

wts newsletter

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The Bridge.

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highlights

NAV notice letter on product tax – What to do if you receive a notice on product tax from the National Tax and Customs Administration (NAV)?

In recent months, numerous companies have received notices in their mail boxes from the NAV regarding product tax. Following the initial shock that a NAV letter generally triggers in any of us, several questions are bound to arise as we carefully read the letter. We answer some of the basic ones below.

NAV notice letter on product tax

Why did my company receive such a letter? On what grounds was my company selected?

NAV selected the affected companies based on information drawn from available databases. For example, when requesting EKAER numbers, the customs tariff code of the goods to be transported needs to be entered as well, among other data. Since the Act on Product Tax uses customs tariff codes to define products subject to product tax, the customs tariff codes in the EKAER database reveal to the tax authority if the company traded in goods liable to product tax payments.

Does the NAV letter automatically mean that a company has a product tax liability and is obliged to fulfil the relevant declaration, return and payment liabilities?

In its letter the tax authority only states whether the company possessed goods that are subject to product tax payment. Thereafter it only talks about the possible obligations in a conditional sense. This is because possessing goods subject to product tax does not automatically mean that product tax must be paid.

In what cases may the above obligations arise?

A product tax payment liability may arise for example if a product subject to product tax (batteries, packaging, other petroleum products, tyres, electric and electronic appliances, office paper, advertisement paper, other plastic products, other chemical products) is imported from abroad for own use or for domestic distribution.

What period does the above mentioned inspection need to cover?

The NAV letter presumes the product tax liabilities relate to 2015, but in our opinion any outstanding liability should be fulfilled before the statute of limitations deadline to avoid making ourselves vulnerable during a possible comprehensive inspection by the tax authority and avoid any fines.

What else needs to be done?

The tax authority primarily requests that companies review their records and if a product tax liability (declaration, return, payment) arises, this should be fulfilled as soon as possible.

However, if it transpires following a review of transactions and records that the company has no product tax liability, then the tax authority asks companies in its letter to contact the competent National Tax and Customs Administration office for the purposes of reconciling relevant data.

Our experience shows that the majority of companies are liable for product tax, but this may not always be apparent for the management of the company. Therefore we can only advise you to review records and company procedures first to see whether any such obligations emerge. Since product tax regulations are quite complex it is recommended to ask for the assistance of a product tax expert in this phase.

Should you have any further questions regarding this topic our product tax experts will gladly be at your service.

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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