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BA, 3. semester

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Financial savings and knowledge of young people under the age of twenty-five

Based on the amendment of Article 29/F of Act CXVII of 1995 on Personal Income Tax, introduced from 1 January 2022, young people under 25 years of age can benefit from a new tax base allowance. According to KSH data, the employment rate of under-25s is around 27% (KSH, 2021), but this may change due to temporary jobs such as summer work. Therefore, due to the lack of recent surveys/research, I think it is important to investigate the impact of the Personal income tax exemption on young people. In my first hypothesis, I investigate that the majority of young people spend the additional income received from the Personal income tax exemption on food, housing and tuition fees. I also hypothesized that the family savings habits or lack thereof seen in childhood may influence their current savings habits in young adulthood.

I created my own questionnaire, which was completed anonymously online by 322 people (252 women and 70 men). After cleaning the raw data, I analysed the results using SPSS. These results showed that about two thirds of the respondents spend the extra income from the personal income tax exemption. What they spend it on partly confirmed my hypothesis, as they spend it mainly on food, housing and entertainment. In the test of the second hypothesis, the parental savings effects seen in childhood were not found to be a significant variable, but 62% of respondents used some form of the methods seen.

It is assumed that the personal income tax exemption for young people contributes not only to their daily lives but also to their future. Which may be influenced by the savings habits seen in childhood. In my opinion, the results suggest that this is worth further investigation, possibly with a larger sample size or better representativeness.

Reference:

KSH. (2021). Forrás: <https://www.ksh.hu/docs/hun/xftp/idoszaki/mpf/mpf212/index.html>
