

# wts newsletter

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### highlights

**What to watch out for when reclaiming VAT paid abroad?** – Hungarian taxpayers are entitled to reclaim value added tax paid in other Member States of the EU. The deadline for submitting claim forms in relation to the 2012 tax year is 30 September 2013. Administrative errors during the process can unfortunately hinder the actual payment, thereby generating significant costs for businesses.

## What to watch out for when reclaiming VAT paid abroad?

*Hungarian taxpayers are entitled to reclaim value added tax paid in other Member States of the EU. The deadline for submitting claim forms in relation to the 2012 tax year is 30 September 2013. Administrative errors during the process can unfortunately hinder the actual payment, thereby generating significant costs for businesses. This brief summary is designed to shed some light on the potential pitfalls in the reclaim process.*

Hungarian taxpayers can submit claims electronically for the refund of value added tax charged in other EU Member States by 30 September of the calendar year following the reclaim period. These claims must be submitted to the Hungarian tax authority using an ELEKAF form. Reclaims can also be made for Switzerland and Liechtenstein, but in these cases the request forms must be submitted straight to the foreign tax authority in question, not in Hungary. Any one request applies to the refund of tax from one Member State (which means the administration multiplies with transactions affecting more than one country). This deadline constitutes a limitation period and so the tax authority will automatically reject any requests received after the deadline.

The refund period shall not be more than one calendar year or less than three calendar months. Refund requests may, however, relate to a period of less than three months where the period represents the remainder of a calendar year. According to the Directive, the minimum sum of tax that can be reclaimed shall be no less than EUR 400, or an equivalent amount expressed in the national currency of the given Member State.

Exercising the right to a tax reclaim is subject to the request comprising all of the prescribed data in full. Requests submitted with all the required data and in compliance with all statutory provisions are forwarded by the tax authority to the competent tax authority in the given Member State where the tax was paid. The tax authority in this country is responsible for examining and ruling on the request. A request may not be forwarded if it contains even the smallest of data errors. If the tax authority in the taxpayer's country forwards a request despite a content error, it is possible that the foreign tax authority who ultimately makes the decision on the request will reject it, making reference to the fact that the taxpayer's home tax authority should not have passed it on.

Four months are provided to accept or reject a request once it is submitted and no additional information is required. If the given authority does require more information to make a decision, this period can extend to eight months. Once a request has been accepted, the approved amount is paid by the competent tax authority within ten working days.

It is important to stress that only complete requests are accepted. Each request submitted to the tax authority is an individual case. The reclaim process is subject to varied requests, stringent conditions on content and information as well as language restrictions. The given authority will not necessarily conduct any communication during the reclaim process in the language "initiated" by the applicant. With the deadline looming and in view of the strict requirements on data content we recommend submitting any reclaim requests as quickly as possible.

The newsletter accurately reflects the statutory provisions as they stand at the time of its issue.  
The authors of the news articles have endeavoured to provide general information that both reads well and is professional.  
Given the general nature of the content and possible changes to legal regulations, please contact us if you require this information tailored to your personal circumstances.

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