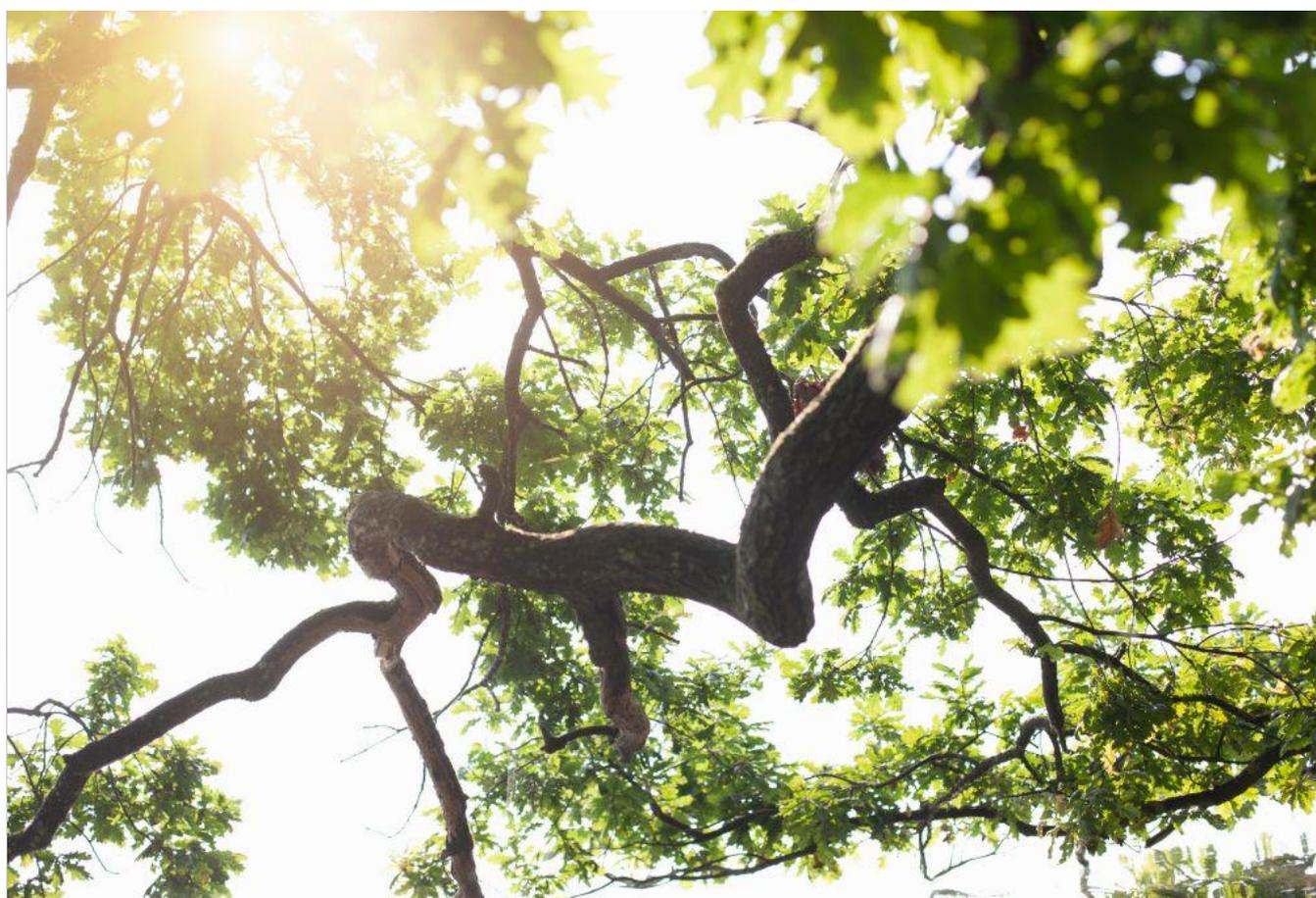


Tax News+



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Below you will find the tasks and potential issues arising from key tax law changes of the past month and recent weeks. We would be ready and glad to discuss with you any of your company specific issues.

Control of international transportation licenses

We would like to take this opportunity to draw our Clients' attention to the fact that the relevant Government decrees concerning public road transportation have been modified with the effective date of 4 May 2014. The modifications set forth various obligations for Hungarian senders and recipients of products, as well as for transporters delivering products outside of the European Community. The modifications apply to products that are delivered on international public roads as well as to products delivered under own invoices provided that the transactions take place for consideration. The authorities may assess default penalty applicable to the senders, the recipients, or the transporters of the products if they fail to comply with their obligations or if they fulfill their obligations incorrectly. The amount of the default penalty may range from thHUF 150 to thHUF 300.

We will inform our Clients about the exact contents of the obligations at a later date.

EU customs regulation to ensure advanced, unilateral allowances for certain products transported from the Ukraine

We would like to inform our Clients about the fact that a new EU regulation came into effect on 23 April 2014. The regulation concerns the importation of certain products from the Ukraine to the territory of the European Community. The regulation provides the opportunity for Hungarian importers to import certain products at a preferential customs rate as low as 0%. The application of the customs allowance is subject to stringent restrictions. The regulation is expected to be applicable only for a short period: until the Association Agreement between the EU and the Ukraine comes into effect, or until 1 November 2014 at the latest.

Changes in the customs tariff classification of excise products

We would like to point out that Combined Nomenclature Identification Numbers (CN codes) will replace the fixed time-log customs tariff numbers that are currently used for product classification purposes. CN codes are standard identification tools in the EU.

The change is in line with the modification of the Excise Act effective as of 1 July 2014.

All those affected by these changes should initiate the reclassification of the relevant products and the modifications of the related licenses by 31 May 2014 at the competent office of the National Tax and Customs Authority (NAV).

Following the date upon which the modification of the Excise Act will become effective, companies that are subject to excise tax should use their specific CN code during course of licensing procedures, mandatory customs tariff classification procedures, excise document, warrant or invoice issuance procedures, as well as for record keeping purposes.

European Parliament votes in favor of new parent-subsidiary directive

We would like to draw our Clients' attention to the fact that the European Parliament voted in favor of the amendments proposed by the European Commission regarding the parent-subsidiary directive. (For further information in respect of the amendments proposed by the European Commission to the directive, please refer to our December tax newsletter.) The European Parliament also recommended several modifications to the proposal of the European Commission. The modifications may generally be interpreted as further restrictions within the wording of the legislation.

The new recommendations seek to restrict the abusive application of the directive by introducing general anti-abuse provisions into its text. The restrictions aim to inhibit the applicability of the directive in certain situations, practically in case of artificial or fictitious arrangements that are created with the aim of obtaining improper tax advantages.

Moreover, the modifications contain explicit provisions with respect to "hybrid" (loan) transactions. The aim of the modifications in this respect is to restrict certain specific cross-border transactions where tax deductible interest expense is recognized in one Member State, while the same amount does not result in taxable income in the other Member State.

The new provisions are expected to enter into force on 1 January 2015.

If you require further information in relation to the above, our experts would be pleased to assist you.

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please contact one of our tax experts below:

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