

Breaking Tax News

Amendments to the new Electronic Public Road Transportation Control System

In contrast to our monthly Tax News+, in our Breaking Tax news you will be informed immediately of regulatory changes affecting your business but without commentary by our experts.

This edition of our newsletter contains a **summary of the key amendments to the new EKAER decree** (decree No. 5/2015. (II. 27.) of the Minister of the National Economy on the Electronic Public Road Transportation Control System) passed by the Ministry for National Economy on 27 February.

The majority of the provisions of the decree will enter into force as early as 1 March 2015, which leaves taxpayers with limited time to act upon the changes. However, the provisions regulating the security deposit will enter into force as of 11 March 2015, while other changes concerning the reporting obligation relating to simplified reporting, reporting obligation of the addressee in cases of domestic shipments, rules of cancellation of EKAER numbers will be effective as of 1 April 2015. Although the changes regarding the reporting obligation of the address of several loading and unloading (receipt) will be effective only as of 1 June 2015.

The decree contains several changes which are aimed at ensuring that the rules are in harmony with trade practice, including regulations on the definition of the addressee and the sender, the address of loading and unloading (receipt) and the reporting obligation. For instance, in the case of domestic shipments where the goods are dispatched by or transported on behalf of the addressee, the addressee will be the one who is subject to the reporting obligation as of 1 April 2015, provided that risky products are not involved in the shipment.

Exemption rules will also be subject to change. The threshold that triggers the reporting obligation will increase from HUF 2 million to HUF 5 million for goods not classified as risky, and from 200 kg to 500 kg and from HUF 250 thousand to HUF 1 million in the case risky goods (foods classified as risky and other goods classified as risky), respectively. Furthermore, the decree clarifies that taxpayers may be exempted from the reporting obligation only if the goods transported are below both thresholds (for weight and value). The range of goods subject to exemption is also increased: for instance, the transportation of medications, postal items, waste and metal products, products under customs supervision specified in a separate law will also be exempted.

According to a new legal concept, the so-called 'road section exemption', certain taxpayers (whose manufacturing process justifies this) may request exemption for public road transportation activity carried out on a domestic road section in its entirety if the daily reporting obligation would mean an unreasonable burden for them due to frequent deliveries.

A simplification for taxpayers is that the range of data to be reported will be reduced. Furthermore, the new decree allows for a tolerance of 10 per cent when determining the gross weight and value of the goods (reporting value is mandatory only in the case of goods classified as risky).

In addition, the option of simplified reporting will be available to taxpayers in the case of goods not classified as risky, provided that certain conditions are met. However, considering that one such condition provides that the taxpayer's annual net sales revenue for the second tax year preceding the year of reporting has to be equal to or more than HUF 50 billion and the net sales revenue derived from stock of finished own-produced goods HUF 40 billion, simplified reporting may be available only to a relatively small group of taxpayers.

Under the decree, the reporting obligation applies to all domestic transactions where the goods are sold multiple times but are transported only once, provided that the chain includes the first taxable domestic sale as well. In such cases, the obligation for initial reporting and for reporting changes applies to the supply of goods which involves the transportation of the goods.

A change affecting security deposits is that the relevant period for the calculation of the amount of deposit is reduced from 60 days to 45 days. Security deposits will have to be provided only as of 11 March 2015. This means that, in theory, taxpayers who filed their request for registration in the National Tax and Customs Authority's database of taxpayers free of public debt until 28 February are exempted from the obligation to provide security deposits for March 2015. After this deadline, taxpayers may be registered in the database and exempted from the provision of security deposits in the month following the month of their request for the registration.

Should you have any remarks or questions regarding the above, please contact our professionals:

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