

wts newsletter

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10.2015



highlights

Changes in product charge regulations – 2016 – Reading the legislative changes effective from 1 January 2016 it is clear that next year will bring about more changes in product charge regulations than is normally the case. The basic aim of the changes is to make the current product charge regulation system clearer, simpler and more transparent. To this end the jurisdictional experience gained so far has been integrated into the law

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Chain transactions. From 1 January there will be an important change in export chain transactions as well. Pursuant to current legislation, if the ownership of a domestic product subject to product charge is transferred to a business organisation established in Hungary for business purposes, or registered in Hungary, the only instance when a product charge payment obligation does not arise is if the product subject to product charge was exported by the manufacturer abroad, and this can be verified. In accordance with the changes, the person carrying out the transport (either a domestic or a foreign customer) will no longer matter, only the verified export will be important.

Flat-rate product charge payment for vehicles. The new regulation enables flat-rate payment options for vehicles. So far the product charge has been paid for vehicle components subject to the charge (batteries, other oil products, tyres, electronic equipment) based on mass, and this option will also be available in the future, but the new legislation stipulates that those affected (e.g. vehicle distributors) will have the chance to avoid many of the administrative burdens by paying the flat-rate product charge. Of course, the exact definition of vehicles can also be found among the changes. The flat-rate product charge will be somewhere between HUF 4,000 - 7,000, depending on engine capacity and fuel.

Customs tariff heading. The new regulation precisely defines customs tariff heading and the rules applicable during product classification, which helps all parties concerned to interpret the scope more easily.

The concept of distribution. Conceptual changes include the revised concept of distribution, which now also covers distance selling. From now on, both the free and onerous transfer of a product subject to product charge by means of distance selling from abroad will incur a product charge obligation for business entities if said business entity must be VAT-registered as per the regulation on value added tax.

Packaging for own purposes. Dismantling packaging shall be regarded as use of packaging material for own purposes that forms part of the imported product packaging, but in determining the personal scope it has not yet been established who shall fulfil the obligation in such cases. The related revision, which is included in the amended legislation, says that packaging waste originating from dismantled packaging is subject to product charge payable by the first domestic owner.

Reusable packaging materials. Another favourable change is that reusable packaging materials forming part of imported packaging must be transported back within 365 days instead of by the end of the given quarter. This considerably reduces the administrative burdens of the parties affected, thereby improving their competitiveness.

Invoice endorsement. A positive change intended to reduce administrative burdens is that the obligatory invoice endorsement will no longer apply for packaging materials and advertisement papers.

Clearer sanction system. Due to legislative changes the sanction system of the product charge regulation will become more transparent. It will therefore become evident that the provisions of the Act on the Rules of Taxation shall apply for matters not governed in the Product Charge Act.

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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