, namely tax administration and taxpayers, which they strongly agree with. Our research also supports their opinion. As mentioned above, there are various geographical, economic, cultural, and social factors related to stakeholders that can lead to disparities in access to digital tax services (Bassey et al., 2022, Fig. 9).

“Data management and quality is an important issue for a tax administration” (Bassey et al., 2022, p. 9). Internal communications, data collection, storage and processing, as well as GDPR, provide an adequate data management system and provide a basis for decision-making on behalf of authorities. Summarising the relevance of external communication, Bassey et al. emphasised the importance of advanced technologies “such as blockchain, artificial intelligence and the Internet
of things (IoT)” in a citizen-centric tax administration with forward-thinking policymakers. In Demonstrated results, Bassey et al. (2022, Table 5) introduced “the success of digital tax services through their associated costs and benefits”. They divided them into three groups: taxpayers, tax officials and cost savings, pointing out the advantages and disadvantages of the process.

Tax legislation and the tax system have a great role in the operation of the digital tax administration, and harmonising tax regulations and e-government is a crucial condition. “Translating” the tax laws into a common language can be difficult when there are complicated regulations, such as in Hungary (Veszprémi, 2018). The optimal solution is to develop and change the tax system as it is digitalised. Remlein et al. (2022, p. 115) “[verified] the development of the computerisation of business systems in Polish enterprises and [determined] whether regulatory changes are a stimulant in this process”. They advocated the introduction of fast changes in Poland, pointing out that “constant changes in the scope of taxes imply problems for entrepreneurs” (Remlein et al., 2022, p. 117).

The primary interest of the state is to increase revenue. However, its implementation and communication are time-consuming and expensive, for both the tax administration and the taxpayer. This may also cause a problem: the conflict between rigid public administration and technological development (Veszprémi, 2018, p. 66). Prasopoulou (2011, p. 10) confirmed that institutional capacity (“clientelism, ritualism, formalism, centralisation, frequent changes of top political personnel and inadequate human resources”) can also bring about difficulties. Examining the Taxation Information System (TAXIS) in Greek public administration, she mentioned an additional possible factor, namely the role of political parties. Faced with these conditions, tax authorities must improve their digital environment and communication to meet the expectations of all stakeholders.

Stakeholders’ expectations of technology are heterogeneous. Therefore, the tax administration (as part of the e-government) strives to provide quick, correct and understandable information to the taxpayers. Futó (2018) introduced the digital expert system (with several tiers) and its possible future implementation in Hungarian public administration. He divided the services into several groups, showing how tax laws can be implemented in the expert system. In his opinion, the process is based on rules, which can be a serious issue because Hungary’s complicated legal language cannot comply with the rules of mathematical logic in many cases. He has already introduced a possible adaptation (i.e. SAF-T, Standard Audit File for Tax) of this expert system in the Hungarian tax administration using AI (artificial intelligence) in its internal and partly external communication.

The authorities have several communication channels to reach taxpayers. External communication channels range from digital assistance, email, and online tools (e.g., a website, a mobile application, or social media) to traditional mail, telephone, and in-person channels. Ihnatšinová (2020, Table 2) indicated changes in the “Communication channels of financial administration in Slovakia” between 2014 and 2019. She stated that the processes and decisions are much more efficient with a lower risk. However, she also revealed the possible negative effects,
“such as cyber threats, threats to human jobs and the risks of low digital skills” (2020, p. 7).

Dečman et al. (2010, p. 48) summarised the essential requirements for e-government, namely “cost-effectiveness, co-operation and bottom-up approach, flexibility, dynamics, and responsiveness”. Although cost-effectiveness is a primary factor, its impact is hard to measure due to the indirect and unmeasurable effects. For example, there may be increasing revenue and decreasing tax evasion and avoidance, such as in the case of VAT in Hungary and the EU. Additionally, the effects are felt not only nationally but also internationally, owing to the sharing of information. An additional advantage may be a decline in corruption and more transparency (Prasopoulou, 2011). When examining cost-effectiveness, decision-makers must consider the optimal solution to minimise the digital threats and risks (Ihnatišinová, 2020) and the implementation of GDPR (General Data Protection Regulation) rules in all user interfaces.

The e-government requirements mentioned above also apply to the tax administration’s communication. In our opinion, Dečman et al.’s (2010, p. 48) requirements may refer to a quick and interactive collaboration between citizens and the government; however, several factors hinder the introduction and application of flexible, customer-oriented communication. Hungary’s example shows very well that the developed technologies do not mean effective communication at the same time. In this case, the most relevant influencing factor is the complexity of the Hungarian tax rules, which causes difficulties for many people and companies in the heterogeneous group of taxpayers (see DESI, digital skills later).

Prasopoulou (2011) investigated the introduction of “TAXIS”, an ICT-driven reform in Greece’s public sector. Although she concentrates on other factors, she points out the difficulties of the tax administration if the renewal of ICT and the tax regulation reforms do not harmonise with each other. The Hungarian tax regulations introduced in 2008 were extremely complicated already, which was why the lack of a dynamic and integrated eco-system in ICT inhibited interactive communication.

Kuandykov et al. (2021, p. 197) mentioned “the relationship between the tax culture and tax communication” and stated that the connection between the government and citizens forms the tax culture, thereby strengthening social capital. Lestari and Daito (2020) researched the effect of taxation knowledge and tax socialisation on taxpayer compliance using different terms in the literature review. Taxation knowledge refers to citizens’ varied skills; tax socialisation may be defined as an attitude which is influenced by several communication channels; taxpayer compliance denotes “steps that must be [taken] by taxpayers [when] fulfilling their tax obligations (...) recording, withholding taxes, tax payment, reporting and providing data for tax audit purposes and so on” (Lestari and Daito, 2020 after Irwan, 2017, p.734). Suba (2016, p. 348) summarised the most important requirements for the content of the messages to improve tax morale, i.e., tax payment should be regarded as a followed behaviour, in contrast to tax avoidance. Therefore, taxpayers should know what the state spends their taxes on.
Furthermore, he suggests that “sufficient information should be available to simplify the process”.

According to the literature review, the introduction of a digital tax administration has direct and indirect, measurable and unmeasurable effects on the economy and society of a state. As a result, the ICT ecosystem has far-reaching impacts in terms of time and space.

2. Methodology and data

The close connection between communication, education and administration was demonstrated in a scientific study from pedagogical a perspective (Kárpáti, 2007). The purpose of this article is to investigate these three elements from the point of view of the digitised Hungarian tax administration.

The literature review used several open-access articles on tax administration were studied primarily from the Central-European region. To evaluate the Hungarian situation, comparisons are made with other countries whose economic and social background, tax environment and digital development are similar to those of Hungary. The introduction of weak and smart characteristics is based on secondary data from NAV (the National Tax and Customs Administration), the public data of the European Union (European Commission), the OECD and the Framework for 21st Century Learning Definitions (A Network of Battelle for Kids, 2019).¹

Since 2014, the European Commission has monitored EU Member States’ progress and published annual Digital Economy and Society Index (DESI) reports. This Index consists of four sub-indexes (human capital, connectivity, integration of digital technology, and digitalisation of public services) and ranks the Member States according to their level of digitalisation. In 2022, Hungary ranked 22nd out of the EU27. Figure 1 shows the bottom eight countries. Besides the Visegrad countries (i.e. Czechia, Hungary, Poland and Slovakia), there are four countries that provide a suitable basis for comparison from the perspective of this investigation.

---

¹ Supported by an initial grant from Battelle Memorial Institute, BFK became an independent, national not-for-profit organization focused on developing innovative services and solutions that empower and support teachers, leaders, and school systems to reach every learner.
The tax gap is rooted in the ability and intention to pay taxes and in tax knowledge. Therefore, the tax authority should ensure that taxpayers who comply with the regulations should receive the greatest support. The most important step (also) in Hungary would be to significantly simplify the tax system and the tax administration. However, until this happens, there are closely related areas that must be developed. This study focuses on three important challenges, i.e., digital tax administration, communication, and education.

According to DESI 2022, the eight examined countries perform well in terms of broadband connectivity as they have developed in line with the EU average over the past few years. The digitalisation of public services is the lowest in Romania and Greece; the other six countries perform at a similar level. Hungary has made great progress in the field of tax services over the past few years, while Romania’s lag is the highest in this area. The aggregate level and the key indicators of human capital and integration of digital technology show a mixed picture. Figure 2 compares two important key indicators related to the topic.
In countries with low levels of digital skills, it is not surprising that businesses make less use of digital technology, including e-invoicing. However, it is interesting to note that in addition to Croatia, this ratio is highest in Romania, which is listed at the bottom of the rankings based on the aggregate indicator.

### 3.1. Digital administration

Treating digitalisation and tax legislation separately does not make the tax administration more efficient.

For taxpayers, tax burden means the obligation to pay taxes as well as the administrative time required since dealing with the completion reduces the time available to carry out ordinary business activities. From this point of view, there is no difference between someone who performs the tax administrative tasks independently and one who pays a third party to complete the tax administrative tasks. As part of the Doing Business project, the World Bank prepares an annual report of the amount of time spent on tax administration in each country. The last data from 2019 was published in 2021. As Figure 3 shows, there has been a slight decrease in Hungary over the past ten years, partly due to the digital measures introduced.

---

2 Data on e-invoices in Greece is from 2018.
The caption “Time to prepare and pay taxes” refers to the time (in hours per year) needed to prepare, file, and pay (or withhold) three major types of taxes (i.e., corporate income tax, value-added or sales tax, and labour taxes, including payroll taxes and social security contributions). As digitalisation has spread, the time spent on tax administration has been reduced. It fell most in Czechia, although there was a small increase in Croatia. Hungary’s position in Figure 3 – the 3rd longest after Bulgaria and Poland – is better than the real situation as there are significantly more tax types than those included by the World Bank (2021).

Theoretically, the time spent on administration can be shortened by using electronic channels; however, in practice, this is not currently the case in Hungary. Over the past few years, more time was required on behalf of both taxpayers and tax authorities. The reduction shown in Figure 3 is due to the merging of some tax types, thus reducing the related administration and the method of KATA$^3$ (flat rate tax for small enterprises) available since 2013. KATA has quickly become very popular due to the small, fixed monthly tax and a significantly lower administrative burden attached to it, eliminating the need to consult and pay an accountant$^4$.

$^3$ Kisadózók Tételes Átalányadója.

$^4$ The number of KATA taxpayers increased from 320,000 in 2019 to 450,000 on 1 July 2022. However, due to significant changes in the flat rate tax for small enterprises from 1 September 2022 (Chapter III of the Act XIII on KATA), the number decreased dramatically, to 138,000 (Yearbook of NAV, 2022).
Section 175 (9) of the Act on the Rules of Taxation defines the taxpayers who must fulfil their tax and contribution declaration and data provision obligations electronically. The law also allows other taxpayers to access electronic administration. Chapter II of the Act on Electronic Transactions contains digital administration, while Chapter III covers the electronic contact methods. Business organisations – including sole proprietors – are obliged to maintain electronic contact and electronic administration, but private individuals can also fulfil their tax obligations electronically. Individuals who do not choose electronic administration are also advised to fill in the forms on the website (due to the verification function) before printing and posting them.

There are three types of digital administration between NAV and the clients in tax matters (NAV, 2021a). The first is when the client sends the documents (inquiry, declaration, etc.) digitally, and NAV also replies electronically. Mailing is done electronically to and from the client gate account, which is a special online channel and private data storage facility in the Central Register for taxpayers. From this point of view, email does not qualify as electronic communication. The digital forms are created with ÁNYK\(^5\) (a form-filling program) and can be transferred to NAV from the client gate account.

The introduction of the ÁNYK system, which serves as a basis for data transmission, and the identification/authentication function related to the application were referred to ironically as a Hungarian innovation by Vágujhelyi (2017, p. 32). He presented the deficiencies of the system and also made suggestions for a simpler and more efficient operation. However, they have not been implemented.

To provide data or make declarations, various forms must be filled in. Not only are there many of them, but they also lack consistency in format and structure. Although NAV implements continuous improvements to make administration easier, the new versions/updates often take extra time for the clients when using the program.

The second type of digital administration is the administration on NAV’s digital interfaces, where the client can manage several tax-related issues by logging into the respective IT application. Such an application is, for example, eSZJA\(^6\) (pre-filled tax return for personal incomes on NAV’ website, see e-PIT\(^7\), Figure 4) or ONYA\(^8\) (an online form-filling program).

---

\(^5\) Általános Nyomtatvány Kitöltő alkalmazás.

\(^6\) Személyi Jövedelemadó bevallás elektronikus változata.

\(^7\) Personal Income Tax.

\(^8\) Online Nyomtatványkitöltő Alkalmazás.
Regarding these applications, the most significant problem is that taxpayers need to use multiple interfaces with different structures to submit various data, declarations and returns. Based on experience, businesses and their accountants favour ÁNYK, which means that the development of machine-to-machine communication would be the most important for them. Online web interfaces are chosen by private individuals who wish to manage their tax matters electronically. For this purpose, NAV’s website has a useful menu (“compass for clients”), which navigates to various online interfaces in a user-friendly way. However, taxpayers usually do not even find it, or they do so only accidentally because it is not accessible from the main page. The individual systems are not connected from the taxpayer’s side, only in the NAV AI system.

All local tax matters can (also) be completed online at the municipal tax authorities as well. Taxpayers or their accountants fill out and submit local business tax returns to the municipal tax authorities using ÁNYK, and then NAV forwards them to the relevant municipality. On the other hand, change notification forms are completed and submitted on the e-municipality website. This duality makes it difficult for both clients and accountants to manage their tax responsibilities. It would be advisable to standardise the interfaces and use one program (e.g., ÁNYK).

The problems in practice are well illustrated by the fact that during the transition to electronic administration, the administrators of some smaller municipalities (referring to the difficulties of administration and the lack of tax/IT knowledge) still accepted paper-based returns and reports from taxpayers, even though those taxpayers would be obliged to do it electronically.

---

9 https://nav.gov.hu/adokonzultacio/percrol-percre
10 https://nav.gov.hu/ugyfeliranytu/nav-online
In addition to NAV, PWC Hungary and MOL Nyrt. participated in the Tax Consultation held in 2022, where the main topic was the development of electronic services. They confirmed that it is necessary to be able to deal with all tax matters in an electronic, self-service way as soon as possible, although it does not necessarily mean that one single interface should be able to serve all the needs of taxpayers. It would be best to create an interface ecosystem that comprises only a few elements and can be shaped dynamically, ensuring the most effective administration process for each taxpayer group.\textsuperscript{11}

The third type of digital administration is contact via phone. In principle, it is possible to call the tax authorities on a central line; however, they only provide general information. To receive a specific answer or get something done, prior registration is required. The registration must be done personally, or the taxpayer must submit a form for identification, which can be downloaded from ÁNYK or through ONYA. In the former case, NAV sends a 4-digit verification code by post within 30 days; the code arrives electronically at the private storage of the client gate account the next working day following the submission (NAV, 2021b). The complicated menu makes using the system quite difficult since most taxpayers have no idea which menu item to choose. Local governments generally do not have a call centre service; therefore, it would be necessary to introduce it, at least for cities with county rights, to improve administrators’ efficiency.

The transition to electronic administration also caused changes and difficulties for administrators. Completing their tasks requires more time, thereby slowing down the administration process. Although the number of employees who perform postal tasks has decreased, the number who deal with specific administrative tasks has remained the same. Initial difficulties and continuous changes affect the professional performance of clerks. The possibility of making mistakes has grown; therefore, executing each task requires increased attention. There are ongoing developments on local government websites, as not everything works as required by law. Unfortunately, the greatest advantage of electronic administration – the automatic processing of electronic files – is not available yet. Its implementation would significantly accelerate the workflow processes, decreasing the demand for human resources at the same time.

\section*{3.2. Tax communication}

Customer-focused communication is also essential for developing and maintaining tax-conscious, law-abiding behaviour. This subchapter presents the changes in tax communication in Hungary and the circumstances that make this communication difficult.

It is a general expectation for official communication that it should be clear, precise and understandable, and the message should reach the recipient. However, with tax communication, this is a huge challenge as it should be formed simply

\textsuperscript{11} \url{https://nav.gov.hu/adokonzultacio/percrol-percre}
Another hindering factor is that quick and clear interactivity is difficult in the complex digital system. Nevertheless, PWC Hungary and MOL Nyrt. found that NAV’s responsiveness has improved recently. The tax authority could do a lot more to improve this using digital opportunities. Although NAV has published 82 information booklets on several tax obligations online, the structure and language of these materials are not more easily comprehensible than that of the law. Seeing their length and the official language, the taxpayer quickly gives up trying to understand them. Hence, the taxpayer cannot obtain information, or it is understood incorrectly.

The same applies to the style and length of letters sent to taxpayers. NAV’s communication is by far the most complicated of all offices; thus, they started to work with the Institute of Linguistics. The goal is to have a first page where the authority’s decision is written in bold and in “natural Hungarian language” when sent to the client. The letter, together with the explanation, should be a maximum of two pages (instead of the six to eight pages, which is currently typical).

The problem is further complicated by the fact that taxpayers, as customers, do not form a homogeneous group. However, among the NAV’s development goals, it was not the different preparedness of the taxpayers but their different living situations that came to the fore (Kiss, 2020, p. 25). According to Suba (2016, p. 351), it is necessary to select the appropriate communication channel for each target group so that the messages reach their goals. In practice, NAV applies several channels (see Table 1), and in addition to Facebook, they also have a presence on Instagram and LinkedIn.

<table>
<thead>
<tr>
<th>Year</th>
<th>Radio, television</th>
<th>Press (printed)</th>
<th>Internet</th>
<th>Homepage visits (million)</th>
<th>Facebook profile visits (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,618</td>
<td>3,507</td>
<td>12,525</td>
<td>26</td>
<td>–</td>
</tr>
<tr>
<td>2018</td>
<td>3,492</td>
<td>4,450</td>
<td>22,438</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>2019</td>
<td>1,584</td>
<td>3,792</td>
<td>18,624</td>
<td>17</td>
<td>41.2</td>
</tr>
<tr>
<td>2020</td>
<td>1,787</td>
<td>3,932</td>
<td>23,825</td>
<td>22</td>
<td>51.8</td>
</tr>
<tr>
<td>2021</td>
<td>3,192</td>
<td>4,380</td>
<td>29,545</td>
<td>26.6</td>
<td>32.2</td>
</tr>
<tr>
<td>2022</td>
<td>3,171</td>
<td>3,252</td>
<td>20,451</td>
<td>46.1</td>
<td>20.1</td>
</tr>
</tbody>
</table>

Source: authors’ compilation based on data from NAV yearbooks (2011, 2018–2022).

The number of media appearances increased significantly in 2018 and 2021, but the reasons were different. Starting in 2018, employers no longer prepare their employees’ tax returns. In 2021, an extra tax refund for family tax allowance was given, and the online invoice service was introduced. The number of people requesting information via phone rose in 2020, when personal administra-
tion was limited due to COVID-19, and in 2021 because of the extra tax refund (Figure 5).

**Figure 5.** Requests for information in person and by phone from NAV (million)

![Graph showing requests for information in person and by phone from NAV (million)](image)

Source: authors’ compilation based on data from NAV yearbooks (2011, 2018–2022).

### 3.3. Education

According to the Framework for 21st-century learning, a successful career requires four basic skills: critical thinking and problem-solving, communication, collaboration, and creativity (A Network of Battelle for Kids, 2019). Digital knowledge should also be an integral part of each of them. As concluded by Ambrus and Széles (2017, p. 474), the most important limitations to the wider use of digital administration are the lack of (taxation-related) information for the younger generation and the digital gap in the case of older age groups. In addition, effective communication must be taught and learned. This need for effective communication stems from the reading skills acquired in public education, which greatly influences tax communication and even the attitude of taxpayers in the tax administration.

The Survey of Adult Skills, a product of the Programme for the International Assessment of Adult Competencies (PIAAC), gives an overview of literacy, numeracy and problem-solving in technology-rich environments in OECD countries (OECD, 2019). The adult population of Hungary performed slightly below the OECD average in reading comprehension, above the OECD average in numeracy skills, and around the OECD average in problem-solving. In terms of reading, Slovakia and Czechia performed better than the OECD average. Poland was slightly worse, and Greece lagged significantly behind. However, it is a serious concern that the gap between the highly qualified and uneducated is one of the largest in Hungary.
In another well-known survey, PISA, 15-year-old students were assessed from 79 countries in 2018. Hungary’s average performance in reading in 2018 was close to its level in 2000, but students scored lower than the OECD average in each year (Figure 6). In addition, the proportion of low-achieving students increased by about eight percentage points in reading from 2009 (OECD, 2021).

**Figure 6.** Performance of reading skills in Hungary (score points)

The results of this survey are relevant for tax administration because these students become taxpayers soon. Unfortunately, Hungary is mentioned as a country with a distinctly unequal education system, where most schools are unable to provide equal chances to those children who do not bring enough cultural capital from home. Among the countries in the current comparison, Poland is the only one with a score above 500 (512), although Czechia (490) and Croatia (479) both achieved higher scores than Hungary.

Completing the tax declaration and return forms is already a serious challenge for those with reading difficulties: e.g., the instructions for completing the PIT return cover 340 pages. In many cases, these forms contain legal references but do not provide concrete, actual help.

Besides improving poor reading skills, teaching basic financial literacy would be necessary in all types of secondary schools. As part of this, it is also advisable to acquire knowledge about the fundamentals of taxation at a young age; hence, people can become responsible taxpayers and tax-aware adults. In addition, it would be highly recommended to teach general civil administration skills (even integrated into IT as a subject).
In the meantime, Kiss (2020, p. 27) provided two potential solutions. The dynamic online form changes depending on the answer, without providing unnecessary fields. Meanwhile, the interactive target system, which has no ‘real’ form, is particularly suitable for administration on a smartphone when, e.g., the customer registers something and a form is not necessarily required.

Conclusions

In the international scientific literature on the topic, there has been no research on Hungary in recent years. This inspired us to introduce and evaluate this situation. Hungary has taken steps to develop tax administration, digitalisation, communication and education over the past five years, and this article presented the topic from several aspects and in different contexts.

The first conclusion is related to digitalisation. It has numerous advantages, e.g., the connection is fully digitised between the tax authority and taxpayer through several communication channels, and the operation of the e-PIT system fulfils expectations. On the other hand, the number and complexity of interfaces used in tax communication are quite high. All stakeholders demand that there should be simplifications for taxpayers. Based on our research, this will only happen in the future. As a first step, the interfaces should be connected, which should be followed by converting the several types of tax(returns) into interactive forms. The ultimate solution would be a dynamic and user-friendly interface eco-system instead of the present settings.

Although the study does not investigate tax regulation in detail, changes in tax legislation are unavoidable. Without a doubt, legislators must consider that the cost of tax regulation vs. tax revenue also depends on the complexity of the rules. Simpler regulation (with fewer types of tax) and tax administration can be more effective. Moreover, the profession needs a fundamental change to simplify the complicated language of the laws. The communication of the tax authorities and the level of information materials have improved, but they are still difficult to interpret, not only for taxpayers but also for tax professionals.

The changes suggested above may narrow the scope of tax obligations and taxpayer compliance. Modernising the system may provide the opportunity to develop tax communication, thereby achieving a higher level of tax education as well. However, this would require the acquisition of appropriate financial and digital literacy in public education.

Research limitations

The article has several limitations. The first is the lack of in-depth examination of the relationship between Hungarian tax legislation and tax communication. In addition, it would be useful for future research to study not only the present but also a longer time horizon. The analysis could be supported by primary research.
References


sains.0161.05 (accessed 15.04.2023).


Legal acts


Internet sources