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The Bridge.**Changes to online data reporting obligation for invoicing****From 1 April version 2.0 of the XSD data structure can be used, but this is not yet obligatory**

The Hungarian legal system is to expand the scope of the online data reporting obligation for invoicing to almost all transactions in two stages, from 1 July 2020 and 1 January 2021. Firstly, the limitation on reporting data on invoices containing output tax in excess of HUF 100,000 (roughly EUR 286) will be lifted, and secondly, invoices issued for non-taxpayers will have to be reported too. This means that from next year, any invoices where the buyer is a natural person need to be reported too. UPDATE! Although from 1 April 2020 you could only use version 2.0 of the XSD data structure in the online invoicing system, according to the original plans, and not version 1.1, this deadline was extended on 24 March until 1 July in light of the state of emergency declared with regard to the coronavirus pandemic. This means that from 1 April you will be able, but not yet obliged, to use XSD version 2.0.

July 2018: introduction of online data reporting obligation for invoicing

Online invoicing was introduced in Hungary on 1 July 2018, a [system](#) for the real-time online reporting of invoice data. According to the rule, taxpayers have to report data to the Hungarian Tax and Customs Administration in real time on invoices which were issued to taxpayers registered in Hungary, and where the output tax amounts to or exceeds HUF 100,000 (roughly EUR 286). Despite initial concerns raised by taxpayers and tax consultants alike, the system launched almost one and a half years ago operates successfully, and it makes a significant contribution to fighting the shadow economy in Hungary.

[Our experiences](#) show that despite the successful operation of the system on the whole, it still poses problems at a number of companies in Hungary. There can be differences between the data uploaded to the Hungarian tax authority without human intervention and the data submitted in monthly VAT returns, and significant differences may easily trigger tax inspections. The penalty levied for incomplete, incorrect, delayed or missing data reporting can be up to HUF 500,000 (roughly EUR 1,430) per invoice, so taxpayers are recommended to check their system regularly and reconcile the reported invoicing data with the data in their VAT returns.

July 2020: first stage of expansion to online data reporting obligation for invoicing

It was already evident for Hungarian taxpayers when the online data reporting obligation for invoicing was introduced in July 2018 that the threshold of HUF 100,000 (roughly EUR 286) would be a temporary condition only. From 1 July 2020, the rule that online data reporting is only mandatory for invoices including output tax in excess of the defined threshold will indeed [be abolished](#)

by way of an amendment to the VAT Act. This means that from this date forward the online data reporting obligation for invoicing will be extended to include any taxpayer registered in Hungary, and for any invoices issued on transactions in Hungary, irrespective of the amount of VAT they contain. What is more, from 1 July, the online data reporting obligation for invoicing will affect taxpayers who issue invoices on the supply of goods and services which are subject to the reverse charge mechanism in Hungary and/or are VAT-exempt. Such categories affected by the obligation to issue invoices are found in other education, private health-care, dental services or property sales for example, alongside various other services. The deadline set for issuing invoices will be reduced from 15 days to 8 days, and all invoices subject to data reporting must include the first eight digits of the Hungarian-registered tax-paying partner.

The statutory amendment will be supplemented with a transitional rule by the legislators, which defines which invoices are subject to the old rules on data reporting. Among others, the transitional rule prescribes that for invoices issued before 1 July 2020, the old provisions (effective prior to 1 July) must be applied, irrespective of the performance date.

January 2021: the second stage

From 1 January 2021 the data reporting obligation on invoicing shall cover invoices issued to non-taxpayers, such as natural persons, as well as invoices issued on intra-Community tax-exempt goods supplies to taxpayers. This means that together with the afore-mentioned amendments effective as of July, data must be reported on all invoices. However, data does not have to be provided on invoices issued to non-taxpayers regarding transactions in other Member States, and where the taxpayer satisfies its tax payment obligation within the "one-stop-shop" administration system.

Legislators have included a transitional rule with regard to the changes taking effect on 1 January 2021 too. According to this, invoices issued before 31 December 2021 are subject to the rules effective until 31 December.

Anticipated impacts of expanding the online data reporting obligation for invoicing

The introduction of the online data reporting obligation for invoicing brought a significant change for Hungarian companies. Yet while this change has so far only increased administration, the mandatory steps on the way will actually lead to businesses really being able to reduce their financial administration burdens.

Querying the reported data opens up new opportunities. For outgoing invoices this, in itself, does not harbour much potential, since the majority of companies have already connected their accounting and invoicing systems. The radical change will be more apparent in the fact that the data on incoming invoices can be downloaded in xml format – and from 1 July 2020 for invoices containing less than HUF 100,000 (roughly EUR 286) in output tax. So from this point onwards, it will not only be the Hungarian Tax and Customs Administration that sees all invoices, but companies can query all the data of all their incoming domestic invoices, enabling them to pre-book their incoming invoices, support content of electronic invoices, or with an appropriate IT

programme can check the data of domestic EC sales lists. The Business Automation team at WTS Klient Hungary [will gladly help you with this.](#)

IT / BUSINESS AUTOMATION

WTS Business Automation Kft., the new business line of WTS Klient Hungary established in January, offers support in expanding invoicing software with the required data reporting function and in developing and operating other solutions related to the fulfilment of the online data reporting obligation for invoicing, to ensure compliance with Hungarian laws and regulations. Feel free to contact us.

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