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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.

Advertisement tax – annual removal of advertisement-publishers from the official registry

As of 1 January 2015 the Hungarian tax authority (HTA) **maintains an official registry of advertisement publishers**. Advertisement publishers that are registered in this public database, **are exempt from the statement obligation set forth in Act XXII of 2014 on Advertisement Tax**. Therefore, the clients of such publishers are exempt from the pertaining tax liability.

The registry (available on the website of the HTA) is updated on the first day of every month. The HTA registers advertisement publishers upon request, regardless of place of residence, if:

- **the publisher has fulfilled its tax and tax advance declaration and payment obligations on time, or**
- **the publisher has provided a statement to the tax authority which sets forth that it has no tax liability in the respective tax year** (“statement of no outstanding tax liability”). The HTA may conduct an audit in order to verify the authenticity of this statement prior to registering the publisher.

We would like to draw your attention to the fact, that if the HTA receives a “statement of no outstanding tax liability” it will automatically remove the publisher from the official registry at the end of the tax year. As a consequence of removal, publishers no longer recorded in the registry are obliged to fulfill their statement obligation as set forth in the Act XXII of 2014 on Advertisement Tax.

Should these removed advertisement publishers fulfill the above requirements for 2016, they may submit a renewed registration request to the competent tax authority in a paper based but otherwise unregulated format. The submission of the request is not subject to any procedural fee.

Taxation of Uber drivers

At the end of January 2016 the HTA published an informative leaflet regarding **the taxation of Uber drivers** under the following title: “taxation of domestic individuals providing transportation services in contractual relationship with service suppliers established in other member-states using platform applications”.

In this leaflet the tax authority summarizes several topics (Hungarian and EU VAT registration, invoicing, subjective VAT exemptions, income tax and contribution payments) regarding Uber drivers.

Uber users should note that in order to be able to deduct the costs of Uber transportation the appropriate supporting document (VAT invoice) should be obtained from the driver. This practice is in line with the practice of other taxi services.

Annual development frameworks of GINOP, VEKOP and new agricultural calls for proposals

The annual development frameworks of the Economic Development and Innovation Operational Programme (GINOP) and the Competitive Central Hungary Operational Programme (VEKOP) have been announced for 2016. **The published frameworks provide information on the proposed nature and schedule of Hungarian-EU co-financed calls for proposals planned for 2016.** In 2016 calls for proposals will also be available for projects regarding capacity extensions, energetics and tourism (in addition to the various R&D and innovation financing schemes).

Companies active in the agricultural or food industries have seen the creation of numerous new funding opportunities since December 2015. One of these is the Rural Development Programme, primarily available for entities that derive at least 50% of their revenues from agricultural activities. **Eligible activities include the modernization of livestock sites, the development of technology in the food and beverage industry, increasing the efficiency (e.g. energy efficiency) of environmental resources and the use of renewable energy**

sources. The Rural Development Programme is available **country-wide**.

Food industry companies with agricultural revenues not reaching the above mentioned 50% may apply to the Ministry for National Economy for domestic subsidies or for EU funds under the framework of GINOP.

Should you require further details on the above, please do not hesitate to contact us.

EU: European Commission releases proposed anti-tax avoidance package

At the end of January 2015 **the European Commission released an [anti-tax avoidance package](#)** which sets forth measures proposed to prevent aggressive tax planning, boost tax transparency and create a level playing field for all businesses in the EU. **The proposals reflect some of the actions in the OECD's base erosion and profit shifting (BEPS) project and the related reports.**

Exchange of tax information between Member States

Among the proposals, the Commission released **amendments to the administrative cooperation directive to implement country-by-country (CbC) reporting.** In line with the contemplated information exchange regime **the competent authorities would share tax-related information in connection with the FY16 operation of multinational enterprises.**

The draft CbC directive notes that the Commission may additionally propose some public reporting of tax information.

Draft anti-tax avoidance directive

The Commission proposed a new draft **anti-tax avoidance directive in order to implement sanctions in the field of aggressive tax planning.**

The draft anti-tax avoidance directive proposes actions in the following areas covered by the BEPS actions as well:

- restrictions on the tax deductibility of interest expenditures;
- hybrid mismatches;
- controlled foreign companies (CFCs).

The directive also **proposes modifications to areas not covered by the BEPS action plan** (e.g. exit tax, general anti-abuse rules).

In addition to the above, recommendations to EU member states on how to reinforce their tax treaties are also set forth in the released package. The package also includes information about an external strategy for effective taxation that presents a more solid and coherent EU approach to working with third countries on tax good governance matters.

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