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The Bridge.

Online data reporting: only 2 months to go!

It looks like the live system of online data reporting will finally be introduced in Hungary from 1 July 2018. Any further extension to the deadline seems quite unlikely, especially given that the EU has accepted the system too. Therefore the documentation available on the NAV's online test page is not expected to change, and the applicable government decree will soon be announced as well.

What can be expected?

Things will pick up pace in the next few months. This period will be important for developers as well as taxpayers, and we are confident we will only find out how prepared everyone is once the live data reporting system is turned on. **We can safely assume it will not be 100% perfect.**

Right now the specifications and the XSD scheme are considered final, but they can be altered slightly based on the information coming from taxpayers and testing. All the amendments to the specifications and the system will be announced by the NAV. (Hopefully this will not mean multiple notifications per year).

The online testing system will not be usable as the live system and for the purposes of obligatory data transmission, but it will still be available for taxpayers if they wish to test the system. Registration (primary, secondary and technical) in the live system will probably be available earlier than 1 July. Ideally, you will be able to register in the live system at least 30 or 15 days in advance to avoid the possibility of the first data reporting failing on 1 July due to registration problems. Data may only be uploaded to the live system from 1 July.

How prepared are we?

The NAV has been highlighting this new obligation on several platforms in Hungary, but the results of the survey conducted

CHECK YOUR INVOICING SOFTWARE

One important prerequisite of successful online data reporting in Hungary is preparing your systems for the change in good time, with joint assistance from IT and tax consultants. Our expert team will gladly help you [check your invoicing software](#).

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by WTS Klient Hungary at the beginning of this year clearly showed that many taxpayers are still not familiar with all the elements of the system. This obligation is nothing new for chief accountants, tax consultants and employees working in the financial field, but the decision-makers at tax-paying entities do not always know which elements will be obligatory in the final system.

It is a common misunderstanding that data must be reported within 24 hours in the case of invoices issued by a software programme. **Hungarian legislation prescribes immediate data reporting with no human intervention.** There were several companies in our survey who understood data reporting to be just the online forwarding of the amount on the invoice, whereas in actual fact, all the obligatory invoicing details must be forwarded to the NAV.

The situation is exacerbated at companies where more than one invoicing software programme is used, possibly alongside handwritten invoices as well. For handwritten invoices the invoice data needs to be entered into the online platform within 5 days (in the case of invoices with VAT of HUF 500,000 (roughly EUR 1,600) or more: on the day after the issuance of the invoice). Relief may come for those working with Hungarian accounting software in that the software will likely handle online data reporting by default.

You can listen to the radio interview about this topic by clicking here:

wtsklient.hu/2018/04/26/online-szamlazas/
Please note that the conversation is available only in Hungarian.



Numerous respondents of the survey indicated that they use invoicing software integrated with their foreign parent company and are only users with no higher-level technical rights. In these cases compliance with online data reporting must be resolved in other ways as the system is expected to be launched, and taxpayers may face a default penalty of up to HUF 500,000 (roughly EUR 1,600) per invoice in the case of inadequate data reporting.

Moreover, the tax consultancy team at WTS Klient Hungary has found that the data exporting function of invoicing software programmes, which has long been obligatory, is often not fully operational either. According to tax consultants, perhaps the greatest problem and challenge is how warning and error messages received during individual cases of incorrect data reporting can be processed and managed.

Our advice on online data reporting

Taxpayers who use foreign accounting software need to find a solution for real-time data transmission to the NAV. Internal and external developments might be necessary to ensure the data reporting functions perfectly, which can be time-consuming, taking up to several weeks. This is why **you need to find the right service provider in time.**

Registration of users

The **natural persons performing** the data disclosure on the platform on behalf of the taxpayer liable to data disclosure are the **so-called primary and secondary users**, the whole data necessary for the application of the **machine-to-machine interface** in case of data disclosure performed from the billing software is the so called **technical user**.

It is common for each user that they shall be "created" in the online interface., i.e. users should also be registered, for them – depending on the types – different user rights (privileges) can (and should) be provided. The secondary users and the so-called technical user can be created by the primary user on the interface.

Source:
onlineszamla-test.nav.gov.hu/tajekoztatas_a_regisztracirol

We strongly **recommend testing the online platform** since this will be where you will need to make the primary registration for the live system as the managing director or representative of the taxpayer. Primary users will be responsible for registering secondary users and handling the technical registrations as well. In the case of self-billing, suppliers must also be prepared for the upcoming tasks, such as the technical registration.

Appropriate plans and programmes need to be compiled for managing warning messages received during data reporting.

Primary user

- key user
- full rights
- entitled to manage Online Invoice rights of other (primary or secondary) users

Secondary user

- in the case of data reporting from invoicing software, data reporting by a secondary user is not applicable
- can request data (likely with restricted rights)

Technical user

- in the case of data reporting from invoicing software, data may only be transmitted with a machine-to-machine connection (interface)
- registering the data necessary for use of machine-to-machine interface (by technical user) is required for data reporting
- is only entitled to use the Online Invoice platform (interface) for data reporting, has no other rights

This WTS information does not constitute advice and it serves only to provide general information about selected topics.

Any information contained herein shall thus not be considered exhaustive, and nor may it be relied upon instead of advisory services in individual cases. We accept no liability for the accuracy of the content.

Should you have any questions regarding the above or any other professional issues, please do not hesitate to get in touch with your WTS advisor or use any of the contact details below.

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