

## wts klient newsflash

WTS Klient.  
The Bridge.**Online invoice 3.0 on the way!****Invoices issued to natural persons must be reported too from 2021**

*In line with previous announcements, from 1 January 2021 the online invoice 3.0 system will be launched as the third and final step of expanding online data reporting for invoices in Hungary. Upon the introduction of online invoice 3.0 the data reporting obligation for invoices will be extended to include invoices issued to non-taxpayers, such as natural persons, as well as invoices issued on intra-Community tax-exempt goods supplies to taxpayers. So from next year, the Hungarian Tax and Customs Administration (NAV) will indeed see all invoices, even those issued by businesses to private individuals.*

**2021 Q1: grace period for penalties**

To give Hungarian businesses enough time to prepare their IT systems, in the second week of September the tax authority published templates for developers along with a comprehensive description of the technical changes with regard to the online invoice 3.0 system on the GitHub and onlineszamla.nav.gov websites. The first version of the XSD 3.0 specification is already available, and in theory, the testing system and the live system will both accept data reporting in this format from the end of September, but application of the system will only be mandatory from 1 January 2021.

To facilitate a seamless transition the NAV will not levy penalties in the first three months, i.e. until 31 March 2021, which means it will still accept the 2.0 format as well. Following the grace period, only the higher version, 3.0, will be available from 1 April.

**XSD 3.0 specification**

According to legislators, the online invoice 3.0 system and the related data reporting format will enable draft VAT returns, paper-free invoicing and data security all at the same time.

With the online invoice 3.0 data reporting system covering invoices issued to private individuals and foreigners (from the EU and third countries), the NAV will see an average of more than half a million more (retail) invoices on a daily basis compared to before. Consequently, from next year onwards, auditors will have practically all the control data they need when examining the authenticity of VAT returns, and the Hungarian government will be able to fill in VAT returns instead of the companies. According to information from the State Secretariat for Taxation

Issues, draft VAT returns will be introduced as a new service, which could reduce the administration burden for more than 480,000 businesses. At the same time, one should note that taxpayers must consider several aspects and internal audit procedures when deducting the VAT content of invoices, which is not expected to be replaced by this relief procedure. (For instance, deductions are governed by strict legal requirements, and taxpayers can decide when to exercise their right to deduct VAT once it becomes an option.)

One further benefit of the XSD 3.0 specification – especially during the coronavirus pandemic – is that it may replace paper invoices which imply a high risk of infection. E-invoices uploaded by the vendor in XML format can be downloaded and treated by the customer as original invoices, thus the electronic invoice can serve as the data reporting itself. Identifiers often used in business, such as contract numbers, can be filled in on an optional basis in the XSD 3.0 data structure, making the invoices easy to process automatically by the customer.

continued on page 2

**Would you like to learn more about the expanded data reporting for online invoicing?**

On Thursday, 17 September Hungarian experts in the field – including Tamás Gyányi, partner of WTS Klient Hungary – will be discussing the challenges of online invoicing at the Portfolio online club event (in Hungarian). You can also register!

Click [here](#) for more information.

Finally, transitioning to the online invoice 3.0 system is important from a data protection point of view too, since the XSD 3.0 specification ensures the anonymity of retail data. In the case of invoices issued for private individuals, the invoices may not contain names or addresses, so the personal details of the private customer will not be seen by the NAV.

#### Further advantages of the online invoice 3.0 system

By implementing the online invoice 3.0 system next year, the invoice data reporting system [launched on 1 July 2018](#), and [expanded this year](#), will essentially be complete in Hungary. This may result in increased whitening of the Hungarian economy and help the spread of digitalisation.

### Developing and operating online invoice data reporting and related services

Changing the IT systems and invoicing software programmes of companies to facilitate the online invoice 3.0 data reporting system and the new format may pose challenges for the IT technicians and finance experts of Hungarian companies, just like during the previous transitions. [WTS Klient Business Automation](#) will gladly help you with the transition and with developing the digital systems necessary to fulfil the new data reporting obligation.

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.

Services of the WTS Klient Hungary:

- » Tax consulting
- » Financial & accounting advisory
- » Legal consulting
- » Accounting
- » Payroll
- » IT / Business Automation

You can request for our online offer by one single click:

[Online offer >](#)

You can sign up for our newsletter by one single click:

[Sign up >](#)

#### WTS Klient Hungary

1143 Budapest • Stefánia út 101-103. • Hungary  
Telephone: +36 1 887 3700 • Fax: +36 1 887 3799  
[info@wtsklient.hu](mailto:info@wtsklient.hu) • [www.wtsklient.hu](http://www.wtsklient.hu)

#### WTS Klient Ltd.

H-1143 Budapest, Stefánia út 101-103.  
Registration number: 01-09-930353

#### WTS Klient Tax Advisory Ltd.

H-1143 Budapest, Stefánia út 101-103.  
Registration number: 01-09-978231

