

Breaking Tax News

Optional simplification in the settlement of the environmental tax liabilities until 31 January 2016

Have you thought about fulfilling the environmental tax payment obligation in the form of a flat tax for 2016?

If your company as a polluter of marginal quantity or the obligor placing vehicle components or accessories that are subject to the environmental tax on the domestic market, using them for own purposes, or purchasing them for stock, you have the option to fulfil the environmental tax payment obligation by paying a flat tax.

Companies can opt for the flat tax until 31 January 2016 with those failing to do so losing the right of opting later.

The option to pay a flat tax in the case of vehicles entered into force on 1 January 2016 as per the Environmental Protection Product Fee Act. **Starting in 2016, companies will not be required to pay the environmental tax separately for accumulators, tyres, electronics, and lubricants in the case of vehicle sales.** Instead, they will be offered a **flat environmental tax calculated from the motor cubic capacity** that they have to report and pay on a quarterly basis.

Considering that previously it had been fairly difficult to define unit weight, identify all the components subject to the environmental tax and register each individually, the Environmental Protection Product Fee Act will, as from 1 January 2016, make it possible for these distributors and manufacturers to pay the flat environmental tax for vehicles instead of meeting the liability according to the general rules. (Of course, the option to submit filings and pay on a quarterly basis according to the actual weight of the environmental tax liable components also remains available.) **Choosing to pay the flat tax, taxpayers may even make savings on the product charge liability. Companies wishing to opt for the flat tax must report such intention until 31 January 2016 with those failing to do so losing their right of opting later.**

The Environmental Protection Product Fee Act was extended by a new annex, Annex no 4., which defines the weight figures of products subject to the environmental tax that are generally built into vehicles subject

to the environmental tax, as well as the total flat environmental tax calculated using full charge items and rounded to HUF 1000 of the product components subject to the environmental tax.

In addition to pre-calculability, the benefits of the flat tax for polluters of marginal quantity also include the option to settle accounts once a year, as well as a significant administrative simplification, given that taxpayers do not need to repeat the filings year on year if the conditions of the flat environmental tax liability remain unchanged.

Threshold of marginal quantity in 2016 for particular products subject to the environmental tax e.g.:

- 30 kg of accumulators,
- 75-3000 kg of packaging products depending of the material,
- 100 kg of commercial printing paper,
- 200 kg of paper stationery, etc.

If your company satisfies the above criteria, our experts would be pleased to help you fulfil the reporting obligation in connection with switching to flat tax payment.

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

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