February 2024

WTS Klient Newsletter

People you can rely on.

Dear Readers,

Thanks to our thorough preparations, the WTS Klient – Finacont merger was legally completed on 31 December 2023, so we started the new year integrated as one entity, with robust dimensions, extraordinary determination and enthusiasm.

We do not feel smug with our size of firm as well as our weight and role in the market. Quite the contrary in fact: just like before, the members of our now united board are not averse to rolling up their sleeves to handle the day-to-day business (efficiently). Because that's crucial: to properly build, maintain and continuously forge the bridge between the whole and the parts, to be able to put our strategy into practice in everyday life.

Much still lies ahead to achieve one of our key strategic goals: professional, technological and human integration. That said, the success of our integration work so far, which is probably due to our increased attention, thorough communication and vigilance, is best confirmed by the fact that all our clients stayed with us throughout the process. Thank you.

We now find ourselves at the start of our first joint peak season, with extremely busy weekdays due to the accounting and payroll closes. The honeymoon of WTS Klient and Finacont is fading into the distance, and we are looking ahead with our combined forces.

Keeping you informed of tax and accounting changes, and implementing them where necessary, constitutes the cornerstone of this season. Accordingly, in our newsletter you can read about the tax amendments for 2024, the appearance of deferred tax in Hungarian accounting, reported shares and e-invoicing.

Looking ahead, and also as a result of the merger, we will be integrating our technology development, automation processes and artificial intelligence-driven solutions. This will be covered in our next newsletter.

Please stick with us, now and in the future!

György Pintér
Senior Partner

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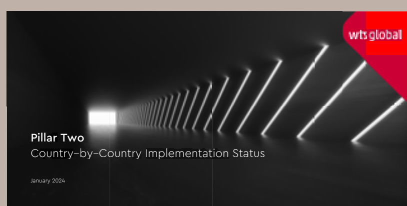
Worldwide Implementation Status of Pillar Two

Country-by-Country Overview



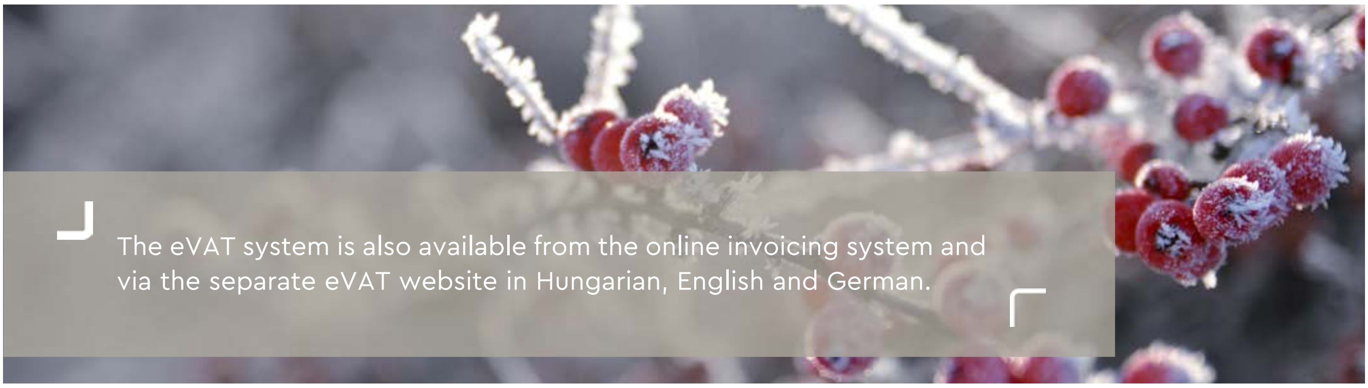
Global minimum taxation is one of the biggest-ever reforms to international corporate tax rules. With representation in over 100 countries, WTS Global provides you the bundled overview of the implementation status of the Pillar Two rules in 72 countries. The country-specific information shown in the overview reflects the latest legislative updates, which are collected from WTS Global's tax experts on a monthly basis.

Read the Pillar Two – Implementation Status overview here.

2024 tax amendments in Hungary

eVAT up and running, global minimum tax has arrived

Author: **Tamás Gyányi**
tamas.gyanyi@wtsklient.hu



The eVAT system is also available from the online invoicing system and via the separate eVAT website in Hungarian, English and German.

Summarising the 2024 tax amendments is not an easy task, since the detailed rules for many different taxes have changed based on the tax amendment proposals adopted in 2023, and in several stages too. **There is barely any type of tax that hasn't been affected**, the Hungarian-US double taxation treaty has been terminated, and the new global minimum tax system is now in place. The eVAT system is also up and running: taxpayers can log into the interface and are greeted by a clear and modern platform. Below you will find a summary of the 2024 tax amendments that may be important for decision-makers.

Minimum wage

From 1 December 2023 the minimum wage was increased to HUF 266,800 gross, while the guaranteed wage minimum rose to HUF 326,000. This also means, for example, that from 2024 the **individual value of low-value gifts subject to preferential tax treatment has increased** to HUF 26,680, while the amount of expenditure on gifts given to participants in connection with an event organised for several individuals (including business partners) – and subject to preferential tax treatment – has increased to HUF 66,700.

Preferential tax regime benefits

Provision of wine and wine products

From 16 November 2023, bottled wine and wine products with a protected designation of origin or protected geographical indication purchased directly from a winery are exempt from tax, if they are

- provided in the context of hospitality for entertainment and non-entertainment purposes,
- as a business gift, or
- as a low-value gift.

In such cases, no personal income tax or social contribution tax is payable on the supply of these wine products.

Low-value gift

Until now, once a year it was possible to provide a gift as an "other benefit" bearing tax lower than wage tax, up to 10% of the minimum wage. Following the 2024 tax amendments, **such benefits can be provided three times a year** in 2024.

Tax exemption for winnings

For traditional lotteries (lotto, 6-number lotto, Scandinavian lotto, keno, etc.), winnings are **exempt from personal income tax** from 1 January 2024.

Acquiring stakes in start-up companies

One element of the 2024 tax amendments intended to stimulate the economy is that a stake acquired free of charge or at a preferential price by employees or senior management in a start-up business (micro or small unlisted enterprise that has been registered for five years or less, has not yet distributed profits, and has not been created by a merger or division) **does not qualify as income**.

Trusts

The **input taxation** introduced in 2023 in relation to trusts **is replaced by output taxation** on account of the 2024 tax amendments in cases where income is transferred to the beneficiary from the value of the initial capital of the assets under management or private foundation assets, five years have not passed between the release of the asset and the initial transfer of the asset to assets under management or private foundation by the settlor or founder (joining individual), and such transferred assets were revalued upwards at the time transferred (asset value appreciation).

Conventions avoiding double taxation

The double tax treaty discontinued by the US will no longer apply from 2024, but several related amendments have been introduced into Hungarian tax laws. **The rule on offsetting tax paid abroad has changed**, while the rules on other income do not apply to **income from securities** issued by a person with a registered office in an OECD Member State, or to **interest** paid by a person with a registered office in an OECD Member State. We should not forget that the Russians also suspended certain provisions of the Hungarian-Russian double taxation treaty in 2023!

Global minimum tax

One of the 2024 tax amendments triggering the biggest reaction was the new tax rolled out from 1 January: the global minimum tax. **Although this does not concern a significant number of companies, those that are affected will have to prepare for considerable changes and will have to familiarise themselves with new penalties:**

- up to HUF 5 million for failure to comply with notification obligation, or late compliance,
- up to HUF 10 million in the event of failure to file a return, or late, incomplete, incorrect or untrue returns

Reported shares

Taxpayers can take advantage of a **one-time reporting option** for their holdings declared as of 30 December 2023 that do not qualify as shares, if they meet the definition of a reported share at the time of the reporting. The reporting deadline is the deadline for the 2023 fiscal-year annual report. If the shares are reported, **corporate tax** of 9% **is payable** on 20% of the positive difference as of 31 December 2023 between the book value and the market value between independent parties. The difference is determined as if a sale was made at a profit to an independent party on 31 December 2023. No deductions – such as loss carryforwards or tax benefits – can be applied in this respect. The independent market value must be certified by an auditor or a qualified expert. *You can find further details on the changes effecting reported shares in the article of Anita Toki on pages 8-9.*

Corporate taxation

The corporate tax element of the 2024 tax amendments **extends the range of costs that are not incurred in the interests of a business**. This means that no costs can be deducted for royalty and interest payments to countries that are on the EU list of non-cooperative jurisdictions and territories or that are classified as having zero or low tax rates. Non-compliant royalty and interest payments made cannot be deducted from the corporate tax base, and the profit before tax must be raised by the accounting cost or expense not affected by the double non-taxation.

The criterion of having a real economic or commercial benefit as the primary goal is not fulfilled if (one of) the primary goal(s) of the royalty and interest payment is a tax advantage, even if there is a real economic or commercial benefit. The burden of proof is on the taxpayer, to be provided by the deadline for filing the tax return.

eVAT

The eVAT system previously postponed several times was finally introduced as part of the 2024 tax amendments. The system in place from 1 January 2024 allows taxpayers to submit their tax returns via the eVAT platform too, in addition to traditional VAT returns. **This platform enables draft returns to be approved, supplemented and modified**, either using data compiled by the NAV or data transmitted via the automated interface. Under the rules, the first return filed counts as the taxpayer's return (if multiple returns are filed). Self-revisions can then be submitted either on a form or via the electronic interface. Taxpayers who opt for the automated interface in the eVAT system are exempt from any inspection for 15 days. During this time, any errors or discrepancies in the return can be corrected. The eVAT system is also available from the online invoicing system and via the separate eVAT website in

Hungarian, English and German after logging in via the government portal. Easy-to-follow tutorials help you understand the interface and processes.

Real estate and construction

In the eVAT system you can find the menu items on the left-hand side, where you can view your taxpayer profile and make settings among other things, but you can also select the returns of given periods, and in the document list you can find documents from other data services in the system (typically the online invoicing system), which were uploaded by the tax authority when the draft return was created. You can review the data of the documents in detail as well, and if you accept the documents you can set the status of each individual document to "reviewed". *You can read more useful information about eVat in the article of Tamás László on pages 10-12.*

The **procedure for submitting declarations** for the reverse charge treatment of construction/assembly services **is also changing**, and becoming more practical. From 1 January 2024, if the authorisation is linked to the activity of the service provider, then from now on they will declare this to the client.

Simpler administration

Continuous tax advance declaration

The 2024 tax amendments also aim to reduce the administrative burden for taxpayers. This means that from 1 January 2024, key **tax base deductibles can even be claimed on a continuous basis**, without the need to submit a new tax advance declaration to the employer or regular-income payer every year. The new option will apply for the first time to tax advance declarations made after 31 December 2023. The easiest way to submit tax advance declarations is via the online document management webpage called ONYA (available in Hungarian).

Quarterly payer return instead of monthly

From 2024 onwards, **payers have to assess public levies** and declare and pay the taxes and contributions related to payments and benefits not on a monthly basis, but **quarterly, for the period including the month of the benefit**. So instead of monthly, contributions will now have to be declared and paid in the quarter that includes the month of the benefit.

Social security

As a result of the 2024 tax amendments, in the case of a **third-country national** posted from Hungary, the income earned in the given month as consideration for the activity will be deemed the contribution base, and thus also the base for the social contribution tax. In other words, **the reduced contribution base rule applicable for postings**, according to which the contribution base is the basic salary, but at least the average gross salary, **will be abolished** for this category of personnel only.

Vehicle tax

Until 2024, vehicle tax had to be paid in two instalments. Please note that from now on, vehicle tax must be paid in **one lump sum** by 15 April.

Tax on public utility lines, advertising tax

The 2023 autumn tax law amendments removed telecommunication lines from the scope of the public utility tax from 1 January 2024, and **repealed the Act on Public Utility Tax** from 1 January 2025. The current 0% advertising tax rate will remain in force until 31 December 2024.

Household work

The 2023 autumn tax law amendments **abolished** the HUF 1,000 **registration fee obligation** for household workers, **but the notification obligation still applies.**

Tax consulting

Most taxpayers will be affected by the listed points of the 2024 tax amendments. In particular, we would like to draw your attention to the changing legislation brought on by the discontinuation of the Hungarian-US double taxation treaty, the global minimum tax and eVAT. If you have any questions regarding the changes, or their impact, please do not hesitate to get in touch with our tax specialists.

Our expert

Tamás Gyányi
Senior Partner | Tax Consulting / Payroll
Mobile: +36 30 686 8873

Areas of Expertise

- tax planning and review of complex tax issues
- due diligence related to acquisitions
- review of intra-group transactions (TP, VAT/supply chain)
- tax advisory related to international postings

The latest WTS Global Financial Services Newsletter has been released

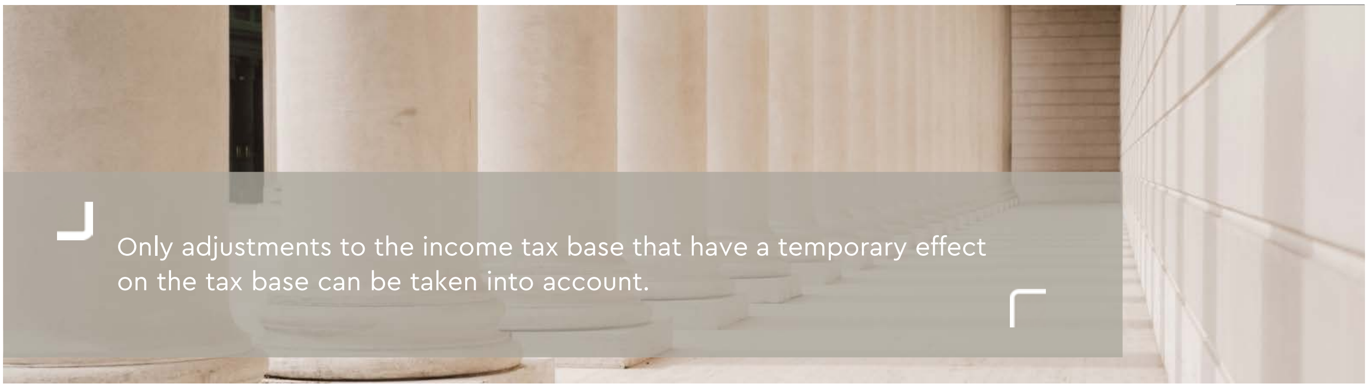
Insights on financial services from all over the world

The first edition of WTS Global Financial Services Newsletter in 2024 presents taxation related news from 12 countries with focus on the international financial services industry. It covers a diverse range of FS tax topics, e.g. the new tax treaty between Luxembourg and the United Kingdom, the changes on real estate transfer taxation in Finland or the VAT exemption applicable for management companies in Portugal. You can download the newsletter in PDF format here: WTS Global Financial Services Newsletter #1/2024

Deferred tax in Hungarian accounting

New concept introduced by 2024 accounting law amendments

Author: **Szabolcs Szeles**
szabolcs.szeles@wtsklient.hu



One of the most significant changes in 2024 to the Act on Accounting is the introduction of deferred tax in Hungarian accounting thanks to the global minimum tax harmonisation, meaning this can now be presented in Hungarian financial statements.

Importance of deferred tax

Although deferred tax is a new concept in Hungarian accounting, it is not unfamiliar to experts in international or other national accounting frameworks. The purpose of deferred tax is to **recognise future tax positions** arising from the temporary effect on the income tax base of the measurement of assets and liabilities recognised in the financial statements.

Who benefits from deferred tax in Hungarian accounting?

Deferred tax in Hungarian accounting is an **option**, i.e. presenting it is not compulsory. It can already be applied for 2023 financial statements and can be opted for in the future too, but once applied, this decision must be recorded in the accounting policies. Using this option is recommended for companies where the future tax implications of accounting measurements are important for presenting a true and fair view. For entities that are part of a multinational group, this option should be considered simply because deferred tax is common practice internationally, and **employing it may reduce the differences** between the figures reported under Hungarian GAAP and the figures under IFRS or other accounting frameworks provided for consolidation purposes. It should be added, however, that since IFRS measurement principles differ from Hungarian accounting, it is far from certain that the same deferred tax asset or liability will arise for a given company in both the Hungarian and IFRS accounts.

What does this mean?

In simple terms, a deferred tax asset or liability is the cumulative effect on the income tax base of subsequent tax years as generated by assets and liabilities or specific tax base deduction entitlements (loss carry forwards or tax benefits) in the financial statements of a given year. This effect is calculated using the average income tax rate for the subsequent years. Under deferred tax we are really talking about **the future tax impacts of the chosen or applicable measurements of assets and liabilities**. A deferred tax asset arises for tax that will be refunded in subsequent fiscal years, and a deferred tax liability arises for tax that will be payable in subsequent fiscal years.

The deferred tax asset or liability must be recalculated as of every reporting date, and the cumulative change from the deferred tax asset or liability recognised in the previous financial year must be recognised in the income statement on a separate Deferred tax differences row under Tax payment liabilities.

Temporary and permanent differences

Only adjustments to the income tax base that have a **temporary** effect on the tax base, i.e. that are reversed in subsequent years, can be taken into account. Non-recurring, permanent income tax base adjustments, such as "non-business related costs" (e.g. penalties), may not be taken into account when calculating deferred tax.

Measurement options, such as upwards revaluations, which have no effect on either the profit or loss before tax under accounting rules or the income tax base may not be considered.

Conditions for inception of a tax asset

Only deferred tax assets that are temporary differences and are expected to be realised in the income tax base in future financial years can be taken into account. This means deferred tax assets can only be considered for loss carryforwards or tax allowances that are expected to be recovered and usable against future positive tax bases.

Calculating deferred tax

There are various calculation methods. Assets, provisions, liabilities and unused loss carryforwards and tax allowances that will have an impact on the tax base in future years can be taken into account individually too. The deferred tax asset or liability will be the amount of the cumulative differences at the expected income tax rate.

Please note that this is generally not adjustments to the income tax base for a given year. It is best illustrated by **juxtaposing the accounting balance sheet with the tax balance sheet**, whereby each item in the accounts is presented in an accounting column and a tax balance sheet column. Thus, the accounting book value and the tax carrying value of each asset and liability are placed side by side, and a deferred tax asset or liability is calculated for these cumulative accounting and tax differences with the expected income tax rate.

Presentation of deferred tax in the financial statements

As with other tax types, it is important to emphasise that tax assets and liabilities vis-a-vis the same tax authority should be **consolidated**, i.e. deferred tax assets and liabilities should be presented net on the balance sheet, either under assets or under liabilities.

Thanks to the introduction of deferred tax in Hungarian accounting, both the balance sheet and income statement frameworks under the Hungarian Act on Accounting are expanded. Consolidated deferred tax assets should be presented in a separate row under Fixed assets, while consolidated deferred tax liabilities should be presented in a new row under Long-term liabilities.

Application in first financial year

Deferred tax in Hungarian accounting was introduced with the entry into force of the amendment to the Act on Accounting on 31 December 2023, and is applicable for the first time with 2023 financial statements. It should be applied in the first financial year as **if the company had always applied** deferred tax. In this case, the opening deferred tax assets or liabilities that would have existed as of the previous year's reporting date must be recognised against retained earnings.

Financial & accounting advisory

If you have any questions on this topic, or need expert help in understanding how deferred tax in Hungarian accounting can be applied, or with accounting for deferred tax at your company, please do not hesitate to contact WTS Klient Hungary's financial accounting advisers!

Our expert

Szabolcs Szeles
Senior Partner | Financial & Accounting Advisory / Accounting
Mobile: +36 30 487 8912

Areas of Expertise

- compilation of international group reports (IFRS, HGB)
- accounting and tax due diligence
- accounting advisory
- interim management

Reported shares

This year, for the first time, shares can be reported retrospectively to the tax authority

Author: **Anita Toki**
anita.toki@wtsklient.hu

One of the changes brought on by the Hungarian tax law amendments announced at the end of November 2023 is that **previously acquired shares not notified to the tax authority can now be reported.** By now allowing the subsequent reporting of shares, companies that previously did not do so can also benefit from the tax advantages of reported shares. What shares can be reported? When and how should they be reported? How can a previously acquired share be reported if this has not happened so far? And perhaps the most important question: what are the benefits of reported shares for a company? These are the questions we answer in the article.

What shares can be reported?

Essentially any share can be reported to the Hungarian tax authority, **except for shares in a controlled foreign company and the acquisition of units issued by an open-ended investment fund.** The statutory minimum figure for share acquisitions (previously 10%) was abolished from 1 January 2018, meaning that the legal implications of reported shares can now apply to acquisitions of very small stakes, whether by purchase or even by way of an in-kind contribution.

When and how should new share acquisitions be reported?

According to Hungarian Act LXXXI of 1996 on Corporate Tax and Dividend Tax, a reported share is a share that has been notified to the tax authority within 75 days from the date of acquisition. The acquisition date is the date it is registered with the Hungarian Court of Registration, or, failing this, the date on which the legal transaction takes effect.

Organisations and sole proprietorships subject to registration must use the T201T form provided by the Hungarian tax authority to report shares.

How can existing shares be reported?

Please note that the the subsequent reporting of shares **only applies to shares that existed on 30 December 2023** and do not already qualify as reported shares, provided that the share meets the definition of a reported share as per the Hungarian Corporate Tax Act at the time of reporting (i.e. not at the time of the original acquisition). Shares **can be subsequently reported** to the Hungarian tax authority up until the deadline for filing the corporate tax return for the 2023 fiscal year – i.e. **by 31 May 2024** for taxpayers following the standard financial year. This right lapses once the deadline expires.

However, it is important to know that such an option is subject to conditions and comes at a price. **Twenty percent of the gain** between the market value of the share to be reported and its carrying value on 31 December 2023 constitutes the corporate tax base, no deductibles are permitted, and the relevant **tax must be paid by** the deadline for the 2023 corporate tax return – **31 May 2024** for taxpayers following the standard financial year.

The market value referred to above must be a market value approved by independent parties, which the taxpayer can substantiate with a report issued by an independent auditor or an expert. The taxpayer must have this report when filing the corporate tax return. From 1 January 2024, the market value thus determined will be taken into account as the acquisition value of the reported share.

What are the benefits of reported shares?

If a company's assets include a reported share for at least one year, and this is then sold or otherwise derecognised from the company's books, the company will **not have to pay corporate tax on the gain from the sale or derecognition**, while any loss from the sale will not be deductible from the tax base.

In terms of the one-year holding period, it is good to know that a derecognition due to a transformation, merger or division does not interrupt the continuity of the holding period.

Accounting advisory

Hence it is worth considering reporting the acquisition of a share when it is acquired, since it is administratively simple, involves no additional costs for the taxpayer, and may also save tax when the share is sold or otherwise removed from the books. Feel free to contact us if you need expert advice on reported shares, the accounting advisers at WTS Klient Hungary will be glad to help you.

Our expert

Anita Toki
Director | Accounting
Mobile: +36 20 342 6239

Areas of Expertise
- accounting
- IFRS
- accounting advisory

The latest WTS Global ICT Newsletter has been released

Insights on international corporate tax from all over the world

The WTS Global International Corporate Tax Newsletter #1/2024 focuses on changes in international tax law and country-specific tax law developments with respect to cross-border transactions in eight countries: Austria, India, Pakistan, Poland, Portugal, Saudi Arabia, Switzerland and the United Arab Emirates. You can download the newsletter in PDF format here: WTS Global ICT Newsletter #1/2024

E-invoicing and e-VAT: the tools of VAT digitalisation

What to use, how, and why?

Author: **Tamás László**
tamas.laszlo@wtsklient.hu

Possible ways to submit VAT returns from 2024

- via ÁNYK system
- by accepting draft return offered on eafa.nav.gov.hu website
- via machine-to-machine interface

Efforts to digitalise tax systems are coming increasingly to the fore, not just in Hungary but also at EU level. One of the main objectives of VAT digitisation – and the digitalisation of other taxes – is to make it harder to conceal tax revenues and make it easier and more efficient for the tax authorities of Member States to collect them. Examples of this include tax administration measures optimised for the digital world, reciprocal and efficient exchange of information between Member States, or the simplification of tax administration by digital means.

One of the specific tools of VAT digitalisation, which we already covered in an earlier article is **ViDA** (VAT in the Digital Age), the European Commission's package of proposals for digitalising certain aspects of the EU's common VAT system. Although these are only proposals, it is worth preparing for them in advance so that taxpayers are not caught unawares by the digital switchover. Although in a different field, Hungarian legislators are also trying to prepare us for this because the **e-VAT system** became available from 1 January 2024, which aims to simplify the submission and validation of VAT returns.

E-invoicing

One of ViDA's key objectives is to promote electronic invoicing in as many areas as possible. To this end, **the** concept of an e-invoice **and the provisions on e-invoices will likely be amended** in the Common VAT Directive (and then in the Hungarian VAT law). In some cases, use of e-invoices may become mandatory.

It could be useful for taxpayers to introduce e-invoicing before application becomes mandatory, but there may of course be other benefits to switching over: in many cases **it is simpler, cheaper, requires less administration and fewer tools, and it is easy to automate**. Although this is an area heavily regulated by law – in addition to the Act on VAT, the provisions of Ministry of Innovation and Technology (ITM) Decree No. 1/2018 (VI.29) on the rules of digital archiving must also be taken into account – the NAV published a very useful and comprehensive summary (available only in Hungarian here) in spring 2020 on the most important information regarding electronic invoices. The release of the summary was prompted by the coronavirus pandemic, so it is almost four years since it was first published, but its content is still valid today and it contains useful information that is worth revisiting after all this time. We believe the most interesting and useful details are as follows:

- **An invoice that has been printed on paper, scanned and sent by email**, for example as a PDF file, **also qualifies as an electronic invoice**. Of course, invoices issued, sent and received in this way must be stored in accordance with the requirements of the ITM Decree, i.e. compliance with the requirements of authenticity of origin and integrity of data must be ensured.

  However, please note that it is not considered good practice for a printed invoice to be sent by email, reprinted by the recipient and kept on paper.

- The use of e-invoices also **requires the consent of the invoice recipient**, which, according to the NAV, doesn't just mean formal acceptance, this can also happen via the tacit consent of the invoice recipient by paying the invoice.

- With regard to e-invoices, as mentioned in the first point, **archiving in accordance with the ITM Decree must be ensured** in such a way as to guarantee the authenticity of origin of the invoices, the integrity of their data content, and their legibility. These can be achieved with various digital tools, such as sending invoices via an **EDI** (Electronic Data Interchange) system or using qualified electronic signatures. It may be useful to know, however, that for sole traders or individual taxpayers, so-called **AVDH** (Azonosításra Visszavezetett Dokumentum Hitelesítés – Identification-Based Document Authentication), which is available free of charge to all those with government portal access in Hungary, may be an appropriate solution.

  It is also accepted if the so-called hash code of an electronically issued invoice is entered into the online invoicing system and the parties save the e-invoice by preserving the hash code. In this case, no further action is required for the archiving since the hash code ensures the authenticity of the invoice and the integrity of its data.

E-VAT

Hungarian VAT returns can be submitted in three ways from 1 January 2024. It is still possible to **prepare form 65 and submit it electronically using the ÁNYK system**. However, the January 2024 VAT return can already be submitted via the e-VAT system. Taxpayers have two options here: one is to **accept the draft return offered on the eafa.nav.gov.hu website**, the other is to **accept the draft return based on return data submitted** to the NAV **via a machine-to-machine interface**.

For traditionally filed returns, the so-called **form M** (detailing domestic purchases and sales by partner and by invoice) and **form K** (detailing adjustments to domestic purchases and sales invoices) must be completed, and preparing them – or checking if prepared using automated tools – can mean significant additional administration in the event of large-volume transactions. The **tax authority does not validate the data submitted**; if it finds any discrepancies, it initiates a data reconciliation or possibly a compliance investigation, which may lead to penalties.

If the draft return is approved on the website, the **data** available to the NAV **must first be supplemented** (e.g. with incoming EU items), and a declaration must be made on exercising the right of deduction and its scope. As with the online invoicing interface, the return can be accessed by the primary user (company's legal representative or permanent authorised representative). It is also possible to set up secondary users, who can modify or supplement data, but only the primary user has approval rights. **Validation is obviously not necessary in this case**, as the data available to the NAV forms the basis of the return, so there is no need to prepare and submit forms M and K.

If the VAT return is submitted via the machine-to-machine interface, the data has to occur in the manner and with the data structure published by the tax authority. In this case, the taxpayer sends the NAV the document-level data underlying the assessment of tax payable and the right to deduct tax, essentially converting its own VAT sub-ledger into the data structure required by the NAV, and forwarding it. There is no need to submit forms M or K in this case either. Draft returns thus prepared must be approved by the taxpayer using automated means. The big advantage of this procedure is that, once submitted, the **tax authority validates the data** (compares it with the data it has) **and sends information on the result of the validation** (i.e. signalling any discrepancies). **Using this option is subject to notification and requires some prior development.**

Unlike the e-PIT system, it is important to know that for the e-VAT system (website and machine-to-machine connection) the returns submitted here are not automatically accepted, they must always be approved.

Other benefits of e-VAT system

The NAV uses the data from the online invoice, the online cash register and the import VAT systems to prepare the draft. Printed tax returns can only be subject to self-revisions on paper, while self-revisions of e-VAT returns can be handled both on paper and electronically. If a return is submitted in more than one way, **the first submitted return is considered the one filed.**

Just like e-invoicing, the use of e-VAT is **not currently mandatory** either in Hungary, but the benefits make it worth exploring the possibility of applying it, and possibly rethinking the process of filing, digitalising and automating returns.

IT-based tax solution

VAT digitalisation tools are not just a weapon for tax authorities in the fight against tax evaders, they can also provide taxpayers with numerous benefits, simpler administration and cost savings. They allow for automation too, but it is important to know that the system cannot replace expertise and some of the decisions that need to be made, so accountants and tax advisers will still be needed to check the accuracy of VAT data. The tax advisers of WTS Klient Hungary will gladly assist you with their up-to-date knowledge and professional experience.

Our expert

Tamás László
Senior Manager | Tax Consulting
Mobile: +36 20 362 7492

Areas of Expertise

- tax advisory in all tax types
- value added tax planning
- tax authority inspections
- preparation and reviews of transfer pricing documentation
- due diligence

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

Services of WTS Klient Hungary:

- Tax consulting
- Financial & accounting advisory
- Accounting
- Payroll
- IT / Business Automation
- HR services

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WTS Klient Business Advisory Ltd.
Registered seat: H-1143 Budapest | Stefánia út 101-103. | Hungary
Company registration number: Cg.01-09-730729
Telephone: +36 1 887 3700
info@wtsklient.hu | wtsklient.hu