



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.

Amendments to the Act on the economic stability of Hungary

We would like to draw the attention of our clients to the fact that a Bill (recently presented to the Parliament) would amend the Act on the economic stability of Hungary. In this respect, the Bill would modify the tax payment liabilities related to the Stability Savings Account. Based on the current legislation, a 32% tax rate is applicable if the investment period is less than 3 years. Subsequent to this initial period, the applicable tax rate decreases progressively (i.e. 16% in the third year, 8% in the fourth year and 0% as of the fifth year). The Bill would reduce the investment period triggering the application of a tax rate higher than the average tax rate. Consequently, a 20% tax rate would be applicable by the taxpayer if the investment is interrupted within a one year period. Subsequent to the first year, a 10% tax rate would be applicable to the investment, irrespective of the length of the investment period. The conditions for opening and closing the Stability Savings Account would remain unchanged.

The Bill sets forth that the above amendment would be applicable to all the accounts opened after 1 July 2015. Accounts opened prior to 1 July 2015 would remain subject to the current legislation.

Amendments to the environmental product fee legislation

The Act on Environmental Product Fees was recently amended. The amendment includes a broadened definition of office stationary and clarifies the definition of certain electric and electronic equipment. As a result of the amendment, the term stationary includes any paper, document, newspaper or any other paper based equipment used for storing the aforementioned documentation. Furthermore, the definition includes various paper based folders, dossiers, covers and organizers as well. The amendments made in terms of the electric and electronic equipment clarify the product definitions and modify the scope of the products qualified under the following tariff codes: 8537 10, 9027, 8505, 8432, 8543 70 59, 8416.

As a result of the above mentioned clarification of the definition of certain electric and electronic products, taxpayers are required to carry out tariff classification and examine compliance with the clarified product definitions assigned to the respective customs tariff codes.

Ensuring compliance with the product definitions assigned to the respective tariff codes is essential. If a given product is in line with its respective customs tariff code but does not accord with the assigned definition, then it will not be subject to the environmental product fee.

As such, it may be beneficial to review the tariff classification and compliance practices of the company along with the respective definitions applicable to those taxpayers, whose activities involve the affected scope of products.

Expected scheduling of call for application (GINOP ÉFK, NKFIH)

The annual action plan for the Economic Development and Innovation Operational Programme ([GINOP ÉFK](#)) was issued, along with the National Research, Development and Innovation Office's program strategies for 2015 ([NKFIH program strategy](#)). The potential applicants may acquire information from these annual action plans on the nature and scheduling of the planned domestic and European Union co-financed calls for application. It should be emphasized that in 2015 the priority for large companies is to focus on research, development and innovative projects. Therefore, we recommend that companies planning to carry out such projects review the available opportunities.

Guideline on issues related to the EKÁER system

We would like our clients to note that a Guideline (number 4006/2015) was published by the tax authority regarding the shutdowns (in the case of malfunction, for maintenance purposes, failure of the internet service) of the EKÁER system. According to the Guideline, the tax authority will provide further details regarding system shutdowns and maintenance work (including the date of commencement, duration, location and purpose) on its websites: nav.gov.hu and ekaer.nav.gov.hu. The Guideline sets forth that during the period of malfunctions or system shutdowns (set forth on the websites) no sanctions should be assessed on companies failing to fulfil the EKÁER reporting obligation. Nevertheless, the reporting should be completed on the working day following the resolution of the IT issue (e.g. malfunction or system shutdown).

The importance of the Guideline is that it sets forth the applicable administrative process and treatment in the case of system failures or IT issues occurring in the taxpayers' IT system. Based on this Guideline when assessing default penalty, the tax authority will take into account whether the taxpayer acted with reasonable care (e.g. the taxpayer reported the issues to the Help Desk, made a print screen of the data to be recorded and printed it, etc.). Furthermore, if the taxpayer is able to verify the fact that it omitted to comply with the reporting obligation due to the fault of the internet service provider, then the tax authority may choose not to impose default penalty as it may establish that the taxpayer acted with reasonable care.

Contacts

If you have any questions or comments concerning the above,
please contact one of our tax experts below:

Dr. Attila Kövesdy

Partner in Charge
Deloitte Co. Ltd.
Tel: +36-1-428-6728
E-mail: akovesdy@deloitteCE.com

Dr. Gábor Kóka

Partner
Deloitte Co. Ltd.
Tel: +36-1-428-6972
E-mail: gkoka@deloitteCE.com

Dr. Csaba Márkus

Partner
Deloitte Co. Ltd.
Tel: +36-1-428-6793
E-mail: csmarkus@deloitteCE.com

Isvtán Veszprémi

Partner
Deloitte Co. Ltd.
Tel: +36-1-428-6907
E-mail: iveszpremi@deloitteCE.com

László Winkler

Partner
Deloitte Co. Ltd.
Tel: +36-1-428-6683
E-mail: lwinkler@deloitteCE.com

Dr. István Falcsik

Senior manager
Deloitte Co. Ltd.
Customs and global trade
Tel: +36-1-428-6696
E-mail: ifalcsik@deloitteCE.com

Péter Gémesi

Director
Deloitte Co. Ltd.
Transfer pricing
Tel: +36-1-428-6722
E-mail: pgemesi@deloitteCE.com

Dr. Eszter Gyuricsku

Director
Deloitte Co. Ltd.
Global employer services
Tel: +36-1-428-6756
Email: egyuricsku@deloitteCE.com

Beáta Horváthné Szabó

Director
Deloitte Co. Ltd.
Global employer services
Tel: +36-1-428-8267
Email: bhorvathne@deloittece.com

Dr. Csaba Márkus

Director
Deloitte Co. Ltd.
R&D and government incentives
Tel: +36-1-428-6793
E-mail: csmarkus@deloitteCE.com

Zsolt Sándor

Director
Deloitte CRS Ltd.
Business Process Outsourcing
Tel: +36-1-428-6692
E-mail: zsandor@deloitteCE.com

László Winkler

Director
Deloitte Co. Ltd.
International tax
Tel: +36-1-428-6683
E-mail: lwinkler@deloitteCE.com

Dr. Gábor Erdős

Attorney
Partner Associate
Deloitte Legal Szarvas, Erdős and
Partners Law Firm
Tel: +36-1-428-6813
E-mail: gerdos@deloitteCE.com

Dr. Júlia Szarvas

Attorney
Partner Associate
Deloitte Legal Szarvas, Erdős and
Partners Law Firm
Tel: +36-1-428-6465
E-mail: jszarvas@deloitteCE.com

Dr. Péter Göndöcz

Attorney
Partner Associate
Deloitte Legal Szarvas, Erdős and
Partners Law Firm
Tel: +36-1-428-6974
E-mail: pgoncoz@deloitteCE.com



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