



# Tax News+

**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.**

## **New VAT regulations affecting transactions with periodic settlement**

Based on the recent amendments to the VAT Act, new regulations will enter into force as of 1 July 2015. The new regulations will affect the determination of the date of supply of accounting, audit and tax advisory services.

The new regulations set forth the interpretation of the date of supply. The last day of the period in which the settlement or the payment occurs should be considered as the date of supply, in the following cases:

- If the parties agree on a periodic settlement scheme or payment, or
- If the parties agree on the service fee for a fixed period.

The new regulations set forth certain exceptions to the above. If the due date and the invoice date precede the last day of the concerned period, then the invoice date should be considered as the date of supply. Furthermore, if the due date exceeds the last day of the settlement or payment period, then the due date should be considered as the date of supply. In the latter case the date of supply should not exceed the thirtieth day calculated from the last day of the respective period.

The application of the new regulations concerning the date of supply is fairly straightforward in the case of purchasing or supplying accounting, audit or tax advisory services. Nevertheless, we recommend taking preparatory measures to facilitate the application of the new regulations in the case of purchasing or providing more complex services (i.e. services including accounting, audit and tax advisory related elements, specifically provided to intra-group members of companies).

Such preparatory measures would aim to determine whether complex services (i.e. management, back-office assistance, administrative services) should be considered as accounting, audit or tax advisory services based on their main characteristics. If the main characteristic of the provided service is classified as accounting, audit or tax advisory services then the new rules should be applied to the entire service.

It may be worth considering dividing the complex services into separate service elements. In this case, each service element would be invoiced separately.

We would be pleased to assist our clients with the review of their current services in addition to the implementation of the new rules.

## **Restrictions for third-country workers**

According to the government's proposed draft legislation, a quota system is expected to be introduced for foreign workers in Hungary on 1 July 2015. The specific modifications would relate to the calculation method used for determining the issue of working permits for simultaneously employed third-country workers in Hungary. The Minister for National Economy will publish the exact number of the labor market participation quotas by 1 July 2015. In each subsequent year the quota will be published by 1 February. The quota is to be calculated based on the monthly average of reported workforce demands in the prior year. Immigrants and individuals established in Hungary as well as individuals with refugee status should not fall within the scope of the new regulation.

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please contact one of our tax experts below:

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