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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.

One-stop shop system effective as of 1 January 2015

As we informed our Clients in our previous tax newsletter, as of 1 January 2015 new rules will be applicable regarding the place of supply of telecommunications, radio and media broadcasting and electronically supplied services provided to non-taxpayers. The aim of the new legislation is to ensure that in the case of the above mentioned services the place of supply will become the member state in which the taxpayer who acquired the services has established its business or has a permanent address or usually resides. As a result, the tax revenue generated by these services will be declared and paid in those member states where the services have actually been acquired. With the application of MOSS (Mini One-Stop Shop), taxpayers may fulfill their tax payment obligations in the member state where they have their registered seat. Thus, the taxpayers are not required to be registered in all the member states where they provide telecommunications, broadcasting or electronic services to non-taxpayers. Should third-country taxpayers have business establishments in more than one member state they may choose in which member state to register for the purposes of MOSS. Recently the Commission of the European Union published guidelines regarding the practical considerations and the regulations of MOSS. The specifics of these guidelines can be found under the following link:

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/telecom/index_en.htm#new_rules

The applicability of reduced VAT rate to books stored on physical data storage systems (Case K Oy)

In our June newsletter, we informed our Clients about Case C-219/13. Within the scope of the EU law the case examined whether the same tax rate is applicable to printed books as to books stored on physical storage systems (e.g. CD, CD-ROM, USB). The Court of Justice of the European Union (CJEU) declared that the same, preferential VAT rate should be applicable to both kinds of books, if their aim serves the same customer need. The national courts should take into account the general market situation of the given member state in order to determine if the concerned products fulfill the same customer needs. This does not exclude the possibility of applying the reduced VAT rate to books stored on physical data storage systems. However, the decision should be made by the respective national court, which is familiar with the specialty and the market of the given member state.

Reporting obligations with respect to invoicing

As mentioned in our previous newsletter, taxpayers (registered in Hungary for VAT purposes) have become subject to a new reporting obligation. These taxpayers are now required to report to the tax authority their respective invoicing software by 15 November 2014. With respect to the software which will be installed after 15 October 2014, the reporting obligation must be carried out within 30 days from the date of installation. The reporting form, as well as the respective guide and manual are available on the website of the National Tax and Customs Office. These materials provide answers to a number of practical concerns.

http://www.nav.gov.hu/nav/letoltesek_egyeb/nyomtatvanytervezetek_2014/SZAMLAZO_nyomtatvany_20140918.html

Increasing price of the “Residence Bond”

Due to the significant interest in the Hungarian investors' residence program, a bill has been introduced in relation to the applied pricing structure. As per the bill, a foreign investor (who wishes to derive benefits from a Hungarian residence permit or investors' residence) may purchase Residence Bonds at a nominal value of EUR 300 thousand, as compared to the amount originally set forth, which was EUR 250 thousand. In addition, the bill prescribes a 45 day Residence Bond purchase deadline for those applicants who are already in possession of a residence permit, but did not receive the residence permit originally for the purpose of national settlement. If the bill is accepted, then the amended act would enter into force on 1 January 2015.

Invoice endorsement liability

The seller is henceforth obliged to indicate a detailed endorsement reference on the invoice issued for the supply of goods subject to environmental tax, if the buyer is the authorized product charge warehouse operator of an environmental tax warehouse and (i) the goods are sold excluding environmental tax or (ii) the charged environmental tax is subject to reclaim. In this case, the following data should be indicated on the invoice: the amount of the environmental tax, the tax base expressed in weight, the products' packaging product catalogue codes or environmental codes. Furthermore, the endorsement reference should correspond to the buyer's statement.

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