

Breaking Tax News

Changes on the on the Excise Tax

According to the bill, the energy taxes law would be integrated in the excise tax law in the interest of a uniform regulation within the EU. As a result, both the currently effective Act CXXVII of 2003 and Act LXXXVIII of 2003 on Energy Taxes will lose effect and be replaced by a new excise regulation with significant changes both in terms of content and structure

The main goal of the new excise law

In addition to the need for a uniform regulation, technology development, previous experience with the application of the law, as well as problems arising in connection with it made it **necessary to bring the excise regulation up-to-date.**

The primary and most important goals of the new excise law include simplification, uniformisation, reduction of taxpayers' administrative burdens, as well as enhancing the efficiency of tax collection.

With the merging of the two laws, the product definitions under the scope of the law will also change. The definition of the energy product will **embrace a much larger range of products** than in the current regulation (natural gas, electricity and coal) since new products have been added to those already included in the current energy and excise tax laws.

The new excise tax bill **brings no fundamental change to tax rates.** Instead, apart from the broadening of the material scope and changes to product definitions, **the most significant change will affect procedures.**

The new regulation is designed to ensure **full electronicisation** throughout the entire procedure and make overall electronic procedure common. As a result of these changes, recording and data supply obligations will be simplified and loosened, **the rules of authorisation procedures will be simpler, administrative time will be shorter, excise stamps will be abolished and the system of tax stamps will also change.**

The new regulation will allow the distribution of tobacco products sealed with tax stamps until 1 March 2017.

The guarantee system

The guarantee system will also change, i.e. an excise tax guarantee system adjusted to the actual tax risk will be introduced. In the case of tax warehouses, the repeal of the minimum excise tax guarantee requirement will **enhance the competitive position of smaller enterprises and make it easier for them to enter markets.**

The revolving guarantee amount, however, may be a serious burden for businesses in busier periods.

Upon fulfilment of particular conditions, the excise tax guarantee provided by **the authorised warehousekeeper may reduce by even as much as 80 per cent.**

Fewer types of warehousekeeper authorisations

Apart from a few exceptions, the new law sets forth **one type of tax warehouse instead of the number of types** previously accepted.

Authorised warehousekeeper businesses must ascertain **until 31 December 2016** in what form they wish to continue their activities following the entry into force of the new law, what data connection they wish to use to fulfil their data supply obligations, how they wish to calculate the amount of and **how they wish to provide the excise tax guarantee required by the new law.**

New legal concept

As a new legal concept, the bill introduces the '**small wine-grower**', a new category that will allow wine-growers who produce from their **own vineyard a maximum of 1,000 hectolitre wine** altogether in three consecutive years to **operate under more favourable conditions than currently.** These businesses will be exempted from the obligation to obtain a tax warehousekeeper authorisation.

The system of sanctions

The system of sanctions will also change, **the default fine will be repealed.** Only the excise tax fine will remain as the sanction of excise tax violations. **The tax authority will have the right to adopt the principle of equity in each case, with respect to the strict rules of objective liability.**

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

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