

# Breaking Tax News

## Domestic implementation of the Union Customs Code

**We would like to take this opportunity to inform our Clients that the Hungarian Parliament adopted the National Act on Implementation of the Union Customs Code (“Customs Act”) on 31 March 2016. This Act includes the domestic legislation, which complies with the Union Customs Code („UCC”).**

### Amendment of sanctions related to customs infringements

The Customs Act abolishes the system of the correction charges. In addition, **the amount of customs penalty will be modified as of 1 May 2016**. Two types of penalties (penalty and non-penalty based) remain unchanged. The penalty which is based on the customs deficit continues to be calculated in percentage. Pursuant to the Customs Act the significance of the infringement must be considered in the application of respective penalty. It should also be taken into account whether the economic operator carried out self-revision prior to an official audit. Furthermore, the Customs Act allows for payment of 50% of the maximum amount of penalty if the economic operator cooperates with the customs office.

### Domestic regulation regarding representation

**The UCC allows for customs representatives established in any Member State of the European Union to provide services in other Member States.** This new opportunity may be subjected to conditions within the scope of the domestic regulations of the respective Member State. Therefore, within the territory of Hungary customs representatives are obliged to fulfil certain obligations related to the registration procedure.

Furthermore, as of 1 May, 2016, the Customs Act sets forth **a new representation system** based on high professional qualifications. Within the scope of this amendment in addition to economic operators solely customs advisors, customs agents and AEO operators and lawyers in remedy procedures may be involved in customs procedures. The domestic regulation of representation will be enforced in 2019 at the earliest due to the verification procedure necessary for professional qualification.

Additionally, customs agents providing permanent representation are obliged to provide verification of their authorization by means of a new electronic declaration, which replaces the existing paper-based authorization document.

### Change of accreditation of Authorized Economic Operator („AEO”)

**The Customs Act includes more detailed criteria for AEO authorization** than the existing legislation and prescribes more strict conditions for economic operators applying for AEO status. The most significant change is the obligatory verification of professional qualification which **requires the certification of three years of professional practice** or the completion of a specific/pertinent training program in the field of customs. The other important change in the new legislation is the introduction of a new ground for refusal

of AEO status. As a result of this, not only repeated and/or severe infringements of the customs regulations but also that of tax regulations may provide sufficient grounds for the refusal of AEO status.

The majority of the benefits derived from the new legislation occur with respect to AEO status. The Customs Act implements the possibility of centralized clearance, which entitles economic operators with AEO status to manage administrative burdens, physical presentations and security control at the customs office of their establishment in the case of transactions with several Member States.

### Time limits on communication procedures

The Customs Act sets forth two types of deadlines for the communication of customs debt as follows:

- the existence of a customs debt must be communicated to the debtor within three years of its occurrence.
- if the customs debt is the result of an act which, at the time it was committed, was liable to criminal proceedings, then the time limit for communication may be extended to ten years.

### Post- clearance inspection

The Customs Act sets forth amendments to the regulation on post- clearance inspection. These inspections **must be conducted within 90 days from the date upon which the inspection started**. This time limit may be extended by an additional 90 days if the customs office that carries out the inspection makes a specific request for such an extension. In the case of exceptional circumstances additional extensions may be initiated by the customs authorities.

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**The amendments set forth above are complex in terms of content and interpretation. We would be pleased to assist you in both the interpretation and implementation of these procedures.**

Should you have any questions/concerns/comments please do not hesitate to contact one of our experts.

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

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