



# FISCAL REPRESENTATION IN HUNGARY

PREPARED BY

**WTS FRS  
HUNGARY**

member of

**wts global**



Registration process and details

**wts**

# EXECUTIVE SUMMARY



**Estimated time of a registration: 1-2 months**

The registration process of a fiscal representation is quite similar for the most of the fiscal representatives in Hungary. The above listed tasks and steps are not the special procedure of WTS FRS Hungary only.

# HUNGARIAN LEGAL REQUIREMENTS

Such foreign companies which have a seat or a permanent establishment outside the EU (hereinafter: the "non-EU companies") should appoint a fiscal representative in Hungary in the case of a tax registration for VAT purposes in Hungary. The fiscal representative shall accept and declare the fiscal representation engagement in front of the Hungarian Tax Authority during the VAT registration process. The signed agreement of the fiscal representation should be submitted to the Tax Authority during the registration.

Non-EU companies can be represented in front of the Hungarian Tax Authority only by the Hungarian fiscal representative. The represented company cannot make any declarations or statements during a tax audit, all activities should be fulfilled by the fiscal representative.

The represented company and the fiscal representative have joint and several liability for the Hungarian tax liabilities. Failing to pay any taxes (or penalties) by the represented company in Hungary will trigger an automatic withdrawal of the payable amount from the bank account of the fiscal representative without any prior notice or approval. For this reason, all fiscal representatives in Hungary requests a bank guarantee or a bank deposit from the represented companies for the amount of the estimated tax exposure.

Retroactive registration (registration with a starting date in the past) is also possible in Hungary. However, retrospective registration can trigger a default penalty up to HUF 1,000,000 (roughly EUR 2,500).

# CLIENT CHECK

**Prior registration of the fiscal representation and prior accepting the engagement, WTS FRS Hungary performs an internal risk assessment in relation to the represented companies.**

The Client should provide the following documents for the preliminary acceptance procedure:


- ✓ WTS FRS Hungary Client questionnaire (provided separately)
- ✓ company extract (court of registration documents)
- ✓ last available financial statements

## DISCUSSION OF THE DRAFT FISCAL REPRESENTATION AGREEMENT, AND EXECUTION OF THE ENGAGEMENT

After the Client Acceptance is performed, the draft of the fiscal representation agreement will be sent to the Client.

The agreement comprises all special missions and requirements due to the joint and several liability, including the most important cases for the breach of the fiscal representation agreement, which actions would trigger the withdrawal of the bank guarantee provided to WTS FRS Hungary.

The mutually discussed and agreed fiscal representation agreement should be properly signed by the parties. One original signed version should be submitted to the Hungarian Tax Authority during the VAT registration process.



# BANK GUARANTEE AND HUNGARIAN BANK ACCOUNT

In light of the joint and several liability, the Hungarian fiscal representatives will require a bank guarantee as a financial assurance to cover all potential financial risks emerging from the fiscal representative status.

The bank guarantee should be issued with the wording that is provided by WTS FRS Hungary during the registration process. The bank guarantee should be provided via SWIFT message from the bank of the Client to the bank of WTS FRS Hungary.

The amount of the bank guarantee will be calculated during the Client Check process based on the documents provided by the Client. The precondition of the submission of the VAT registration package to the Hungarian Tax Authority is a valid bank guarantee available to WTS FRS Hungary.

Non-EU companies should also set up a Hungarian bank account for tax purposes. The VAT refunds are transferred by the Hungarian Tax Authority to this bank account only, nevertheless, VAT payments can be performed from any foreign bank accounts of the Client. As an alternative option for opening a separated own bank account, WTS FRS Hungary can assist the Client by opening a subaccount (trust account) at the bank of WTS FRS Hungary.



# REGISTRATION DOCUMENTS, VAT REGISTRATION, REGISTRATION OF THE POA

WTS FRS Hungary sends the list of the necessary documents via email to the Client. The Client should collect the documents parallel with the other processes. The registration package will be filed to the Hungarian Tax authority after the i) Client is confirmed to be accepted, ii) the signed fiscal representation agreement is available, iii) the bank guarantee is provided, iv) the bank account is opened, and v) the necessary registration forms are prepared.

## CONTACT INFORMATION



**András Szadai**  
Partner, Head of Tax Services

 [andras.szadai@wtsklient.hu](mailto:andras.szadai@wtsklient.hu)



**Tamás László**  
Director, Tax Consulting

 [tamas.laszlo@wtsklient.hu](mailto:tamas.laszlo@wtsklient.hu)





**Andrea Véber**  
Manager, Tax Consulting


 [andrea.veber@wtsklient.hu](mailto:andrea.veber@wtsklient.hu)

**wts**

**WTS FRS Kft.**

 H -1143 Budapest  
Stefánia út 101-103.

 +36 1 887 3700

 <https://fiscalrep.hu/>

 [info@fiscalrep.hu](mailto:info@fiscalrep.hu)

For more detailed information, please contact us, the tax experts of WTS Klient / WTS FRS will be pleased to assist you. This document provides general information and does not constitute advice.