

Act XCII of 2003
on the Rules of Taxation¹

Chapter I

GENERAL PROVISIONS

Principles

Section 1

(1) The purpose of this Act is to govern taxation procedures in a uniform concept as consistent with the rights and obligations of taxpayers and the tax authorities with a view to ensuring the legality and effectiveness of such procedures.

(2) Taxpayers and the tax authority shall exercise their rights and fulfill their obligations in compliance with the provisions of this Act and other acts. If vested by law with discretionary powers, the tax authority shall exercise such right as consistent with the purpose of authorization and within the framework of law.

(3) In all matters, the tax authority must be unbiased and shall act without discrimination in accordance with the law.

(3a)² In the process of inspection of the parties to a relationship (contract, transaction) that creates any tax liability, the tax authority shall treat any relationship that has already been examined and qualified the same with respect to each taxpayer and must automatically apply its findings made at one of the parties in connection with the inspection of the other party.

(4) Unless otherwise provided for by international treaty, discrimination on the basis of nationality is prohibited in the tax matters of private individuals.

(5) The tax authority shall provide taxpayers with all of the information necessary to abide by the law; it shall inform taxpayers regarding tax returns and tax payment regulations and advise them in respect of exercising their rights. Taxpayers shall exercise their rights in good faith and shall cooperate with the tax authority in discharging its duties.

(6) The tax authority shall act equitably and reasonably, and if the conditions set out in this and in other acts are fulfilled, it shall abate tax debts or authorize some form of payment allowance.

(7) Contracts, transactions and other similar operations shall be judged in accordance with their true content.³ For the purposes of taxation, an invalid contract or any other transaction of the like shall be considered to have any bearing to the extent of the apparent economic results it carries.

(8) The transactions of affiliated companies shall be recognized at fair market prices for taxation purposes irrespective of whether or not the underlying contracts are concluded at fair

¹ Promulgated on 14 November 2003.

² Enacted by Section 194 of Act LXXIV of 2014, effective as of 1 January 2015.

³ See FMM-PM joint directive. Published in Magyar Közlöny, volume 2005/170.

market prices. This provision shall not apply if the conduct of the affiliated companies is consistent with market practices that could reasonably be expected from independent parties under the given circumstances.

(9) Where a conduct (act, omission) is declared unlawful or is considered unethical, it shall have no bearing on tax liability whatsoever.

Section 2

(1) All rights in tax-related matters shall be exercised within their meaning and intent. In the application of tax laws, contracts and other transactions contrived with the intent to evade the provisions of tax laws shall not be construed as exercised within their specific intent.

(2)⁴ In the case of relationships affected by international treaties promulgated by an act or government decree, where in consequence of differences in the interpretation of the facts on hand or the provisions of the relevant international agreement between the States affected, having regard to incomes from such relationships, neither of those States considers such income taxable in its territory, Hungary shall not exempt such income from taxation.

(3)⁵ In the cases under Subsections (1)-(2), the tax authority shall establish the tax taking into consideration all circumstances, in particular, the tax liability prevailing when rights are observed within their meaning and intent or, if the tax base cannot be established in this fashion, by estimation.

Scope

Section 3

(1) The provisions of this Act shall govern the system of taxation of and central subsidies provided to:

a)⁶ legal persons registered or having business premises Hungary or otherwise engaged in economic (production, service, manufacturing, business) operations in Hungary;

b) private individuals having a permanent residence or place of abode, or residing in Hungary on any other grounds;

c) private individuals, legal persons and other organizations holding assets or engaged in any gainful activity in Hungary producing any income (profit);

d)⁷ persons participating in administrative or court proceedings;

(Paragraphs a)-d) hereinafter referred to collectively as “person”).

(2) Unless otherwise provided for by law, the provisions of this Act shall apply to free zones as well.

⁴ Established by Section 195 of Act LXXIV of 2014, effective as of 1 January 2015.

⁵ Enacted by Section 195 of Act LXXIV of 2014, effective as of 1 January 2015.

⁶ Amended: by point 1 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁷ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

(3)⁸ This Act shall apply to any taxable person whose registered office or place of business, or permanent residence or place of abode is situated outside the Community, and who is engaged in supplying telecommunications services, radio and audiovisual media services, and electronically supplied services (hereinafter referred to as “services to be supplied at a distance”), as defined in the Act on Value Added Tax, to a non-taxable person whose registered office or place of business, or permanent residence or place of abode is situated in a Member State of the Community, provided that this taxable person has notified the state tax authority accordingly by way of electronic means.

Section 4

(1) This Act shall apply to:

a) mandatory payments related to taxes, contributions and duties payable - pursuant to the relevant legislation - to the central budget, extra-budgetary funds, to the Pension Insurance Fund, Health Insurance Fund or to municipal governments (hereinafter referred to collectively as “tax”);

b) subsidies paid from the central budget or from extra-budgetary funds under the conditions set forth in an act of Parliament, in government or ministerial decrees (hereinafter referred to collectively as “central subsidies”);

c) procedures related to such payments and central subsidies;

if the assessment, collection, enforcement, refund, disbursement or control of such taxes and subsidies falls within the competence of the tax authority [the activities described in Paragraphs a)-c) hereinafter referred to collectively as “taxation”].

(2) As regards judicial enforcement and the system of records associated therewith, the provisions of this Act shall apply to outstanding public dues and administration and court fees that are prescribed by law to be enforced as taxes (outstanding public dues enforced as taxes).

(3) Unless otherwise provided for by this Act:

a) in respect of tax advances, penalties, surcharges and expenses, the provisions on taxes shall be applied;

b) in respect of applications for and payments of tax refunds, the provisions on central subsidies shall be applied.

(4)⁹ This Act shall not apply to social security benefits and to mandatory payments (taxes, duties, fees, contributions, costs, penalties, interest) falling within the scope of the Act on the Implementation of Community Customs Laws if the assessment, collection, enforcement, disbursement or control of such falls within the jurisdiction of the customs authority. This Act shall apply to:

a) proceedings relating to the assignment of customs identification codes and to the registration of persons conferred by specific other legislation under the customs authority’s jurisdiction, subject to the exceptions set out in specific other legislation, and

b) customs debts, in respect of the tax authority’s right of withholding pertaining to central subsidies.

⁸ Enacted by Section 1 of Act XXVII of 2004. Amended by Point 1 of Subsection (1) of Section 28 of Act XXXIII of 2014.

⁹ Established: by Section 282 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(4a)¹⁰ This Act shall also apply to the obligation of payment and declaration of value added tax on services supplied at a distance which are due to another Member State of the European Community, if the taxpayer meets that obligation through the state tax authority.

Section 5¹¹

(1) Unless otherwise provided for by this Act or by other legislation pertaining to taxes, tax liabilities or central subsidies, the provisions of the Act on the General Rules of Administrative Proceedings and Services shall apply in respect of tax matters, with the exceptions set out in Subsection (2).

(2) In tax matters the following provisions of the Act on the General Rules of Administrative Proceedings and Services shall not apply:

a)¹² to the opening of proceedings, reopening procedures, regulatory services, enforcement procedures, and to regulatory inspection conducted at the client's request, administrative dispositions, and the beginning of the administrative time limit in the case of submission of electronic documents;

b)¹³ to the rules pertaining to preferential arrangements in terms of administrative time limits relating to taxpayers of minor age.

(2a)¹⁴ In connection with the appointment of an expert by a body competent for the assessment of research and development activities the provisions of the Act on the General Rules of Administrative Proceedings and Services shall not apply pertaining to:¹⁵

- a) the appointment of an expert by recommendation of the client,
- b) imposing an administrative penalty upon the expert appointed.

(2b)¹⁶ When ordering provisional precautionary measures provided for in the Act on the General Rules of Administrative Proceedings and Services, the tax authority shall apply the provisions of this Act relating to precautionary measures. In tax matters provisional precautionary measures shall not cease to have effect when the resolution becomes binding.

¹⁰ Enacted by Section 21 of Act XXXIII of 2014, effective as of 1 October 2014.

¹¹ Established by Subsection (1) of Section 33 of Act CXII of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently and to reopened cases.

¹² Established by Subsection (1) of Section 196 of Act LXXIV of 2014, effective as of 1 January 2015.

¹³ Established: by paragraph (1) Section 284 of Act LVI of 2009. In force: as of 1. 10. 2009. Shall apply to proceedings opened subsequently and to reopened cases.

¹⁴ Enacted: by Section 283 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁵ Amended: by point 1 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹⁶ Enacted by Subsection (2) of Section 196 of Act LXXIV of 2014, effective as of 1 January 2015.

(3)¹⁷ In tax matters electronic communication and the use of electronic administration services shall be permitted where specifically authorized by the relevant legislation with the type of proceedings expressly indicated. The provisions of the Act on the General Rules of Administrative Proceedings and Services pertaining to electronic communication and electronic administration services shall apply subject to the exceptions set out in specific other legislation.

(4)¹⁸ In tax matters the provisions of the Act on the General Rules of Administrative Proceedings and Services pertaining to requests shall apply subject to the exception that the taxpayer - unless otherwise provided for by the relevant legislation - shall not have the option to request the tax authority to contact another body with a data disclosure request.

(5)¹⁹ Above and beyond the provisions set out in Subsection (1), any derogation from this Act shall be allowed solely on the basis of Community legislation, international treaties promulgated by an act or government decree, or under the principle of reciprocity. Reciprocity shall be determined jointly by the minister in charge of taxation and the minister in charge of foreign policies.

Section 5/A²⁰

(1) In tax matters the administrative time limit - unless otherwise provided for in this Act - shall be thirty days, and it may be extended by maximum thirty days.

(2) Where this Act fails to prescribe the time limit for the execution of any procedural step, the tax authority shall take measures without delay, but within eight days, for having the procedural step in question carried out.

(3) In tax matters:

a) if lacking powers or jurisdiction the tax authority shall transfer the petition and other documents of the case within eight days to the authority vested with powers and jurisdiction;

b) in connection with any conflict of jurisdiction between tax authorities, the competent tax authority shall be determined within fifteen days;

c) the tax authority shall transmit the requests it has received without delay, but within five days to the body vested with competence to provide national legal assistance;

d) the tax authority shall comply with requests for national legal assistance:

da) within fifteen days if in the case in question any procedural step is necessary outside the area of jurisdiction of the requesting authority, or if it is justified by the client's lawful interests or for reasons of cost-efficiency,

¹⁷ Established: by paragraph (2) Section 284 of Act LVI of 2009. In force: as of 1. 10. 2009. Shall apply to proceedings opened subsequently and to reopened cases. Amended: by point 1 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

¹⁸ Established: by paragraph (2) Section 284 of Act LVI of 2009. In force: as of 1. 10. 2009. Shall apply to proceedings opened subsequently and to reopened cases.

¹⁹ Enacted: by paragraph (2) Section 284 of Act LVI of 2009. In force: as of 1. 10. 2009. Shall apply to proceedings opened subsequently and to reopened cases.

²⁰ Enacted: by paragraph (3) Section 284 of Act LVI of 2009. In force: as of 1. 10. 2009. Shall apply to proceedings opened subsequently and to reopened cases.

- db*) within eight days in other cases;
- e*) the director of the tax authority may extend the time limit for compliance with the request by fifteen days;
- f*) the tax authority may dismiss the petition without substantive examination within eight days;
- g*) if the petition submitted is incomplete, the tax authority may issue a request for remedying the deficiencies within eight days;
- h*) where any grounds for exclusion emerges:
 - ha*) the relevant officer of the tax authority shall report it without delay, but within five days following the day on which the cause for exclusion emerges, or
 - hb*) the client shall report it within eight days from the day of gaining knowledge;
 - i*) an application for continuation with justification relating to the procedural step may be submitted within eight days from the time of becoming aware of the default or from the time the obstruction is eliminated, where applicable, but not later than within six months from the last day of the time limit or deadline in question.

(4) The provisions contained in the Act on the General Rules of Administrative Proceedings and Services and in Paragraph *g*) of Subsection (3) pertaining to the time limit for the issue of a request for remedying the deficiencies shall not apply to proceedings for the evaluation of requests for provisional tax assessment, for establishing the fair market value, and for investment tax incentives.

(5)²¹ Applications for tax and income certificates, combined tax certificates and tax residence certificates shall be fulfilled within six days following receipt of the application.

(6)²² If a taxpayer who submits an application for payment facilities and/or tax reduction is recognized as a qualified taxpayer at the time the application is submitted, a request for urgent procedure may be attached with the application (request for urgent procedure). The administrative time limit in urgent procedures shall be fifteen days. In the event of failure to submit the request for urgent procedure in due time no application for continuation shall be accepted.

Chapter II

TAXABLE PERSONS AND TAX AUTHORITIES

Taxable Persons

Section 6

(1) ‘Taxable person’ shall mean any person whose tax liability and tax payment obligation is prescribed by any legislation on taxes and central subsidies, or by this Act.

(1a)²³ A trust fund shall have taxpayer status.

²¹ Established: by paragraph (1) Section 242 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²² Enacted: by paragraph (2) Section 242 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²³ Enacted by Subsection (1) of Section 63 of Act XV of 2014, effective as of 15 March 2014.

(2) Persons whose liability pertains solely to the payment of tax [Subsection (2) of Section 35] shall not be construed as taxable persons. Persons liable solely to pay tax may also exercise the legal rights of taxable persons.

(3)²⁴ Unless otherwise provided for by law, the taxpayer - being the successor - shall be entitled to all the rights of the predecessor and shall be subject to the outstanding liabilities of the predecessor. If there is more than one successor, the liabilities of the predecessor shall be discharged by the successors as consistent with their respective shares of the assets, or they shall bear joint and several liability for unfulfilled liabilities. Unless otherwise agreed, the successors' entitlement to central subsidies shall also be determined in accordance with their respective shares of the assets.

Representation of Taxable Persons

Section 7

(1)²⁵ A private individual may be represented in front of the tax authority and ministry directed by the minister in charge of taxation - if he wishes not to handle the case in person - by his legal representative, by a lawyer, law firm, European Community jurist, tax expert, certified tax expert, tax consultant, auditor, accountant, an employee or member of a business association authorized to provide accounting, bookkeeping or tax consulting services, who provides proper proof of authorization, or - in connection with environmental product charges - by a representative trained in the administration of product charges, or by other persons of legal age holding a power of attorney fixed in an authentic instrument or a private instrument with full probative force. A private entrepreneur may be represented in front of the tax authority and ministry directed by the minister in charge of taxation by his employee of legal age in possession of proper proof of authorization.

(2)²⁶ A legal person or other unincorporated organization may be represented before the tax authority and ministry directed by the minister in charge of taxation by a person vested with power of representation or a legal counsel engaged under employment contract in accordance with the relevant regulations, by a member or employee of legal age in possession of proper proof of authorization, or by a legal counsel under contract, lawyer, law firm, European Community jurist, tax expert, certified tax expert, tax consultant, auditor or accountant, or by an employee or member of a business association or other organization authorized to provide accounting, bookkeeping or tax consulting services, or - in connection with environmental product charges - by a representative trained in the administration of product charges.

²⁴ First sentence amended by Subsection (2) of Section 41 of Act LXXXV of 2005.

²⁵ Established by Section 2 of Act LXXXV of 2005. Amended by point 1 Section 154 of Act CXXII of 2010, point 2 Section 293 of Act CLXXVIII of 2012, Point 1 of Section 225 of Act LXXIV of 2014.

²⁶ Established by Section 46 of Act CXXXI of 2006. Amended by point 2 Section 154 of Act CXXII of 2010, point 2 paragraph (1) Section 360 of Act CLVI of 2011, point 3 Section 293 of Act CLXXVIII of 2012, Point 2 of Section 225 of Act LXXIV of 2014.

(3)²⁷ In procedures for the refund of value added tax under the Act on Value Added Tax, the taxable persons considered non-established according to the Act on Value Added Tax may be represented before the tax authority by nonresident private individuals, legal persons and other bodies.

(4)²⁸

(5)²⁹ Taxpayers may seek representation by giving a durable power of attorney or authorization, and may notify the tax authority thereof. In addition to the conditions laid down in specific other legislation, a durable power of attorney or authorization shall be recognized in proceedings in front of the tax authority if notified on the standard form prescribed by the tax authority. If the durable power of attorney or authorization, or the termination thereof, is notified by the taxpayer's representative, the tax authority shall inform the taxpayer in writing concerning the receipt of notification. If a qualified or durable power of attorney or authorization is revoked or cancelled, the taxpayer affected must forthwith notify the tax authority to that effect; the termination of the right of representation may also be notified to the tax authority by the authorized representative or proxy in question. The right of representation shall be deemed effective or terminated vis-à-vis the tax authority effective as of the date when notified to the tax authority, however, on the day when termination of the right of representation is notified the authorized representative shall remain to be entitled to receive official tax documents.

(6)³⁰ Private individuals, legal persons and unincorporated business associations must be represented by a lawyer, tax consultant, tax adviser, certified tax expert or auditor:

a) in proceedings for provisional tax assessment;

b) in proceedings for determining the applicability of provisional tax assessment;

c) in proceedings for establishing fair market value;

d) in proceedings before the minister in charge of taxation or the minister appointed for the supervision of the NAV opened upon a request for supervisory measure.

(7)³¹ Representation as under Subsection (6) hereof is not mandatory in personal matters, if the private individual or the executive officer of the legal person or unincorporated business association has a law degree, or qualifies as an auditor, tax consultant, tax adviser, auditor or certified tax expert. Proof of having a law degree, or credentials as an auditor, tax consultant, tax adviser, auditor or certified tax expert shall be provided enclosed with the application for the proceedings referred to in Subsection (6).

Section 8

²⁷ Established: by Section 149 of Act CC of 2013. In force: as of 1. 01. 2014.

²⁸ Repealed: by point 1 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

²⁹ Established: by Section 284 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁰ Established by Section 243 of Act CLXXVIII of 2012. Amended by Point 3 of Section 225 of Act LXXIV of 2014.

³¹ Established by Section 243 of Act CLXXVIII of 2012. Amended by Point 4 of Section 225 of Act LXXIV of 2014.

(1) Regarding the business operations of non-resident companies in the domestic territory, only the Hungarian branches of such companies shall be allowed to proceed in the name of and on behalf of them in taxation matters if the non-resident company is subject to the obligation to establish a branch or if it already has one.

(2) The aforementioned tax agent shall discharge the tax obligations of the non-resident company under Hungarian law and shall exercise its respective rights as well.

(3) If a non-resident company operates more than one branch, each branch shall be construed an independent entity regarding the tax liabilities in connection with their business operations; however, a legal statement that concerns the taxation of the other Hungarian branch or branches of the non-resident company may only be filed jointly by all of the branches involved.

Section 9

(1)³² Any non-resident company that is engaged in economic activities in Hungary without being required to establish a resident business entity may satisfy its Hungarian tax liabilities through a financial representative.

(2)³³ The financial representative may be a private limited-liability company, limited company with an equity capital of at least fifty million forints or bank guarantees for the same amount, with no outstanding tax debts owed to the tax authority. The financial representative shall provide proof to evidence compliance with these requirements simultaneously with the notification, and each year thereafter during the pursuit of the activity to the tax authority on its acceptance of agency.

(3)³⁴ The financial representative shall notify the state tax authority within fifteen days of entering into or terminating its agency relationship with a non-resident company and shall also provide the non-resident company's particulars and the number of the current account opened on behalf of the non-resident company for tax related transactions.

(4) Upon receipt of the above-mentioned notification, the tax authority shall register the non-resident company and its financial representative and shall issue a tax number under the name of the non-resident company.

(5) In the name of the non-resident company, the financial representative shall fulfill the non-resident company's tax liabilities and shall exercise the rights of the company. During the life of the agency agreement for financial representation the non-resident company may not proceed in front of the tax authority in person, nor through another representative.

(6) The non-resident company and the financial representative shall be subject to joint and several liability for the company's tax obligations. Termination of the agency agreement shall have no bearing on the non-resident company's tax liabilities.

³² 16 Amended by Subsection (1) of Section 315 of Act CI of 2004.

³³ Amended by point 3 paragraph (1) Section 360 of Act CLVI of 2011, Paragraph a) of Subsection (3) of Section 155 of Act CCLII of 2013.

³⁴ Amended by Subsection (6) of Section 238 of Act LXI of 2006, and by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

(7)³⁵ The financial representative shall file the non-resident company's tax return by way of electronic means.

(8) The financial representative shall keep separate files for the tax records of each non-resident company it represents.

(9)³⁶ The tax authority shall make any payment of tax refund to a non-resident company that does not have a registered office or place of business in Hungary by transfer to the current account opened on behalf of the non-resident company for tax-related transactions.

(10) If agency is terminated in consequence of the non-resident company terminating its economic operations in Hungary, the financial representative shall prepare a final statement of accounts on behalf of the non-resident company. The financial representative shall retain all tax-related documents within the term of limitation of the right of tax assessment.

*Section 9/A*³⁷

(1) Having regard to the taxation of a trust fund the fiduciary shall have competence.

(2) The fiduciary shall fulfill the tax obligations of the trust fund in his own name, under the tax number of the assets placed in the trust fund for fiduciary asset management, and shall exercise the rights of the trust fund representing the assets placed into fiduciary asset management.

(3) The fiduciary shall keep the tax documents of the trust fund separately.

(4) The tax authority shall make any payment of tax refund to a trust fund by transfer to the domestic payment account opened by the fiduciary for tax-related transactions.

Tax Authorities

Section 10

(1)³⁸ Tax authorities are:

a) the taxation branch of the Nemzeti Adó- és Vámhivatal (*National Tax and Customs Authority*) (hereinafter referred to as "NAV"), functioning as the state tax authority;

b) the customs branch of the NAV, functioning as the customs authority (state tax authority and customs authority hereinafter referred to collectively as "state tax and customs authority");

c) the notaries of municipal governments (hereinafter referred to as "municipal tax authority").

d)³⁹ for the purposes of this Act, the Budapest and county government agencies (hereinafter referred to as "government agency"), if acting as the superior authority of a municipal tax authority.

³⁵ Amended by Subsection (10) of Section 27 of Act CLXIII of 2005.

³⁶ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

³⁷ Enacted by Subsection (2) of Section 63 of Act XV of 2014, effective as of 15 March 2014.

³⁸ Established: by Section 102 of Act CXXII of 2010. In force: as of 1. 01. 2011.

³⁹ Established by Section 244 of Act CLXXVIII of 2012. Amended by point 1 paragraph (1) Section 52 of Act XXXVII of 2013, Paragraph a) of Subsection (2) of Section 19 of Act VI of 2015.

(2) The tax authority's function shall include to maintain records of taxpayers and other persons not recognized as taxpayers, whose rights and obligations are prescribed in this Act or other acts pertaining to taxes or central subsidies, to assess taxes, central subsidies and tax refunds (if prescribed by law), collect and enforce taxes and other public dues enforced as taxes, control and supervise compliance with tax obligations and performance of tax liabilities, disburse central subsidies, effect payment of tax refunds, and maintain the tax accounts of taxpayers.

(3) In order to enforce the tax liabilities falling under its competence and the related rights of taxpayers, the tax authority shall initiate the opening of accounts for tax-related payment transactions, publish the numbers of these accounts, design and prescribe the necessary documents and ensure the necessary background for taxation.

(4) The tax authorities:

a) shall exchange data and information in order to assist each other with a view to improving efficiency and to help taxpayers and other organizations specified by law to fulfill their obligations;

b) shall cooperate with the tax authorities of the European Communities and the competent directorate-general of the European Commission so as to enforce the tax laws of the European Communities.

Supervision of Tax Authorities⁴⁰

Section 11⁴¹

(1) The minister in charge of taxation and the minister appointed for the supervision of the NAV:

a)⁴² shall exercise supervisory competence over the state tax and customs authority as laid down in this Act and in specific other legislation;

b) shall monitor the legality of the taxation system of municipal tax authorities and oversee the operations of municipal tax authorities and the enforcement of acts and other legislation;

c) shall present to the Government legislative bills concerning the organizational structure of the municipal taxation system, propose structural changes, coordinate the exchange of information between the various tax agencies, and make proposals for drafting bills concerning these areas;

d) may request the directors of municipal tax authorities to file reports, accounts and data and information in the interest of overseeing the legal and technical aspects of taxation and - where required in connection with their responsibilities conferred by law - may request information concerning any taxpayer;

e)⁴³ shall overturn or annul any unlawful resolution (ruling) made in taxation matters falling within the competence of municipal tax authorities by the government agency, and shall instruct

⁴⁰ Established: by Section 103 of Act CXXII of 2010. In force: as of 2. 01. 2011. The change does not effect the English version.

⁴¹ Established: by Section 103 of Act CXXII of 2010. In force: as of 2. 01. 2011.

⁴² Amended: by point 1 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012.

them to carry out the procedure in the event of their failure to adopt a resolution or ruling due to unlawful negligence.

(2)⁴⁴ The minister in charge of taxation may not delegate the duties specified in Paragraph *b*) of Subsection (1) to others.

Availability of Documents for Inspection

Section 12

(1)⁴⁵ Taxable persons and the persons required to pay tax under Subsection (2) of Section 35 shall be entitled to review documents pertaining to their taxation matters. This entitlement shall include the right to make or request copies of all of the documents that are necessary for the enforcement of their rights and for the fulfillment of their obligations.

(2)⁴⁶ In respect of documents pertaining to the disclosure of data, access may be restricted until the commencement of an audit if it is presumed that knowledge of the contents of such documents would frustrate the conclusion of the audit. The tax authority shall restrict access to documents by way of a ruling.

(3)⁴⁷ The taxpayer may not inspect:

a) the internal correspondence between the tax authority and the supervisory body relating to the decision-making process;

b) the draft of the resolution (decree);

c) the report (document) that contains the personal data of a witness or any other person involved in the proceedings, if the tax authority declared these data confidential;

d)⁴⁸ any document that contains classified information without proper clearance for use;

e) any part of a document that contains tax secrets pertaining to another person, the knowledge of which is in violation of the law;

f) any document containing information that is afforded protection by law, where such information is prevented by the legislation in which protection is prescribed.

Self-Audit

⁴³ Amended by subparagraph a) paragraph (1) Section 56 of Act XCIII of 2012, Paragraph b) of Subsection (2) of Section 19 of Act VI of 2015.

⁴⁴ Amended: by point 1 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁵ Second sentence amended by Subsection (2) of Section 41 of Act LXXXV of 2005.

⁴⁶ Established by Section 3 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently.

⁴⁷ Enacted by Section 3 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently.

⁴⁸ Amended: by paragraph (31) Section 42 of Act CLV of 2009. In force: as of 1. 04. 2010.

Section 13

(1) Unless otherwise provided for by this Act, taxpayers shall be entitled to audit themselves if they pay taxes by self-assessment. From a judicial standpoint, a taxpayer's request for the subsequent modification of the amount of tax levied in accordance with his tax return, by making changes in such tax return, shall be construed as self-audit.

(2)⁴⁹

Tax Liability

Section 14

(1)⁵⁰ Taxpayers shall be subject to the following obligations, as prescribed by law or by this Act, in the interest of the assessment and payment (disbursement) of taxes and central subsidies:

- a) registration, filing formal statements;
- b) tax assessment;
- c) filing of a tax return;
- d) payment of taxes and tax advances;
- e) to issue and retain accounting documents;
- f) to keep records (bookkeeping);
- g) disclosure of data;
- h) deduction and collection of taxes;
- i)⁵¹ to open a payment account and to effect payments related to taxable activities by way of the means prescribed in this Act;

[Paragraphs a)-i) hereinafter referred collectively to as "tax liability"].

(2) The provisions set out in Paragraphs g) and h) of Subsection (1) shall not apply to taxpayers who are private individuals, if they are not registered as an entrepreneur, employer or payer or if they are not liable to collect specific local taxes. Taxpayers may also be exempted from other obligations by law.

(3) Taxpayers shall be eligible for central subsidies only after having satisfied all of the reporting or declaration, statement and assessment obligations pertaining to such subsidies.

(4)⁵² As regards the obligations of the taxpayer mentioned in Subsection (1) hereof, they shall be discharged by the liquidator in the event of liquidation - excluding the tasks defined in Subsection (1) of Section 31 of Act XLIX of 1991 on Bankruptcy Proceedings and Liquidation Proceedings - from the time of the opening of liquidation proceedings, or by the receiver in the case of dissolution excluding the tasks defined in Subsection (3) of Section 98 of Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings - from the

⁴⁹ Repealed by Point 1 of Section 248 of Act LXXXI of 2008, effective as of 1 January 2009.

⁵⁰ Established by Section 90 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁵¹ Established: by Section 25 of Act LXIX of 2012. In force: as of 1. 01. 2013.

⁵² Established: by Section 150 of Act CC of 2013. In force: as of 1. 01. 2014.

time of the opening of dissolution proceedings, or by the executive officer in the case of involuntary de-registration from the time of the opening of the involuntary de-registration procedure, in the absence of an executive officer - if dissolution proceedings took place previously - by the former receiver, and they shall exercise the rights of such taxpayer as well. In the event of any infringement by the liquidator or receiver, or by the executive officer in the case of involuntary de-registration, or, in the absence of an executive officer - if dissolution proceedings took place previously - by the former receiver, the default penalty shall be imposed upon the liquidator in the case of liquidation or upon the receiver in the case of dissolution, or upon the executive officer or the former receiver in the case of involuntary de-registration, however, they shall not be sanctioned by default penalty if able to evidence that the infringement is attributable to reasons beyond their control. If the cause of the infringement was that the former executive officer, or the former receiver if dissolution proceedings took place before the liquidation, breached his obligations delegated by law, the default penalty shall be imposed upon the former executive officer or the former receiver.

(5) The rights and obligations of venture capital funds regarding tax liability shall devolve upon the manager of the fund.

(6)⁵³ The tax liabilities of a pre-company shall be satisfied following registration by the business association, professional association, cooperative, forest management association, water management associations, as the case may be, and they shall be responsible for any liabilities, fulfilled or pending, of the pre-company and exercise the rights of such pre-company.

(7)⁵⁴ Unless otherwise provided for by law, in the application of this Act or other statutory provisions on tax, customs duty, compulsory contributions or budgetary subsidies, the provisions pertaining to business associations, professional associations, cooperatives, forest management associations, water management associations shall also apply regarding their pre-companies.

(8)⁵⁵ Private entrepreneurs, lawyers and patent agents, and notaries public shall be exempted from taxation-related obligations connected to any duration of suspension of operations or services and incurred in that capacity, including the obligation of maintaining a current account.

(9)⁵⁶ Private entrepreneurs, lawyers and patent agents, and notaries public shall not be entitled to claim or request any tax refund or apply for central subsidies in connection with and subsequent to the duration of suspension of their operations or services, in that capacity, unless otherwise provided for in an act or other legislation enacted under authorization of an act, and may not request the repayment of any amount overpaid during the same period. In the case of private entrepreneurs, the period of suspension shall cover the period beginning on the first day and ending on the last day of suspension as shown in the register of private entrepreneurs.

Section 15

⁵³ Amended: by point 26 Section 367 of Act IV of 2006. In force: as of 01. 07. 2009.

⁵⁴ Amended: by point 26 Section 367 of Act IV of 2006. In force: as of 01. 07. 2009.

⁵⁵ Established: by Section 104 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁵⁶ Established: by Section 104 of Act CXXII of 2010. In force: as of 1. 01. 2011.

As to whether tax revenues and central subsidies are to be paid into or from the central budget, an extra-budgetary fund or a municipal government's budget shall have no bearing on the rights and obligations of taxpayers and persons liable to pay tax.

Chapter III

DEFINITION OF TAX LIABILITIES⁵⁷

Registration Procedures

Section 16

(1) All taxpayers engaged in taxable activities must have tax numbers, subject to the exceptions laid down in Sections 20-21.

(2) Taxpayers wishing to pursue taxable activities shall register with the state tax authority in order to receive a tax number.

(3) For registration, taxpayers shall provide the following information to the state tax authority:⁵⁸

a)⁵⁹ name (corporate name), concise company name, or the tax identification code if a private individual, for non-resident companies the tax number issued by the relevant authority of the state where established;

b)⁶⁰ address, registered office, the main office of central business administration if other than the registered office, place or places of business and, if official notices are posted on the company's official website, the company's electronic address (website), and the place of effective management if the business association is registered in more than one States;

c)⁶¹ the date and number of the instrument of constitution (charter document, articles of incorporation, deed of partnership, articles of association) and the name (corporate name) and address (registered office) of the representative authorized in accordance with the relevant regulations and of the auditor, including the date of entering into and - if for a fixed period - the date of termination of the relevant contract, the authorized representative's tax identification code, and if the auditor is an economic organization, the name and home address of the person assigned to the business association in question;

⁵⁷ See Subsections (8)-(9) of Section 238 of Act LXI of 2006.

⁵⁸ See Section 33 of Act LXXXII of 2008.

⁵⁹ Established by Section 187 of Act CI of 2004, effective as of 1 January 2005.

⁶⁰ Established by Subsection (1) of Section 25 of Act XCVI of 2008, effective as of 27 December 2008. See also Subsection (7) of Section 27 of Act XCVI of 2008. Amended: by point 4 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 1 Section 41 of Act LXIX of 2012. In force: as of 20. 06. 2012.

⁶¹ Established by Subsection (1) of Section 176 of Act CXXVI of 2007, effective as of 1 January 2008.

d)⁶² legal form, list of activities, in the case of companies the main activity and the activities in which the company is actually engaged, in accordance with the nomenclature of the Standard Sectoral Classification of Economic Activities (hereinafter referred to as “TEÁOR”), in the case of private entrepreneurs the main activity and other activities in accordance with the codes contained in the *Önálló vállalkozások tevékenységi jegyzéke (Nomenclature for the activities as self-employed persons)* (hereinafter referred to as “ÖVTJ”), in connection with the suspension of activities of private entrepreneurs, the first and last day of suspension, furthermore, the statistical code;

e)⁶³ the corporate name (name), address (place of business, residence) and tax identification number of the owner (owners) of general partnerships, limited partnerships, private limited-liability companies, groupings and joint companies, the corporate name (name), address (place of business, residence) and tax identification number of the shareholder controlling over 50 per cent of the votes or having qualified majority control in a private limited company, furthermore, in connection with private limited-liability companies and private limited companies, an indication where the voting rights held by a member (shareholder) exceeds 50 per cent or if a member (shareholder) acquires qualified majority control;

f) the mailing address of private individual taxpayers, if other than his registered address or place of business, and the name and address (registered office) of the agent for service of process of foreign nationals having no place of residence in Hungary;

g)⁶⁴ the place where official documents, electronic accounting documents, records and registers are deposited, if other than the taxpayer’s registered office or home address, and if accounting documents, ledgers, records and registers are stored electronically with online access, an indication thereof;

h) name of predecessor, if any, and the tax identification number of the predecessor;

i)⁶⁵ in respect of private individuals working in self-employment, the form of exercising such activities (full or part-time, part-time activities of retirees), activities performed while receiving benefits provided before the legal age limit, service emoluments, ballet dancers’ annuities or provisional miners’ allowances

j) the statement prescribed in Subsection (1) of Section 22;

k) selection of flat-rate taxation, if applicable;

l) the balance sheet date of the financial year, if it does not coincide with the calendar year;

m)⁶⁶ an indication if registered as a public-benefit organization.

n)⁶⁷ the amount of the subscribed capital of taxpayers notified under Paragraph *b*) of Subsection (1) of Section 17;

⁶² Established: by paragraph (1) Section 246 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶³ Established by paragraph (1) Section 286 of Act CLVI of 2011. Amended by point 2 Section 40 of Act LXIX of 2012, Paragraph b) of Subsection (3) of Section 155 of Act CCLII of 2013.

⁶⁴ Established: by paragraph (2) Section 246 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶⁵ Amended: by subparagraph a) Section 92 of Act CLXVII of 2011. In force: as of 1. 01. 2012.

⁶⁶ Enacted by Subsection (1) of Section 176 of Act CXXVI of 2007, effective as of 1 January 2008. Amended: by Section 204 of Act CLXXV of 2011. In force: as of 22. 12. 2011.

o)⁶⁸ as regards the Hungarian branches of nonresident companies, the corporate name, address, registered number (registration number) of the nonresident companies;

p)⁶⁹ the place where the taxpayer's effective management is located, where residence for tax purposes is determined according to the location of the place of effective management.

q)⁷⁰ in the case of foundations and associations, the court registration number, the main activity and the activities actually pursued.

(3a)⁷¹ By way of derogation from Subsection (3), only the particulars under Paragraphs *b*), *c*), *g*) and *l*) of Subsection (3) shall be provided to the state tax authority.

(4)⁷² Employers and payers [including the private entrepreneurs referred to in Paragraph *b*) of Section 4 of Act LXXX of 1997 on the Eligibility for Social Security Benefits and Private Pensions and the Funding for These Services (hereinafter referred to as "SPA"), if not engaged in auxiliary activities, and insured small-scale agricultural producers and the persons referred to in Section 56/A of the SPA] shall supply to the competent state tax authority of the first instance - by way of electronic means or using the standard form prescribed for this purpose - and indicating their tax identification number, name, corporate name, registered office, place of business, home address, including the predecessor's name and tax number - the forename and surname, tax identification code and date of birth of insured persons in their employ, as well as the date of commencement and termination and the code of the insurance relationship, the length of any period of suspension of insurance, the weekly work time and the FEOR code. If the insured person does not have a tax identification code, the insured person's forename and surname at birth, place of birth, mother's forename and surname at birth and nationality shall be reported as well. The notification shall be sent:

a) concerning the commencement of the insurance relationship, on the first day of the insurance relationship before the date of taking up employment; in connection with job-seeking assistance, within ten days of the operative date of the resolution for granting the assistance, or if the insurance is evaluated subsequently, on the day following the day of the establishment of insurance obligation;

b) within eight days following the date of termination of a relationship, the commencement and termination of suspension, and the opening and closing date for benefits provided after the termination of the insurance relationship;

c) if the employer is terminated by succession, by the successor employer or payer in respect of the affected insured persons referred to in Paragraphs *a*)-*c*), *f*)-*g*) of Subsection (1) and Subsection (2) of Section 5 of the SPA. The notification shall indicate the name, corporate name and tax number of the predecessor, the fact and date of succession, as well as the name, corporate name and tax number of the successor, and the date of establishment of the successor. The type of

⁶⁷ Enacted: by paragraph (2) Section 286 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁸ Enacted: by paragraph (2) Section 286 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁹ Enacted: by paragraph (2) Section 286 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁷⁰ Enacted: by paragraph (1) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

⁷¹ Enacted by Subsection (3) of Section 63 of Act XV of 2014, effective as of 15 March 2014.

⁷² Established: by Section 247 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

data to be notified shall be governed under this Subsection, while the deadline of notification shall be governed under Paragraphs *a*) and *b*) hereof.

(4a)⁷³ Where an employer is liable to apply the general provisions of the Personal Income Tax Act and the SPA on taxation and contribution payment obligations due to exceeding the limits specified in Act LXXV of 2010 on Simplified Employment (hereinafter referred to as “SEMA”), the person(s) employed under a simplified employment scheme shall be notified - by way of the means specified in Subsection (4) - as insured persons within eight days from the time when the infringement was discovered. However, there is no need to notify - pursuant to Subsection (4) - for insurance purposes any natural person who was notified as employed under a simplified employment scheme, yet he did not perform any work and - consequently - no income was paid.

(4b)⁷⁴ In connection with an employment relationship concluded with several employers (Section 195 of Act I of 2012 on the Labor Code), upon entering into the employment relationship the employers shall designate an employer in writing for the fulfillment of tax obligations, and to inform the employee of the employer designated. In the absence of such designation, either of the employers involved in the employee sharing may be ordered to fulfill the tax obligations stemming from the employment relationship concluded with several employers. The employer designated shall fulfill his tax obligations with respect to the employee in his own name. In the notification referred to in Subsection (4) the designated employer shall indicate the tax identification number, name, corporate name and registered address of the other employers involved in the same employment relationship (for the purposes of this Section hereinafter referred to as “other employer”), and the date of joining and quitting the employee sharing arrangement concluded with several employers. Paragraphs *a*) and *b*) of Subsection (4) shall also apply to the time limit for such notification.

(5)⁷⁵ The state tax authority shall - in accordance with Subsections (4) and (4b) - immediately forward the data it has received from employers and payers by way of electronic means to the health insurance administration agency for the records of insured persons, also by way of electronic means. The state tax authority shall forthwith process the notices received from employers and payers on paper and shall forward them electronically to the health insurance administration agency for the records of insured persons.

(6)⁷⁶ Of the data received from employers and payers according to Subsections (4) and (4b), the state tax authority shall - without delay or after the processing referred to in Subsection (5) - disclose by way of electronic means to the employment authority the particulars for the identification of the employers, or, in the case of employment relationships concluded with several employers, the employer covered by the Labor Code, who is not treated as an employer

⁷³ Enacted: by paragraph (3) Section 105 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁷⁴ Enacted: by paragraph (1) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

⁷⁵ Enacted by Section 47 of Act CXXXI of 2006, effective as of 1 January 2007. See Subsections (1)-(2) of Section 203 of Act CXXXI of 2006. Amended: by subparagraph a) paragraph (6) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

⁷⁶ Established: by paragraph (1) Section 72 of Act CV of 2011. In force: as of 1. 08. 2011. Amended: by subparagraph b) paragraph (6) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012. Amended: by point 4 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

under this Act, including the date of joining and quitting the employee sharing arrangement concluded with several employers, and the particulars for the identification of payers, the personal data of insured persons, as well as their nationality, the date of commencement and termination and the code of the insurance relationship, the length of any period of suspension of insurance, the weekly work time, the FEOR codes, and the time of their notification, all known bank account numbers of the taxpayer and, furthermore, the data referred to in Subsection (11). The state tax authority - with a view to establishing participation in interest reconciliation at the national or sectoral level - shall transmit by way of electronic means the classification of the employer's main activity according to the prevailing TEÁOR nomenclature or, in the case of private entrepreneurs, the prevailing ÖVTJ codes - from among the information specified in Subsection (3) - within fifteen days at the request of the authority empowered for establishing participation under specific other legislation, furthermore, with a view to establishing participation in interest reconciliation at the sectoral level, information relating to the employer's annual net revenues - as shown in his tax return - for the second year preceding the current tax year. The state tax authority shall - without delay after processing - transmit by way of electronic means the data notified by the employer according to the Act on Simplified Employment to the employment authority, the government employment agency and to the health insurance administration agency for the records of insured persons.

(7)⁷⁷ Employers and payers included in the sphere of the treasury pursuant to Act CXCV of 2011 on Public Finances (hereinafter referred to as "PFA"), or that fall under the scope of specific other legislation on the net financing of municipal governments and on the central payroll accounting system shall convey the notification referred to in Subsection (4) above in accordance with the Government Decree on Central Payroll Accounting Services.

(8)⁷⁸ The obligation of notification referred to in Subsection (4) shall not apply to any payer who provides non-regular payments to any private individual engaged under a personal service contract that entails any tax or social security contribution payment obligation, provided that the private individual in question is able to verify at the time of payment that he is covered by the social security system under another relationship or status referred to in Section 5 of the SPA during the life of the said personal service contract.

(9)⁷⁹ Pre-companies shall comply with the notification requirement described in Subsection (4) on paper, with no tax number indicated, covering the period ending on the day of submission of the application for registration. Upon receipt of a tax number, pre-companies shall re-submit within eight days the personal data specified in Subsection (4) of insured persons in their employ during the period before the submission of application for registration, indicating their tax number and the case number assigned by the tax authority.

(10)⁸⁰ Pre-companies shall comply with the notification requirement described in the SEMA by way of electronic means, through the central electronic services network, with no tax number

⁷⁷ Enacted by Section 47 of Act CXXXI of 2006, effective as of 1 January 2007. Amended: by paragraph (3) Section 113 of Act CXCV of 2011. In force: as of 1. 01. 2012. Amended: by point 2 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁷⁸ Enacted by Section 3 of Act XXXIX of 2007, effective as of 29 May 2007.

⁷⁹ Enacted by Subsection (2) of Section 176 of Act CXXVI of 2007, effective as of 1 January 2008.

⁸⁰ Enacted: by paragraph (4) Section 105 of Act CXXII of 2010. In force: as of 1. 01. 2011.

indicated, covering the period ending on the day of submission of the application for registration. Upon receipt of a tax number, pre-companies shall re-submit within eight days the personal data specified in Subsection (3) of Section 11 of the SEMA of insured persons in their employ within the framework of the SEMA during the period before the submission of application for registration, indicating their tax number and the case number assigned by the tax authority.

(11)⁸¹ As regards any member of a school cooperative who is not considered insured according to Paragraph *b*) of Subsection (1) of Section 5 of the SPA and who is participating in the cooperative's activities in person under an employment relationship entered into according to Section 223 of Act I of 2012 on the Labor Code, the employer school cooperative shall - by way of derogation from Subsection (4) - disclose to the state tax authority on the day of conclusion of the employment relationship:

- a*) the tax number of the employer (school cooperative);
- b*) the tax identification code and social security identification code, and the student card number of the employee (school cooperative member);
- c*)⁸²

The employer (school cooperative) shall inform the state tax authority on the termination of the employment relationship of the employee (school cooperative member) within eight days following the date of termination. In the event of succession, the provisions of Paragraph *c*) of Subsection (4) hereof shall also apply.

(12)⁸³ The employer (school cooperative) shall comply with the obligation of notification by means of the procedure prescribed for simplified employment arrangements:

- a*) by way of electronic means, through the central electronic services network (customer port of entry); or
- b*) by phone through the call center.

Section 17

(1) A taxpayer,

a)⁸⁴ if his tax liability or taxable activity is recognized as private entrepreneurial activities according to the Act on Private Entrepreneurs, shall submit an application (properly completed form) for a tax number addressed to the authority appointed to control and monitor the activities of private entrepreneurs, where such application shall also constitute compliance with the obligation to register with the state tax authority;

b) if allowed to engage in for-profit business activities only after submission of an application for company registration, shall apply for a tax number by submitting an application (completed form) for registration, including the relevant enclosures, to the competent court of registry, where

⁸¹ Established: by paragraph (2) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

⁸² Repealed: by point 1 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

⁸³ Enacted: by paragraph (2) Section 72 of Act CV of 2011. In force: as of 1. 08. 2011.

⁸⁴ Established: by paragraph (3) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

such application shall constitute compliance with the obligation to register with the state tax authority;

c)⁸⁵ if his tax liability or taxable gainful activity does not fall within the scope of Paragraphs a) and b), shall satisfy his obligation of registration by submission of the prescribed form to the state tax authority prior to commencement of such activities. In the event that the taxpayer - unlawfully - complies with his obligation of registration following the commencement of activities, the time of the opening of activities shall be notified to the tax authority in writing during the registration process.

(2)⁸⁶ The competent court of registry or the competent regional notary, or in connection with foundations and associations the court shall transmit the information listed under Subsection (3) of Section 16 - which is provided in the application for company registration, for the registration of foundations and associations or for the issue of private entrepreneurial licenses, including the data from the statement described in Paragraphs *j*) and *k*) of Subsection (3) of Section 16 and from the statement pertaining to the main activity of the taxpayer - through a computerized system to the state tax authority. On the basis of the name (corporate name), address (registered office), registered number or private entrepreneur register number of the taxpayer, or the court registration number in the case of foundations and associations, which are required for assigning a tax number, or on the basis of the statement described in Subsection (1) of Section 22, the state tax authority shall use a computerized system to inform the competent court of registry or the court in the case of foundations and associations, and the competent regional notary of the tax identification number of any taxpayer who wishes to engage in taxable activities; or if the tax identification number cannot be issued, it shall notify the requesting agency and provide the reasons therefor. The state tax authority shall notify the competent court of registry, or the court in the case of foundations and associations, and the competent regional notary by sending a copy of the definitive resolution on the refusal to issue a tax number.

(2a)⁸⁷ As regards the taxpayers referred to in Paragraph *b*) of Subsection (1) of Section 17, the resolution of the tax authority on refusing to issue a tax number may not be considered operative if the time limit for judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively. In the application of Subsection (2), the resolution of the tax authority on refusing to issue a tax number may not be considered operative even if the time limit for judicial review of the resolution adopted for refusing the justification request submitted according to Subsection (4) of Section 24/C has not yet expired, or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively.

(3)⁸⁸ The taxpayers described in Paragraph *a*) of Subsection (1) and the taxpayers mentioned in Paragraph *b*) of Subsection (1) shall report the following to the state tax authority, respectively, at

⁸⁵ Established by Subsection (1) of Section 102 of Act LXI of 2006, effective as of 15 September 2006. See Section 476 of Act CXXVI of 2007. Amended: by paragraph (14) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

⁸⁶ Established: by paragraph (2) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

⁸⁷ Enacted: by paragraph (1) Section 287 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸⁸ Established: by paragraph (4) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

the time of notification or within fifteen days of the date of submitting the application, from among the information listed under Subsection (3) of Section 16:

*a)*⁸⁹ the place where official documents, electronic accounting documents, records and registers are deposited, if other than the taxpayer's registered office or home address, and if the taxpayer stores accounting documents, ledgers, records and registers electronically with online access, an indication thereof;

*b)*⁹⁰

c) the tax identification number of his predecessor, if any;

*d)*⁹¹ the tax identification number of the owner (owners) of joint companies, or if the owner of a general partnership, limited partnership, private limited-liability company, grouping or joint company does not have a tax identification code, the data prescribed in this Act to have one assigned;

e) the mailing address of private individual taxpayers, if other than their registered address or place of business;

*f)-g)*⁹²

*h)*⁹³ any business establishment that they may have under Point 27 of Section 178 and that was not previously notified to the court of registry.

(3a)⁹⁴ Foundations and associations shall report their particulars specified in Paragraphs *a)*, *c)* and *f)* of Subsection (3) in writing to the state tax authority within fifteen days of the date of submission of the notification, from among the information listed under Subsection (3) of Section 16.

(4) If a taxable (gainful) activity is subject to authorization, consent or endorsement, the receipt of such authorization, consent or endorsement shall be notified to the tax authority within fifteen days of the date when the said authorization, consent or endorsement is granted, with the exception of the taxpayers described in Paragraph *a)* of Subsection (1).

(5)⁹⁵ The taxpayers required to submit their tax returns electronically under Subsection (9) of Section 175 shall apply to the competent district (Budapest district) offices of Budapest and county government agencies (hereinafter referred to as "district office") within eight days

⁸⁹ Established: by paragraph (2) Section 248 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁹⁰ Repealed: by point 1 Section 171 of Act CXXII of 2010. No longer in force: as of 1. 01. 2011.

⁹¹ Established by paragraph (2) Section 287 of Act CLVI of 2011. Amended by Paragraph *c)* of Subsection (3) of Section 155 of Act CCLII of 2013.

⁹² Repealed: by paragraph (5) Section 162 of Act CXCVII of 2011. No longer in force: as of 1. 03. 2012.

⁹³ Enacted: by paragraph (1) Section 106 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁹⁴ Enacted: by paragraph (3) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

⁹⁵ Established: by paragraph (2) Section 106 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by paragraph (3) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2013. Shall enter into force with the text established: by Section 71 of Act LXIX of 2012. Amended: by subparagraph *b)* paragraph (1) Section 56 of Act XCIII of 2012. In force: as of 1. 01. 2013.

following receipt of the tax number to set up a customer port of entry, and shall notify the state tax authority accordingly within eight days of the time of availability of the customer port of entry. If the taxpayer has already set up a customer port of entry before receiving the tax number, the eight-day time limit for notification shall apply as from the time of receipt of the tax number. If the taxpayer has a representative or proxy to whom a durable power of attorney or authorization has been granted to satisfy his obligation of declaration and data disclosure by way of electronic means, the representative or proxy shall disclose the name, corporate name and tax identification number of the taxpayer he represents to the tax authority within eight days following the date of the said power of attorney or authorization.

(6) Employers and payers shall notify the state tax authority regarding their status as such, regardless of whether or not they are subject to any other tax liability. In this case, said notification shall be filed within fifteen days of the first payment subject to tax liability.

(7) A private individual taxpayer, if lacking a tax identification code at the time when applying for registration at the state tax authority, shall satisfy his obligation set out in Subsection (1) of Section 20 concurrently with the application.

(8)⁹⁶ The state tax authority shall notify the taxpayer who is not required to set up a customer port of entry regarding his registration within thirty days. Such notice shall include all his data and particulars contained in the records.

(9) With the exception of private individuals not engaged in entrepreneurial activities, the person buying goods or services for cash shall report to the state tax authority within fifteen days of effecting cash payment:

a) if it is in excess of one million forints between affiliated companies,

b)⁹⁷ if it is in excess of two million forints in other cases.

(10)⁹⁸ Legal persons and unincorporated business associations to which a nonresident private individual has been posted to perform work - other than self-employment - in a temporary assignment at its main office or establishment during the tax year shall notify the state tax authority before the date of taking up activities, or before the day of entering Hungary if arriving for the purpose of gainful employment previously:

a) the nonresident private individual in question is expected to incur personal income tax liability - based on the circumstances known at the time of taking up the pursuit of activities - for the tax year in accordance with the Personal Income Tax Act, the relevant international agreement on double taxation or under reciprocity, and

b) the nonresident private individual in question is subject to personal income tax liability due to changes in the circumstances known at the time of taking up the pursuit of activities for the tax year in accordance with the Personal Income Tax Act or the relevant international agreement on double taxation.

The aforementioned notification shall be made within thirty days from the date of taking up the pursuit of the activity in the case of Paragraph *a*), or from the date of commencement of personal income tax liability in the case of Paragraph *b*).

⁹⁶ Established: by paragraph (3) Section 106 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁹⁷ Amended: by point 6 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁸ Established: by paragraph (3) Section 287 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(11)⁹⁹ The notification referred to in Subsection (10) shall contain:

- a)¹⁰⁰ the non-resident private individual's natural identification data, home address and nationality;
- b)¹⁰¹ the date of commencement of work;
- c)¹⁰² the name, registered office (place of business) or home address of the foreign organization or private individual posting the worker for employment.

(12)¹⁰³ The persons referred to in Subsection (10) above shall notify the state tax authority concerning the time of termination of employment of a non-resident private individual who has been posted to perform work in a temporary assignment at its main office or establishment, and - if such information as available in connection with the performance of work - the time of leaving the country. The notice shall be sent thirty days before the termination of employment or before the time of leaving the country. If the time of termination of employment is not available at that time span on account of having the employment terminated with immediate effect or for any other reason, the notice shall be sent to the state tax authority on the day following the day of termination of employment with the reasons indicated.

(13)¹⁰⁴

(14)¹⁰⁵ Taxpayers engaged in any taxable activity in possession of a tax number as private individuals shall notify their scope of activities to the state tax authority indicating the relevant ÖVTJ codes.

(15)¹⁰⁶ In the case of foundations and associations, the state tax authority shall notify the court ordering registration concerning the issue of the tax number and shall disclose the foundation's and association's particulars through a computerized system installed for this purpose.

(16)¹⁰⁷ Taxpayers shall file a notice by 31 August each year if they are to be recognized as a company with real estate holdings under the Act on Corporate Tax and Dividend Tax, or if their such status has terminated. Companies with real estate holdings shall disclose information in the above-specified notice - relating to the calendar year preceding the time when the corporate tax return was submitted - concerning the sale of any share in the company by its nonresident members, the time of sale, the face value of shares, and on the member's state of residence.

⁹⁹ Enacted by Subsection (3) of Section 188 of Act CI of 2004, effective as of 1 January 2005.

¹⁰⁰ Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹⁰¹ Amended by Subsection (1) of Section 40 of Act LXXXV of 2005.

¹⁰² Established: by paragraph (4) Section 287 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰³ Enacted by Section 92 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹⁰⁴ Repealed: by paragraph (5) Section 162 of Act CXCVII of 2011. No longer in force: as of 1. 03. 2012.

¹⁰⁵ Established: by paragraph (3) Section 248 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹⁰⁶ Established: by paragraph (4) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

¹⁰⁷ Enacted: by Section 81 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

(17)¹⁰⁸ In connection with temporary agency work, the user enterprise shall notify the state tax authority:

a) on the day before the first day of employment, or at the latest on the first day of employment, the temporary agency worker's name and tax identification code - or failing this his natural identification data and home address - and the temporary-work agency's name and tax number, and the first day of employment,

b) on the day following the last day of employment, the temporary agency worker's name and tax identification code and the temporary-work agency's name and tax number, and the last day of employment.

Section 17/A¹⁰⁹

(1) In connection with the bodies governed by public law that are engaged in taxable activities, and other legal persons applying the regulations relating to the financial management of bodies governed by public law and those which are to be registered by the treasury (hereinafter referred to as "legal person shown in the public register"), in addition to the information specified in Subsection (3) of Section 16, the following information relating to the legal person shown in the public register shall also be notified to the state tax authority:¹¹⁰

a) the name, address, registered office, or the main office of central business administration in the absence of a registered office (hereinafter referred to collectively as "registered office") of the founder or the body exercising founder's rights (proprietor), if the body exercising founder's rights has a tax identification number, this tax identification number also included;

b) the name and registered office of the governing or supervisory body, including the tax identification number where applicable;

c) in the case of reorganization or transformation (merger, demerger), an indication thereof, including the time when it took place;

d) the name and registered office of the successor (successors), including the successor's tax identification number where applicable;

e) the time of commencement and termination of taxable activities;

*f)*¹¹¹ accounting and financing method (net, gross), and the payroll accounting system employed, including the venue (whether or not the legal person shown in the public register uses the central payroll accounting system).

¹⁰⁸ Enacted: by paragraph (6) Section 287 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰⁹ Established: by paragraph (1) Section 18 of Act LXXXII of 2008. In force: as of 01. 07. 2009. The treasury and the state tax authority, in respect of the registered budgetary institutions engaged in taxable activities admitted into the public register before 1 July 2009, shall exchange information - in accordance with the agreement between the two bodies - by 31 December 2009 relating to the data specified in Subsection (3) of Section 16 and Section 17 of this Act which are to be recorded in the public register as well.

¹¹⁰ Amended: by point 4 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹¹¹ Amended: by point 4 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

(2)¹¹² Legal persons shown in the public register engaged in taxable activities shall apply for a tax number simultaneously with the application for admission into the treasury's register, where such application shall also constitute compliance with the obligation to register with the state tax authority. The treasury shall transmit to the state tax authority - via the designated computerized system - the particulars of the legal person shown in the public register - listed under Subsection (1) of this Section and in Subsection (3) of Section 16 - which are available from the application for admission into the public register, including the data contained in the statement referred to in Paragraph *j*) of Subsection (3) of Section 16.

(3)¹¹³ Any legal person shown in the public register already admitted to the public register, if it did engage in any taxable activity at the time of admission into the public register, shall also satisfy the obligation to register with the state tax authority via the treasury. In the event that the legal person shown in the public register - unlawfully - complies with the obligation to register with the state tax authority following the commencement of taxable activities, the time of the opening of activities shall also be notified to the state tax authority during the registration process.

(4)¹¹⁴ Based on the information required for assigning a tax number (name, registered office, public register number of the legal person shown in the public register, or the particulars from the statement referred to in Subsection (1) of Section 22, the time of the opening of activities in the event of late registration), the state tax authority shall inform the treasury by way of electronic means about the legal person shown in the public register's tax identification number, or shall notify the treasury if the tax number cannot be issued, with the reason indicated. The state tax authority, in the event of refusing to assign a tax number, shall notify the treasury by a copy of its final resolution thereof.

(5)¹¹⁵ The legal person shown in the public register shall, within fifteen days from the date of submission of the application for admission into the public register - or if Subsection (3) applies - from the time of registration with the state tax authority, notify the state tax authority in writing about the tax identification number - from among the information listed in Subsection (3) of Section 16 - of its representative (director), or if the representative (director) does not have a tax identification code, the data required to have a tax identification code assigned. If the legal person shown in the public register employs an auditor, the legal person shown in the public register shall notify the state tax authority within the same time limit concerning the name (corporate name) and home address (registered office) of the auditor, including the date of entering into and - if for a fixed period - the date of termination of the relevant contract; furthermore, if the auditor is an economic organization, the name and home address of the person assigned to the legal person shown in the public register.

(6)¹¹⁶ The treasury shall notify the state tax authority via the designated computerized system of any changes in the particulars of the legal person shown in the public register which are to be

¹¹² Amended: by point 4 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹¹³ Amended: by point 4 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹¹⁴ Amended: by point 4 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹¹⁵ Amended: by point 4 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹¹⁶ Amended: by point 4 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

contained in the public register and which are construed as affecting tax liability, with the exceptions set out in Subsection (2) of Section 22. The legal person shown in the public register shall notify the treasury of such changes, where such notice shall also constitute compliance with the obligation of notification of changes to the state tax authority.

(7)¹¹⁷ Legal persons shown in the public register of the treasury shall notify any changes affecting their tax liability - other than what is contained in Subsection (2) of Section 22 - about which the treasury is not required to notify the tax authority by virtue of specific other legislation, within fifteen days of the effective date of such changes on the prescribed form to the state tax authority. The notification prescribed in Subsection (2) of Section 22 shall be made directly to the state tax authority by the deadline defined therein.

(8)¹¹⁸ If changes in the particulars of a legal person shown in the public register entail a change in that legal person shown in the public register's tax number, the state tax authority shall notify the treasury regarding the new tax number at the same time at which it notifies the legal person shown in the public register.

Section 18

(1) As regards the registration of branches acting as tax agents and direct commercial representations, the provisions pertaining to the registration of business associations shall apply *mutatis mutandis*.

(2)¹¹⁹ Branches and direct commercial representations of a non-resident company shall submit the official Hungarian translation of a document, issued by the tax authority of the country of origin within ninety days to date, verifying the registry of the non-resident company to the state tax authority within fifteen days of receiving notice concerning its tax number, and shall report other branches, and their tax numbers, of such non-resident company operating in the territory of Hungary.

Section 19

(1) In respect of taxes falling under the jurisdiction of municipal tax authorities, with the exception of self-assessment and collection of specific local taxes, taxpayers shall report their tax liability by filing their tax returns.

(2)¹²⁰ In respect of taxes established by self-assessment or collection of specific local taxes, taxpayers shall report the commencement of tax liability within fifteen days (commencement of operations) to the municipal tax authority using the standard form prescribed for this purpose. Taxpayers pursuing business activities on a temporary basis shall notify the municipal tax authority at the time of taking up such taxable activities. The aforementioned obligation of notification shall be satisfied by filling out the prescribed form.

¹¹⁷ Established: by Section 107 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹¹⁸ Amended: by point 4 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹¹⁹ Amended: by point 7 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹²⁰ Established: by Section 108 of Act CXXII of 2010. In force: as of 1. 01. 2011.

(3) Taxpayers shall supply the data specified under Subsection (3) of Section 16, with the exception of Paragraph j), to the competent municipal tax authority.

(4) Persons required to collect specific local taxes shall notify the municipal tax authority regarding their status as such within fifteen days of the commencement of such obligation even if they are not subject to any other tax liability.

Section 20

(1) Private individuals not engaged in entrepreneurial activities, if not pursuing any activities that are subject to value added taxes and not having a tax identification number, prior to

- a) receiving any revenues subject to income tax liability,
- b) applying for central subsidies,

shall fill out the prescribed form to report their natural identification data and home address, furthermore the nationality of private individuals of citizenship other than Hungarian, to the state tax authority in order to receive their tax identification codes. The state tax authority shall be entitled to compare such notified natural identification data and home address with the information indicated in the private individual's personal identification document and official address card. On the basis of this notification, the state tax authority shall issue a tax identification code for the private individual within fifteen days and shall issue an official instrument therefor (hereinafter referred to as "tax identification card").¹²¹

(2)¹²² The state tax authority shall cross-reference the natural identification data and home address reported by taxpayers with the data on file at the central body operating the register of personal data and address records of citizens.

(3)¹²³ In respect of the tax identification code, the state tax authority shall issue a temporary tax identification card for a period of sixty days if the data reported by the private individual according to Subsection (1) differs from those received from the central body operating the register of personal data and address records of citizens.

(4)¹²⁴ In order to clarify the discrepancy described in Subsection (3) above, the state tax authority shall request the private individual to verify the information reported. If the information verified by the private individual and thereby corrected in the records of the state tax authority should fail to coincide with those in the personal data and address records, the state tax authority shall, without delay, contact the district office of competence according to the place of abode of the private individual. The state tax authority may grant an extension of sixty days for the temporary tax identification card if the discrepancy of data cannot be corrected within its original period of validity.

¹²¹ Amended by Subsection (1) of Section 315 of Act CI of 2004. Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹²² Amended by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹²³ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

¹²⁴ Amended: by subparagraph c) paragraph (1) Section 56 of Act XCIII of 2012. In force: as of 1. 01. 2013.

(5) In respect of temporary tax identification cards, the provisions of Act XX of 1996 on the Methods of Identification and on the Use of Identification Codes Replacing Personal Identification Numbers pertaining to official certificates and tax identification cards shall apply, with the exception that temporary tax identification cards shall contain their period of validity as well.

(6)¹²⁵ Private individuals shall notify the state tax authority regarding the commencement and termination of payment obligations under Subsection (2) of Section 39 of the SPA within fifteen days. Based on this notification, the tax authority shall prescribe the monthly payment obligations for the tax year on the private individual's tax account, keep records of the payments received, and shall cancel contribution payment obligations in the cases provided for in this Act or in another act. In accordance with the provisions of Subsection (1) above, the state tax authority shall issue a tax identification code to the private individual who does not yet have one.

(7)¹²⁶ By way of derogation from Subsection (6), private individuals shall not be required to notify the termination of payment obligations under Subsection (2) of Section 39 of the SPA, if such payment obligation terminates on account of entering into a relationship that is subject to insurance, and that was notified to the state tax authority in due compliance with Subsection (4) of Section 16. The tax authority shall ex officio inform the private individual affected concerning the termination of his obligation to pay healthcare services contributions. The state tax authority, relying on the notice received in respect of the commencement of a relationship that is subject to compulsory insurance, shall supply data concerning the ceased obligation to pay healthcare services contributions within ten days by way of electronic means to the body vested with authority to manage the Health Insurance Fund.

(7a)¹²⁷ If the state tax authority obtains reliable information that the private individual resides abroad and is not treated as a resident according to the SPA, or if the private individual has died, it shall register the termination of the private individual's obligation to pay healthcare services contributions under Subsection (2) of Section 39 of the SPA and shall cancel the private individual's monthly payment obligation prescribed under Subsection (6) hereof as of the date of termination of the obligation, or in the case of the private individual's death, as of the date of death.

(7b)¹²⁸ If the tax authority is informed of what is contained in Subsection (7a) by a source other than a health insurance administration agency, it shall disclose information within ten days to the body vested with authority to manage the Health Insurance Fund by way of electronic means.

(7c)¹²⁹ Upon request, the state tax authority shall abolish the contribution payment obligation provided for in Subsection (2) of Section 39 of expatriate private individuals if they can credibly

¹²⁵ Established by Section 178 of Act CXXVI of 2007, effective as of 1 January 2008. Amended: by point 8 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 3 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

¹²⁶ Enacted by Section 93 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹²⁷ Enacted: by Section 151 of Act CC of 2013. In force: as of 1. 01. 2014.

¹²⁸ Enacted: by Section 151 of Act CC of 2013. In force: as of 1. 01. 2014.

¹²⁹ Enacted by Section 197 of Act LXXIV of 2014, effective as of 27 November 2014.

demonstrate (in particular by way of a document verifying their right of residence and/or access to health insurance):

a) of habitually residing outside the territory of Hungary for an extended period of time, and

b) of having access to the health insurance system of the place of habitual residence according to national law.

(8)¹³⁰ The tax authority shall cross-reference the particulars of persons not contained in the register of persons eligible for healthcare services as insured persons or persons with eligibility for healthcare services on other grounds, maintained by the health insurance administration agency, that were supplied to the tax authority under Section 44/B or Section 44/C of the SPA:

a) with the data supplied under Subsection (2) of Section 31 of this Act broken down according to private individuals;

b) with the records on persons liable to pay healthcare services contributions in accordance with Subsection (2) of Section 39 of the SPA; or

c) with the data contained in the register of employers and of the insured persons in their employ maintained under Subsection (4) of Section 16 of this Act.

If the tax authority finds that the particulars of the private individual affected, that were supplied by the health insurance administration agency under Section 44/B or Section 44/C of the SPA, are not contained in either of the registers mentioned in Paragraphs a)-c) above, the tax authority shall instruct the private individual to verify his entitlement to healthcare services. If the private individual fails to provide reliable evidence to verify his entitlement to healthcare services within eight days of receipt of notice, the tax authority shall prescribe - by way of a resolution - the healthcare services contribution payment obligation upon the private individual effective as of the first day following the time of termination of his last entitlement to healthcare services under Section 16 of the SPA, and register the payments received.

(9)¹³¹ If the private individual or his representative is able to supply reliable evidence to verify his entitlement to healthcare services upon receipt of the notice referred to in Subsection (8), or if the private individual has died, or he resides abroad and is not treated as a resident according to the SPA, the tax authority shall send a copy of the document or statement to that effect without delay to the health insurance administration agency of jurisdiction by reference to private individual's home address.

(10)¹³² The state tax authority shall supply data relating to private individuals liable to pay contributions according to Subsection (2) of Section 39 of the SPA each month, by the last day of the following month, on the contribution obligation prescribed in Subsection (8), within ten days of the operative date of the resolution by way of electronic means to the body vested with authority to manage the Health Insurance Fund.

¹³⁰ Enacted by Section 93 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹³¹ Enacted by Section 93 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹³² Enacted by Section 93 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

(11)¹³³ Where the tax authority is unable to identify any person whose data were supplied under Section 44/B or Section 44/C of the SPA, for identification is not possible relying on the natural identification data and home address available to and supplied by the health insurance administration agency, the tax authority shall return such data to the health insurance administration agency marked “unidentifiable”.

*Section 20/A*¹³⁴

(1)¹³⁵ The state tax authority shall issue - in accordance with the procedure defined in Section 20 - the card evidencing eligibility for any tax allowance that may be claimed by employers in connection with the employment of private individuals who satisfy the conditions laid down in specific other legislation.

(2) The card auxiliary to the tax identification card contains the following information:

- a)¹³⁶ the card-holder’s natural identification data;
- b) the card-holder’s tax identification code;
- c) the date of issue;
- d) the period of validity, that is
 - da)¹³⁷ two years for START-cards held by young entrants to the labor market, whether or not graduated from primary and secondary schools, or one year if held by young entrants with a degree in higher learning, not to exceed the applicant’s twenty-fifth birthday from the date of issue, or the thirtieth birthday if the applicant has a degree in higher learning,
 - db)¹³⁸ two years for START PLUS and START EXTRA cards from the date of issue, not to exceed the time the applicant has reached the age for entitlement to old-age pension, if this is shorter,
 - dc)¹³⁹
 - dd)¹⁴⁰ covering - in the case of Rehabilitation Cards - the period between the date of issue and the date of expiry of the card.

(3)¹⁴¹ Before issuing a Rehabilitation Card the state tax authority shall make out a certificate as a means of substitution, that contains the information specified in Subsection (2). Any reference

¹³³ Enacted by Section 93 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹³⁴ Established by Subsection (4) of Section 9 of Act XIV of 2007, effective as of 1 July 2007.

¹³⁵ Amended: by point 1 paragraph (4) Section 360 of Act CLVI of 2011. In force: as of 10. 12. 2011.

¹³⁶ Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹³⁷ Established: by Section 29 of Act CIX of 2009. In force: as of 1. 01. 2010.

¹³⁸ Established by Section 179 of Act CXXVI of 2007, effective as of 1 January 2008.

¹³⁹ Repealed by Section 443 of Act CXXVI of 2007, effective as of 1 January 2008.

¹⁴⁰ Enacted: by paragraph (1) Section 112 of Act CXCI of 2011. In force: as of 1. 01. 2012.

made in legislation to the Rehabilitation Card shall be understood as the certificate made out in lieu of the Rehabilitation Card.

Section 20/B¹⁴²

(1) Any importer who employs an indirect customs representative in connection with the importation of goods underlying the exemption in connection with the intra-Community supply of goods in accordance with the Act on Value Added Tax shall be exempted from the obligation of registration if not engaged in any other taxable activities in the domestic territory.

(2) Taxable persons considered non-established according to the Act on Value Added Tax, and the taxable persons to whom the requirement of establishment does not apply, shall be exempted from the obligation of registration if engaged in the domestic territory solely in the supply of goods under VAT warehousing arrangements as provided for in the Act on Value Added Tax, provided that the goods have not ceased to be covered by these arrangements as a direct consequence of such supply, or that the goods are exited by the customs authority from the territory of the Community.

(3)¹⁴³ Any non-established taxable person provided for in the Act on Value Added Tax who provides services supplied at a distance in the domestic territory to non-taxable persons shall be exempt from the obligation of registration, provided that he satisfies the obligation of payment and declaration of value added tax on such services under the law of any Member State of the European Community that is considered equivalent to the special provisions of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (hereinafter referred to as “VAT Directive”) relating to non-established taxable persons supplying telecommunications services, radio and television broadcasting services, and electronically supplied services to non-taxable persons.

(4)¹⁴⁴ Taxable persons considered non-established according to the Act on Value Added Tax, and the taxable persons to whom the requirement of establishment does not apply, but who are established in another Member State of the Community shall be exempted from the obligation of registration if engaged in the domestic territory solely in the supply of exempted goods under VAT warehousing arrangements as provided for in the Act on Value Added Tax to other Member States of the Community, and delegated the VAT warehouse operator to claim the exemption.

Section 21

(1) Any accession of wealth that is subject to duty obligation and the market value of such assets shall be reported in accordance with the provisions of the Duties Act.

¹⁴¹ Enacted: by paragraph (2) Section 112 of Act CXCI of 2011. In force: as of 1. 01. 2012.

¹⁴² Established: by Section 152 of Act CC of 2013. In force: as of 1. 01. 2014.

¹⁴³ Enacted by Section 22 of Act XXXIII of 2014, effective as of 1 October 2014.

¹⁴⁴ Enacted by Section 198 of Act LXXIV of 2014, effective as of 1 January 2015.

(2)¹⁴⁵ The persons subject to notification requirement under the Duties Act - upon submission of the underlying transaction document to the real estate supervisory authority - shall use the form prescribed by the state tax authority to report the tax identification number, or failing this the natural identification data and home address (or the name and registered address for other taxpayers):¹⁴⁶

a) of the person shown as the buyer in the case of accession of wealth;

b) of the person shown as the seller of the real estate property if title is conveyed for consideration, unless the real estate property is purchased in the public interest or transferred within the framework of a support, life-annuity, or inheritance contract concluded between private persons;

c) of the person profiting from a transaction that involves the waiver of any right in the real estate property for consideration or the quid pro quo establishment, transfer (consignment) or termination of such right. If the notice filed does not indicate the tax identification number or, in the absence of such, the identification data, or if it does so insufficiently, the real estate supervisory authority shall advise the applicant to supply the information that is missing. The application shall be rejected if the missing information is not supplied within the prescribed time limit. At the time of filing the aforesaid notice, the persons referred to in Paragraph a) of this Subsection may communicate information relating to any duty exemption or duty allowance he may be entitled to using the form prescribed by the state tax authority.

(3)¹⁴⁷

Registration of Value Added Tax Liability¹⁴⁸

Section 22

(1) The persons liable for payment of value added tax shall notify the commencement of their taxable activity, and simultaneously file a statement of:

a)¹⁴⁹ being engaged exclusively in activities in the public interest or in activities exempted under special arrangements;

b)¹⁵⁰ having selected to waive tax exemption granted to specific activities under special arrangements and paying the tax instead;

¹⁴⁵ Established by Section 94 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹⁴⁶ Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹⁴⁷ Repealed by Subsection (5) of Section 238 of Act LXI of 2006, effective as of 17 July 2006, however, it shall remain to be applied until 1 January 2007.

¹⁴⁸ See Section 476 of Act CXXVI of 2007.

¹⁴⁹ Amended by Subsection (2) of Section 263 of Act CXXVII of 2007.

¹⁵⁰ Established by Subsection (1) of Section 2 of Act XXVII of 2004. Amended by Subsection (2) of Section 263 of Act CXXVII of 2007.

- c) having selected individual tax exemption;
 - d)¹⁵¹ the special method of tax assessment to be applied;
 - e)¹⁵² their intention to establish commercial relations with any taxpayer established in any Member State of the European Community,
 - f)¹⁵³ his value added tax liability being occurred solely due to the importation of goods underlying the exemption in connection with the intra-Community supply of exempted goods in accordance with the Act on Value Added Tax, and if not employing an indirect customs representative in discharging the importation of goods under exemption;
 - g)¹⁵⁴ their intention to seek employment as indirect customs representative under Section 96 of the Act on Value Added Tax;
 - h)¹⁵⁵ applying the general rules set out in the Act on Value Added Tax on tax assessment relating to their activities;
 - i)¹⁵⁶ having selected cash accounting scheme;
 - j)¹⁵⁷ acting as the operator of a VAT warehouse provided for in Section 89/A of Act CXXVII of 2007 on Value Added Tax.
- (2)¹⁵⁸ Any changes made in any of the statements under Subsection (1), with the exceptions set out in Paragraphs *e*)-*g*) and *j*), shall be reported before the last day of the tax year preceding the year to which it pertains. In the event of a taxpayer exceeding the amount limit for individual tax exemption or for using the cash accounting scheme during the tax year, the notification shall be filed in accordance with Subsection (3) of Section 23. Taxpayers shall not be required to make the statement referred to in Paragraph *e*) of Subsection (1) and to notify any changes therein if engaged solely in Community trade relations within the framework of intra-Community supply of goods under exemption in accordance with the Act on Value Added Tax through an indirect customs representative or VAT warehouse operator.

¹⁵¹ Established by Subsection (2) of Section 2 of Act XXVII of 2004, effective as of the operative date of the Act promulgating the treaty on the accession of the Republic of Hungary to the European Union.

¹⁵² Established: by paragraph (1) Section 48 of Act CX of 2009. In force: as of 21. 11. 2009.

¹⁵³ Established by Subsection (1) of Section 14 of Act VII of 2008, effective as of 1 May 2008. Initially applies where the procedure for the release of goods for free circulation opens on or after 1 May 2008. See Subsection (2) of Section 26 of Act VII of 2008.

¹⁵⁴ Established by Subsection (1) of Section 14 of Act VII of 2008, effective as of 1 May 2008. Initially applies where the procedure for the release of goods for free circulation opens on or after 1 May 2008. See Subsection (2) of Section 26 of Act VII of 2008.

¹⁵⁵ Established: by paragraph (1) Section 109 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹⁵⁶ Enacted: by Section 6 of Act CXLVI of 2012. In force: as of 16. 10. 2012.

¹⁵⁷ Enacted by Subsection (1) of Section 199 of Act LXXIV of 2014, effective as of 1 January 2015.

¹⁵⁸ Established by Subsection (2) of Section 199 of Act LXXIV of 2014, effective as of 1 January 2015.

(3) In the event of a taxpayer being unable to file the report described in Subsections (1)-(2) due to lacking the requirements prescribed by law, the report may be revised upon filing his tax return for the preceding tax year, or for the last month or last quarter of the preceding tax year, with retroactive effect to the first day of the tax year.

(4)¹⁵⁹ Any person liable for payment of value added tax - other than the taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction, taxpayers claiming individual tax exemption and those engaged exclusively in agricultural activities under special legal status - who does not have a community tax number shall be required to notify the state tax authority concerning their intention to establish commercial relations with any taxpayer established in another Member State of the European Communities in order to have a community tax number assigned.

(5)¹⁶⁰ Any taxable legal person that is not liable for payment of value added tax, the taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction, taxpayers claiming individual tax exemption and those engaged exclusively in agricultural activities under special legal status, and taxpayers taxed under the simplified entrepreneurial taxation system shall notify the state tax authority when their purchases of goods made in the tax year in another Member State of the European Community reach the limit of 10,000 euro, exclusive of tax. The notification shall be effected prior to the acquisition of goods in consequence of which the taxpayer goes over the limit. Any taxpayer who is liable for payment of value added tax and is engaged exclusively in activities without entitlement to tax deduction, and claiming individual tax exemption, and those engaged exclusively in agricultural activities under special legal status, who does not have a community tax number, shall be required to notify the state tax authority if supplying or receiving services to or from any taxpayer established in another Member State of the European Community in order to have a community tax number assigned.

(6)¹⁶¹ Any taxable legal person that is not liable for payment of value added tax, the taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction, taxpayers claiming individual tax exemption and those engaged exclusively in agricultural activities under special legal status, and taxpayers taxed under the simplified entrepreneurial taxation system shall notify the state tax authority before the last day of the previous year if their purchases of goods made in another Member State of the European Community in the previous tax year remain below 10,000 euro, exclusive of tax, and if they opted to satisfy in the current year their value added tax payment obligation in Hungary on goods purchased inside the Community. If the taxpayer did not make any purchase in the Community during the previous year, notification for the current year shall be made prior to the first purchase made during the current tax year inside the Community.

(7)¹⁶² The state tax authority shall issue taxpayers a Community tax number on the basis of their notification in accordance with Subsections (5) and (6). Any taxable legal person that is not

¹⁵⁹ Amended: by subparagraph a) paragraph (2) Section 62 of Act CX of 2009. In force: as of 1. 01. 2010.

¹⁶⁰ Established: by paragraph (2) Section 48 of Act CX of 2009. In force: as of 21. 11. 2009.

¹⁶¹ Established: by paragraph (2) Section 48 of Act CX of 2009. In force: as of 21. 11. 2009.

¹⁶² Established: by paragraph (2) Section 48 of Act CX of 2009. In force: as of 21. 11. 2009.

liable for payment of value added tax, the taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction, taxpayers claiming individual tax exemption and those engaged exclusively in agricultural activities under special legal status shall be required to apply for a Community tax number to the state tax authority if they purchase any goods falling under the scope of the Act on Excise Taxes and Special Regulations on the Marketing of Excise Goods inside the Community for which they are liable to pay the applicable value added tax in Hungary, prior to making such purchase.

(8)¹⁶³ Where a taxpayer engaged exclusively in the supply of goods and services without entitlement to tax deduction, a taxpayer claiming individual tax exemption and a taxpayer engaged exclusively in agricultural activities under special legal status disclosed his Community tax number under Subsection (7) of Section 20 of the Act on Value Added Tax to the supplier of goods, he shall notify the state tax authority thereof by the 20th day of the month following the time when the intra-Community acquisition of goods took place.

(9)¹⁶⁴ Where a taxpayer taxed under the simplified entrepreneurial taxation system supplies goods and/or services to or receives goods and/or services from a taxpayer who is established in another Member State of the European Community, he shall apply for a Community tax number prior to the time of supplying or receiving such goods and/or services.

(10)¹⁶⁵ Any person liable for payment of value added tax and claiming individual tax exemption shall apply for a Community tax number prior to supplying any new means of transport to a taxpayer established in another Member State of the European Communities, or to a non-taxable person or organization.

(11)¹⁶⁶ The taxpayers engaged exclusively in the supply of goods and services without entitlement to tax deduction shall apply for a Community tax number prior to supplying any goods to a taxpayer who is established in another Member State of the European Communities if the same goods are subject to taxation if supplied in Hungary.

(12)¹⁶⁷ The persons liable for payment of value added tax, if established in another Member State of the European Communities shall notify the state tax authority on the prescribed form if they pay the applicable value added tax in Hungary pursuant to the option contained in Subsection (4) of Section 30 of the Act on Value Added Tax or by virtue of exceeding the amount limit. If value added tax is paid in Hungary by virtue of the said option, it shall be notified for the current year before the last day of the previous tax year. In the case of exceeding the amount limit, the notification shall be effected prior to the purchase in consequence of which the taxpayer goes over the limit.

¹⁶³ Established: by paragraph (2) Section 48 of Act CX of 2009. In force: as of 21. 11. 2009.

¹⁶⁴ Established: by paragraph (2) Section 48 of Act CX of 2009. In force: as of 21. 11. 2009.

¹⁶⁵ Enacted by Subsection (3) of Section 2 of Act XXVII of 2004, effective as of the operative date of the Act promulgating the treaty on the accession of the Republic of Hungary to the European Union.

¹⁶⁶ Enacted by Subsection (3) of Section 2 of Act XXVII of 2004, effective as of the operative date of the Act promulgating the treaty on the accession of the Republic of Hungary to the European Union.

¹⁶⁷ Enacted by Subsection (3) of Section 2 of Act XXVII of 2004. Amended by Subsection (6) of Section 238 of Act LXI of 2006, Subsection (4) of Section 85 of Act CIX of 2006, and by Subsection (2) of Section 263 of Act CXXVII of 2007.

(13)¹⁶⁸ Resident persons who are liable for payment of value added tax shall notify the state tax authority if they pay the applicable value added tax in another Member State pursuant to the option contained in Sections 29-30 of the Act on Value Added Tax or by virtue of exceeding the amount limit within fifteen days of the date when exercising the option or when exceeding the amount limit.

(14)¹⁶⁹ For translating the amount limits conveyed in euro under Subsections (5)-(6) into forints, the provisions of the Act on Value Added Tax shall be observed. The price of new means of transport and goods falling within the scope of the Act on Excise Taxes and Special Regulations on the Marketing of Excise Goods, exclusive of tax, shall not be taken into account for calculating the total value of purchases.

(15)¹⁷⁰ Resident legal persons and other organizations that are liable for payment of value added tax, but are entitled to a refund of any value added tax charged on their purchases may declare such entitlement in the interest of receiving a refund and may apply for such refunds in the same manner as the persons liable to pay value added tax.

(16)¹⁷¹ Private individual taxpayers - other than private entrepreneurs and persons establishing commercial relations in accordance with Paragraph *e*) of Subsection (1) of Section 22 - shall be exempt from the obligation of notification prescribed as a precondition for obtaining a tax number, if engaged solely in the leasing or renting of real estate properties under the Act on Value Added Tax and if did not exercise the option for taxation in respect of value added tax.

(17)¹⁷² The taxpayer shall be entitled, before the beginning of subsequent audit of tax returns, within the term of limitation of the right of tax assessment, to submit to the tax authority an application for correction for having his choice made under Paragraphs *b)-d)*, and under *h)-i)* of Subsection (1) amended, if the amendment does not effect the amount of the tax, tax base or central subsidies, having regard to the taxpayer's tax return submitted.

*Section 22/A*¹⁷³

¹⁶⁸ Enacted by Subsection (3) of Section 2 of Act XXVII of 2004. Amended by Subsection (2) of Section 263 of Act CXXVII of 2007.

¹⁶⁹ Enacted by Subsection (3) of Section 2 of Act XXVII of 2004, effective as of the operative date of the Act promulgating the treaty on the accession of the Republic of Hungary to the European Union.

¹⁷⁰ Numbering amended by Subsection (3) of Section 2 of Act XXVII of 2004. Amended by Subsection (4) of Section 238 of Act LXI of 2006.

¹⁷¹ Established: by paragraph (1) Section 34 of Act XC of 2010. In force: as of 16. 08. 2010.

¹⁷² Enacted by Subsection (3) of Section 199 of Act LXXIV of 2014, effective as of 1 January 2015.

¹⁷³ Enacted by Subsection (3) of Section 263 of Act CXXVII of 2007, effective as of 16 November 2007. The legal consequences pertaining to the operative status of the resolutions authorizing group taxation arrangements, that became operative before 1 January 2008, shall apply as of 1 January 2008. See also Subsection (4) of Section 269 of Act CXXVII of 2007.

(1) The state tax authority, upon a request filed in writing jointly by the prospective members wishing to form a group in connection with their value added tax liability, shall adopt a resolution authorizing such group to enter the group taxation scheme and for issuing a group identification number. Where any member of the group has a Community tax number at the time the authorization is adopted, the state tax authority shall cancel such Community tax number in the same resolution. The state tax authority shall issue a Community tax number for the group upon a request lodged according to this Subsection, and subsequently when requested by the group's representative, subject to the conditions set out in Section 22.

(2) In the proceedings in front of the tax authority, the group representative shall enter the group identification number, or the Community tax number on all documents related to the group's tax liability, such as in the group's value added tax return (recapitulative statement). In connection with their transactions with third parties, members of the group shall indicate their group identification number, Community tax number and their own tax number on all tax-related documents.

(3) Unless otherwise prescribed in this Act, in administrative proceedings relating to value added taxes the provisions pertaining to tax numbers, and to Community tax numbers issued on the basis of such tax numbers shall apply to group identification numbers and Community tax numbers issued to groups.

Section 22/B¹⁷⁴

Upon a request filed in writing jointly by the prospective members - containing their express and unanimous understanding - wishing to form a cooperating group in accordance with the relevant provisions of the Civil Code in pursuance of a common goal, the state tax authority shall issue a tax number by way of a resolution authorizing taxable status to such civil law company. The cooperating group shall make the statement referred to in Paragraph *a*) of Subsection (1) of Section 22 in the application requesting taxable status. Any change made in the particulars contained in the application for taxable status shall be reported by the cooperating group's representative (or member if there is no group representative) within fifteen days from the effective date of the change. The cooperating group's representative (or member if there is no group representative) shall report within fifteen days if the civil law company established by the cooperating group is terminated, or if the common objective, for which the cooperating group was formed, has been achieved, or if such goal can no longer be achieved.

Notification Requirement in Connection with Customs Identification Codes¹⁷⁵

Section 22/C¹⁷⁶

¹⁷⁴ Enacted by paragraph (2) Section 109 of Act CXXII of 2010. Amended by Paragraph d) of Subsection (3) of Section 155 of Act CCLII of 2013.

¹⁷⁵ Enacted: by Section 289 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁷⁶ Enacted: by Section 289 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(1) Taxable private individuals shall - in addition to what is contained in Subsection (1) of Section 20 - submit to the state tax authority:

a) a statement on whether or not having a customs identification code (hereinafter referred to as “VPID code”) or a Community customs identification number (hereinafter referred to as “EORI number”),

b) the type and number of travel document of private individuals of citizenship other than Hungarian, including the date of issue and expiry, the name of and electronic contact information for the issuing authority.

(2) Taxpayers other than private individuals shall supply the following information to the state tax authority:

a) name (corporate name), abbreviated name;

b) address of the registered office, main office or permanent business establishment, mailing address, electronic contact information;

c) bank account numbers in the case of taxpayers established in the territory of the Community, and tax identification numbers issued in other Member State(s);

d) a statement on whether or not having a VPID code or EORI number.

(3) The state tax and customs authority may request documentary evidence for the information to be notified.

(4) In applying for a VPID code or in connection with customs reference numbers, taxpayers shall supply a statement concerning the uploading or removal of their data from the Community registration system (central EORI system).

(5) The state tax and customs authority shall, upon receipt of an application for a customs identification code, assign a VPID code. An application for a VPID code may be submitted together with an application for tax number to the state tax and customs authority.

Notification of Vending and Automatic Sales Equipment for Dispensing Foods¹⁷⁷

*Section 22/D*¹⁷⁸

(1) Taxpayers operating vending and automatic sales equipment for dispensing foods (hereinafter referred to as “vending machine”) are required to notify - subject to the content requirements laid down in specific other legislation - to the state tax authority:

a) the commencement of sales, at the latest on the day preceding the commencement of sales;

b) the termination of sales operations, at the latest on the day previous to such termination;

c) the termination of sales for reasons beyond the taxpayer’s control, at the latest on the day when sales are effectively terminated;

d) any changes in the data notified as laid down in specific other legislation, immediately upon the change taking effect.

(2) The notification referred to in Paragraph *a)* of Subsection (1) shall be subject to an administrative service fee. The amount of the fee shall be 30,000 forints, payable to the account designated by the state tax authority.

¹⁷⁷ Enacted by Section 200 of Act LXXIV of 2014, effective as of 1 January 2015.

¹⁷⁸ Enacted by Section 200 of Act LXXIV of 2014, effective as of 1 January 2015.

Notification Requirement Relating to the Road Transport of Goods¹⁷⁹

Section 22/E¹⁸⁰

(1) The carriage of goods on public roads with a motor vehicle subject to toll charges within the framework of supply or acquisition of goods, or movement of goods for other reasons provided for in the ministerial decree adopted for the implementation of this Act may be performed exclusively by taxpayers holding a valid Elektronikus Közúti Áruforgalom Ellenőrző Rendszer (*Electronic Public Road Transportation Control System*) (hereinafter referred to as “EKAER”) number.

(2) Subsection (1) applies to goods which are considered to involve risks under the ministerial decree adopted for the implementation of this Act, in the cases specified in the ministerial decree adopted for the implementation of this Act also if the goods are carried by such means of transport that is not subject to toll charges.

(3) In the case provided for in Subsection (2), and also if the activity defined in Subsection (1) means the carriage of goods which are considered to involve risks under the ministerial decree adopted for the implementation of this Act, the taxpayer shall be required to provide a risk guarantee in the cases provided for in the ministerial decree adopted for the implementation of this Act.

(4) In the case of pursuing the activities provided for in Subsections (1)-(2), the particulars of the consignee (name, tax identification number), the particulars of the consignor (name, tax identification number) and other data specified by the ministerial decree adopted for the implementation of this Act shall be disclosed in the manner specified in the ministerial decree adopted for the implementation of this Act to the state tax and customs authority in order to apply for an EKAER number.

(5) Upon receipt of the data disclosed by the taxpayer under Subsection (4) the state tax and customs authority shall register the data thus disclosed and shall record them in the EKAER, and shall issue an EKAER number to the taxpayer on that basis. Moreover, the state tax and customs authority shall issue an EKAER number also for those taxpayers provided for in the ministerial decree adopted for the implementation of this Act to whom Subsection (4) does not apply, however, they disclose the data defined therein to the state tax and customs authority as if they were covered by Subsection (4).

(6) The rules relating to the obligation defined in Subsections (1)-(5), including the exemptions from such obligation, shall be laid down in the ministerial decree adopted for the implementation of this Act.

(7) Taxpayers or their legal representative or proxy shall apply through the customer port of entry for a user name and password to access the EKAER electronic platform. The disclosure referred to in Subsections (4)-(5) shall be made by the taxpayer, or by the person for whom the taxpayer or his legal representative, proxy applied for a user name and password through the EKAER electronic platform enabling him to make disclosure.

¹⁷⁹ Enacted by Section 201 of Act LXXIV of 2014, effective as of 1 January 2015.

¹⁸⁰ Established by Section 1 of Act I of 2015, effective as of 1 March 2015.

(8) Each and every disclosure made by a person who has a user name and password provided for in Subsection (7) obtained for making disclosures through the EKAER electronic platform shall be construed as a legal statement made in the taxpayer's name.

(9) The persons mentioned in Subsection (7) as acting in the taxpayer's name shall be able to make disclosures until such time as the taxpayer or his legal representative, proxy withdraws their such entitlement through the EKAER electronic platform.

Notification of Changes¹⁸¹

Section 23

(1)¹⁸² Taxpayers shall notify any changes affecting their tax liability - with the exception of natural identification data, home address and what is contained in Subsection (2) of Section 22 - about which the competent court of registry and the authority appointed to control and monitor the activities of private entrepreneurs, or in the case of foundations and associations the court, is not required to notify the tax authority under specific other legislation, within fifteen days of their effective date on the prescribed form to the state tax and customs authority, or to the municipal tax authority.

(2)¹⁸³ Any changes in the data specified under Subsection (3) of Section 16 and Section 22/C shall, in particular, be construed as affecting tax liability, as well as the date of the opening and conclusion of the dissolution of taxpayers whose registration is not mandatory, in the case of dissolution without liquidation of legal persons and other organizations whose registration is not mandatory, the decision on dissolution without succession, the particulars contained in the notice published in the *Cégközlöny (Company Gazette)* on the opening and termination of simplified dissolution, and on carrying on the company's activities, as well as the termination of taxable activities or the winding up of legal persons and other organizations. In connection with any activities which are not indicated in the memorandum of association of the company, foundation or association and in which the company, foundation or association is nonetheless engaged, the notification shall be lodged within fifteen days of the commencement of the activity, or the termination of any activity, whether or not registered.

(3) Any person whose tax liability commences upon reaching any specific amount limit prescribed by law shall report the occurrence of such within fifteen days to the tax authority.

(4)¹⁸⁴ The taxpayer shall notify the state tax authority according to the regulations on changes affecting tax liability concerning:

a) the date of relocation of the place of effective management and the other State affected, if the place of effective management is relocated from the territory of Hungary to another State,

¹⁸¹ See Section 479 of Act CXXVI of 2007, and Section 28 of Act XCVI of 2008.

¹⁸² Established: by paragraph (5) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

¹⁸³ Established: by paragraph (5) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

¹⁸⁴ Established: by paragraph (2) Section 290 of Act CLVI of 2011. In force: as of 1. 01. 2012.

b) the name (corporate name), registered address (place of business) and tax identification number of the other person treated as an affiliated company within fifteen days of having executed their first contract, or within fifteen days following the termination of affiliation.

(5)¹⁸⁵ If changes in the data of a taxpayer mentioned under Paragraphs *a*)-*b*) of Subsection (1) of Section 17, or of a foundation or association entail a change in the taxpayer's tax number, the state tax authority shall notify the competent court of registry, the authority appointed to control and monitor the activities of private entrepreneurs and the registrar of private entrepreneurs, and the court in the case of foundations and associations, regarding the new tax number at the same time at which it notifies the taxpayer.

(6)¹⁸⁶ The taxpayer mentioned in Paragraphs *a*)-*b*) of Subsection (1) of Section 17 shall meet his obligation to report changes by reporting to the competent court of registry or the authority appointed to control and monitor the activities of private entrepreneurs, or to the court in the case of foundations and associations, in respect of the particulars affecting his tax liability, and any such changes shall be forwarded by the competent court of registry or the registrar of private entrepreneurs, or by the court in the case of foundations and associations, to the state tax authority pursuant to specific other legislation. The taxpayer mentioned in Paragraph *b*) of Subsection (1) of Section 17, as well as foundations and associations, shall notify the state tax authority of any change in his main activity in accordance with Regulation (EC) No. 1893/2006 within fifteen days following the effective date of the change.

(7)¹⁸⁷ If the number of the taxpayer's current account at a domestic payment service provider is changed by decision of or for reasons attributable to the payment service provider, it is the responsibility of the payment service provider to notify the original and the new account number to the state tax authority within fifteen days of the change taking effect, with the taxpayer's tax number indicated.

*Section 23/A*¹⁸⁸

Private entrepreneurs shall have the option to notify changes in their particulars not listed in the register of private entrepreneurs, specified in Subsection (3) of Section 16 of this Act, to the state tax authority by way of the authority appointed to control and monitor the activities of private entrepreneurs.

Registration of Taxpayers as Notified

*Section 24*¹⁸⁹

(1) The tax authority shall register taxpayers upon receipt of their notification.

¹⁸⁵ Established: by paragraph (6) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

¹⁸⁶ Established: by paragraph (6) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

¹⁸⁷ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

¹⁸⁸ Established: by Section 111 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹⁸⁹ Established by Section 180 of Act CXXVI of 2007, effective as of 1 January 2008.

(2)¹⁹⁰ The state tax authority shall issue taxpayers a tax number on the basis of their notification, as of the date of notification, or as of the day of commencement of taxable activities by the taxpayers referred to in Paragraph *c*) of Subsection (1) of Section 17 and in Section 17/A in the event of their failure to comply with the notification requirement in due time. Such tax number shall be recorded in the register of companies and in the public register. The state tax authority shall, upon request, notify the municipal tax authority regarding such tax identification numbers.

(3)¹⁹¹ The state tax authority shall register private individuals with no tax number by their tax identification codes, also indicating the nationality of private individuals of citizenship other than Hungarian. Where a private individual who has no tax identification code receives any occasional income in the domestic territory that falls within the payer's obligation of disclosure, the payer may request the state tax authority to issue a tax identification code to the private individual in question, supplying the private individual's natural identification data known to the payer if the person is of citizenship other than Hungarian, or his natural identification data and home address for Hungarian citizens, together with his mailing address in Hungary, if applicable. The state tax authority shall inform the payer concerning the private individual's tax identification code when issued.

(4) The municipal tax authority shall register taxpayers as prescribed in Subsections (2)-(3). Taxpayers with no tax identification code shall provide in their tax return to the municipal tax authority the information necessary for assigning a tax identification code, as described in Subsection (1) of Section 20. Upon request by the municipal tax authority, the state tax authority shall issue a tax identification code to the private individual with no tax identification number if the information defined in Subsection (1) of Section 20 is provided and shall notify the municipal tax authority thereof. The municipal tax authority shall notify the private individual in question to that respect.

(5)¹⁹² Taxpayers shall indicate their tax identification number on all tax-related documents. A private individual shall disclose his tax identification code to the employer, the payer, the government employment agency, credit institutions, and the social security administrative agency if they provide any payment based on which the private individual becomes subject to tax liability, or in connection with which the law prescribes compulsory data disclosure. A private individual shall also disclose his tax identification code to the real estate supervisory authority, insurance companies, to agencies issuing certificates of entitlement for tax allowance (tax exemption), and to persons issuing certificates of entitlement for central subsidies if such become subject to compulsory data disclosure as a consequence. Private individuals shall produce their tax identification cards in response to requests from the aforementioned entities, being subject to the obligation of data disclosure. If a private individual fails to disclose his tax identification code, the employer or payer shall deny payment and the person issuing certificates of entitlement for tax allowance (tax exemption) or central subsidies shall refuse to have the certificate issued until such tax identification code is produced. The payer may effect payment of the interest

¹⁹⁰ Established: by paragraph (2) Section 18 of Act LXXXII of 2008. In force: as of 01. 07. 2009. Amended: by paragraph (15) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

¹⁹¹ Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹⁹² Amended: by Section 43 of Act XXXV of 2009. In force: as of 1. 07. 2009.

specified in the Personal Income Act to the private individual in the absence of his tax identification code as well.

(6) In connection with the imposition of property acquisition duties, and - if conferred under the competence of the state tax authority by law - the imposition, collection or refund of procedural fees the courts, administration bodies and notaries public shall disclose to the state tax authority the following particulars of persons liable for the duty payable or eligible for refund:

a)¹⁹³ the tax identification codes of private individuals, or failing this their natural identification data and home address, the nationality of private individuals of citizenship other than Hungarian, furthermore, the mailing address of private individuals if other than their home address;

b) the name (corporate name), registered office and tax number of persons other than private individuals.

Relying on the data received in accordance with the above, the state tax authority shall issue a tax identification code to the persons with no tax identification number. The state tax authority shall issue a technical identification number to any non-resident person who is not shown in the state tax authority's records, until the duty is paid. The state tax authority shall not disclose the technical identification number to the person affected. After the conclusion of the proceeding, following expiry of the term of limitation for the right of tax assessment, the state tax authority shall erase the data of the aforesaid non-resident persons, including the technical identification number.

(7)¹⁹⁴ Taxpayers - other than the nonresident private individuals specified in Schedule No. 4, with no tax identification number - may apply for central subsidies and for refunds of overpayments only if they have a tax identification number, and - unless otherwise provided for in this Act, in another act or statutory provision under authorization conferred by an act - may apply for tax refund only after compliance with their obligation of registration or notification, and only with respect to any period in connection with which they had a tax identification number.

(8)¹⁹⁵ The state tax authority shall issue a Community tax number for any taxpayer who is engaged in intra-Community trading upon their request, effective as of the day when the notification or application is submitted, in any case on the day of issue of tax number at the earliest. The notification or application for the issue of a Community tax number may be submitted together with the application for tax number. Taxpayers shall indicate their Community tax numbers on all documents relating to intra-Community trading. Upon the taxpayer's request, the state tax authority shall withdraw the taxpayer's Community tax number - as of the day of notification - in the course of the tax year upon the taxpayer's notification of having terminated his commercial relations with a taxpayer established in a Member State of the European Communities.

(9)¹⁹⁶ The state tax authority shall refuse¹⁹⁶ to issue the tax number if any of the information provided by the taxpayer is false or incomplete, or if it finds in the course of tax registration that there are legal impediments preventing the issue of a tax number.

¹⁹³ Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹⁹⁴ Established: by Section 153 of Act CC of 2013. In force: as of 1. 01. 2014.

¹⁹⁵ Established: by paragraph (1) Section 291 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁹⁶ Established: by paragraph (1) Section 291 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(10)¹⁹⁷ The tax authority shall strike from the records any taxpayer registered by tax number:

a) whose application for registration, for admission into the public register of the treasury has been rejected by the court of registry or the treasury, respectively, unless the taxpayer, within thirty days of receiving the resolution from the competent court of registry, provides proof that he has resubmitted his application within eight days of the rejection of his application for registration and that the registration procedure is in progress;

b) who (that) has been ordered stricken from the register of companies by a definitive resolution issued by the competent court of registry, or who has been removed from the register of private entrepreneurs;

c) who has reported the termination of his taxable activities or whose license for conducting his taxable activities has been withdrawn;

d) whose registration procedure has been terminated by the court of registry;

e) who has been removed from the public register of the treasury.

(11) In the cases referred to in Paragraph c) of Subsection (10) above, the state tax authority shall forthwith notify the taxpayer concerned upon being removed from the records.

(12) In respect of the second part of Paragraph a) of Subsection (10), the provisions prescribed for the termination of tax liability shall not be applied.

(13) The state tax authority shall ex officio issue a tax identification code to any private individual:

a) who has failed to comply with his obligation of notification; or

b) whose registration by the tax authority is required in connection with the tax authority's statutory responsibilities.

(14) If a taxpayer other than a private individual incurs tax liabilities only towards a municipal tax authority, the state tax authority shall, upon request, assign a tax number to the taxpayer for registration by the municipal tax authority effective as of the day when the request is submitted, or as of the day of commencement of taxable activities in the event of the taxpayer's failure to comply with the notification requirement in due time. The taxpayer shall be required to file a tax return to the state tax authority only if he is engaged in any taxable activities. If the taxpayer incurs any tax liability toward the state tax authority subsequently, it shall be reported on the basis of the previously issued tax number.

(15)¹⁹⁸ The state tax authority shall ex officio issue a technical identification number to any taxpayer, other than a private individual, who does not have a tax number, but whose registration by the tax authority is required in connection with the tax authority's statutory responsibilities and functions. The technical identification number may be used only by the tax authority for the identification and registration of the taxpayer. The state tax authority shall not disclose the technical identification number to the person affected, and shall not notify the taxpayer affected concerning the issue or cancellation of the technical identification number. If within the term of limitation of the right of enforcement of tax debts the state tax authority issues a tax number to the taxpayer, the technical identification number shall be cancelled at the same time, upon the day of commencement of taxable activities. If a tax number is not issued pursuant to the aforementioned provision, past the term of limitation the state tax authority shall delete the technical identification number and all other data of the taxpayer without delay.

¹⁹⁷ Established: by paragraph (7) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

¹⁹⁸ Enacted by Section 95 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

(16)¹⁹⁹ If a private individual who is registered in the register of private entrepreneurs under the Act on Private Entrepreneurs and Sole Proprietorships had a VPID code as well, acting as such, and - after his entitlement for the pursuit of private entrepreneurial activities ceases - the private individual makes another notification according to the Act on Private Entrepreneurs and Sole Proprietorships in continuing his activities as a private entrepreneur or as a private individual with tax number in accordance with the Personal Income Tax Act, the state tax authority shall *ex officio* issue another tax number for the private entrepreneur in question, and shall notify the taxpayer thereof. Effective as of the date of notification, the tax authority shall register the taxpayer by this new tax number.

(17)²⁰⁰ Upon receipt of notice from the taxpayer operating a vending machine, the state tax authority shall register the vending machine in question and shall issue a registration number for each vending machine on the day and on the basis of the notification, and shall notify the taxpayer thereof by way of electronic means.

Section 24/A²⁰¹

(1)²⁰² The state tax authority shall suspend the tax number of a taxpayer if:

a) any official tax document dispatched to the taxpayer by way of the postal service as official correspondence is returned to the sender marked “address unknown” on two consecutive occasions, and/or the consignment is deemed undeliverable due to the lack of a suitable mail box;

b) the tax authority obtains reliable information during an inspection of the taxpayer’s registered office that the taxpayer cannot be found at this registered office;

c) the taxpayer failed to comply - upon receipt of notice from the state tax authority - with the obligation of declaration or tax (tax advance) payment liability to the state tax authority within 365 days from the statutory deadline or from the original due date.

*d)*²⁰³ so recommended by the head of the Government oversight agency pursuant to Paragraph *b)* of Subsection (2) of Section 65 of the PFA.

(2)²⁰⁴ The tax authority shall deliver its decision for the suspension of a tax number in a resolution, and this resolution may be appealed within fifteen days of the day when delivered. The appeal shall be forwarded to the superior authority with all documents attached within eight days following the date when received, unless the tax authority has withdrawn the appealed

¹⁹⁹ Enacted: by paragraph (2) Section 291 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁰⁰ Enacted by Section 202 of Act LXXIV of 2014, effective as of 1 January 2015.

²⁰¹ Enacted by Section 108 of Act LXI of 2006, effective as of 15 September 2006. Applies to the proceedings opened subsequent to 15 September 2006, where the reason for the suspension of tax number occurred subsequent to this date.

²⁰² Established: by paragraph (1) Section 292 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁰³ Enacted: by paragraph (1) Section 9 of Act CLXXXIX of 2012. In force: as of 15. 12. 2012.

²⁰⁴ Established: by paragraph (8) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010. Amended: by point 2 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

resolution or made the requested amendment or correction. The superior authority shall adopt a decision within fifteen days concerning the appeal, and shall forthwith return the documents of the case to the competent tax authority. The tax authority shall contact the competent court of registry or the registrar of private entrepreneurs on the day following the day when the resolution is declared operative to have the suspension, including the opening day of suspension recorded in the register of companies or in the register of private entrepreneurs, and shall notify any other body that keeps records on the taxpayer in question concerning the suspension. If suspension is ordered on the basis of Paragraphs *a)-b)* of Subsection (1), the tax authority shall contact the competent court of registry and shall simultaneously request the opening of judicial oversight proceedings for the termination of the company of unknown location.

(3)²⁰⁵ After the operative date of the resolution for the suspension of the taxpayer's tax number, the taxpayer affected may lodge a petition for having the suspension lifted. If suspension was ordered on the basis of Paragraph *a)* or *b)* of Subsection (1), the tax authority shall be entitled to make inquiries in connection with the petition at the taxpayer's head offices to investigate the authenticity of the registered office, however, this inquiry shall not be construed as an audit. The tax authority, if it arrives at the conclusion that the suspension is no longer justified, shall adopt a resolution to terminate the suspension, or shall reject the petition in other cases. If the taxpayer resubmits the petition for lifting the suspension without producing any new evidence or circumstance, the tax authority shall reject it without any investigation on the merits. The tax authority may terminate the suspension *ex officio* by way of a resolution if it obtains reliable evidence that the grounds upon which the suspension was ordered no longer exist. The resolution for the termination of suspension may not be appealed, whereas the provisions of Subsection (2) shall apply to appeals filed against any decision for the rejection of the petition, with the exception that the competent court of registry, the registrar of private entrepreneurs or any other body that keeps records on the taxpayer in question shall be notified only if the suspension is terminated.

(4)²⁰⁶ If the tax authority did not terminate the suspension of the tax number of a taxpayer - who is not undergoing liquidation or dissolution - within fifteen days following the operative date of the resolution for the suspension and the tax number was not withdrawn pursuant to other regulations of this Act, the tax authority shall adopt a resolution to withdraw the tax number in question and shall notify the competent court of registry, the registrar of private entrepreneurs or any other body that keeps records on the taxpayer in question accordingly, on the following day when the resolution is declared operative. An appeal against the resolution for the withdrawal of the tax number may be lodged according to the provisions of Subsection (2), with the exception that the appeal may be lodged within eight days of the day of delivery of the resolution.

(5) If the taxpayer has a Community tax number as well, and the tax authority has adopted a resolution for initiating or lifting the suspension or for the withdrawal of his tax number, it shall also carry out the same action concerning his Community tax number as well, i.e. for initiating or lifting the suspension or for the withdrawal of his Community tax number. The provision of such

²⁰⁵ Amended: by paragraph (14) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

²⁰⁶ Established by Subsection (1) of Section 181 of Act CXXVI of 2007. First sentence amended by Subsection (2) of Section 225 of Act LXXXI of 2008. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by paragraph (14) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010. Amended: by point 3 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

resolution concerning the Community tax number may not be appealed in itself. As of the date of delivery of the resolution for the suspension of the tax number, under the duration of suspension a Community tax number may not be granted.

(6)²⁰⁷ The taxpayer whose tax number (Community tax number) had been suspended may not claim any tax refund or apply for central subsidies in connection with and subsequent to the period between the operative dates of the resolutions for the suspension and for lifting the suspension, or the period between the operative dates of the resolutions for the withdrawal of the tax number (Community tax number), unless otherwise provided for in an act or other legislation enacted under authorization of an act, and may not request the repayment of any amount overpaid during the same period. The tax authority may comply with the taxpayer's request for tax refund or application for central subsidies in connection with any period preceding the operative date of the resolution for the suspension of his tax number only after the operative date of the resolution ordering the termination of suspension.

(7)²⁰⁸ The state tax authority shall deliver its resolution adopted under Paragraph *a*) of Subsection (1) to the taxpayer for the suspension of his tax number, and its resolution adopted after the suspension under Paragraph *a*) of Subsection (1) for the withdrawal of his tax number pursuant to Subsection (4) by way of a public notice. The notice shall be posted for fifteen days - or eight days if it pertains to withdrawal - on the website of the state tax authority. The notice shall specify the date of posting on the website, the name of the tax authority that has delivered the resolution, the case number and the subject to which it pertains, the taxpayer's name, registered office and tax number, furthermore, an indication that the tax authority has adopted a resolution for the suspension - or withdrawal pursuant to Subsection (4) - of the tax number (Community tax number) in accordance with Paragraph *a*) of Subsection (1), a copy of which may be obtained by the taxpayer affected or his representative at the tax authority that has delivered the resolution, and an indication that the resolution is not yet binding. The resolution delivered by means of a public notice shall be deemed served on the fifteenth day - or the eighth day if it pertains to withdrawal - following the date of publication on said website.

(8)²⁰⁹ If a request lodged by the competent court of registry, the authority appointed to control and monitor the activities of private entrepreneurs or any other body that keeps records on the taxpayer in question for suspension does not result in the taxpayer's termination (seizure of the right to pursue the activities of private entrepreneurs), however, the state tax authority has withdrawn the taxpayer's tax number by final resolution before the winding-up of the taxpayer (or before the private entrepreneur is removed from the register of private entrepreneurs) pursuant to Subsection (4) or (12), and the taxpayer wishes to engage in taxable activities following the withdrawal, the taxpayer shall file an application for a tax number in due application of Paragraph *c*) of Subsection (1) of Section 17. The state tax authority shall assign the tax number upon the taxpayer's request effective as of the day of lodgment of the application, if the taxpayer commenced or was already engaged in taxable activities before the submission of the application.

²⁰⁷ Established by Subsection (2) of Section 181 of Act CXXVI of 2007, effective as of 1 January 2008.

²⁰⁸ Established: by paragraph (2) Section 292 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁰⁹ Established: by paragraph (9) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010. Amended: by point 6 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(9)²¹⁰ The tax authority shall notify the competent court of registry, the registrar of private entrepreneurs or any other body that keeps records on the taxpayer in question concerning any resolution adopted for overturning or abolishing a resolution for the suspension of a tax number, for lifting such suspension or for the withdrawal of a tax number, also indicating the operative date of this resolution.

(10)²¹¹ Where the state tax authority has adopted a decision for the suspension or cancellation of the tax number of a taxpayer who is subject to value added tax liability under the group taxation scheme, it shall adopt another resolution at the same time to suspend or cancel the group identification number and the Community tax number of the group. The group identification number or Community tax number of a group may be suspended or cancelled where the relevant criteria applies to all members of the group. In all other respects, the provisions of this Section pertaining to tax numbers, and to Community tax numbers shall apply to the proceedings for the suspension or cancellation of group identification numbers and Community tax numbers, and for the legal consequences relating to the termination of suspension.

(11)²¹²

(12)²¹³ In the case provided for in Paragraph *c*) of Subsection (1), the tax authority shall withdraw the tax number after one hundred and eighty days following the effective date of the resolution on suspension, if the taxpayer fails to comply with the obligation of declaration or payment of tax (tax advance) as ordered in the resolution on suspension. If the taxpayer satisfies the obligation of declaration and payment of tax (tax advance) before the resolution on the withdrawal of the tax number becomes effective, the state tax authority shall order the termination of suspension by means of a resolution, and shall revoke the resolution on the withdrawal of the tax number; this resolution cannot be appealed. An appeal against the resolution for the withdrawal of the tax number may be lodged according to the provisions of Subsection (2), with the exception that the appeal may be lodged within eight days of the day of delivery of the resolution.

(13)²¹⁴ In the case provided for in Paragraph *c*) of Subsection (1), in due consideration of Subsection (12), if the requirement to file a tax return cannot be satisfied in accordance with the provisions of this Act and the tax number cannot be suspended on account of the taxpayer's breach of his tax payment obligation, the suspension shall remain in effect until the audit or the binding conclusion of the audit, or the tax authority's proceedings. In this case the state tax authority shall order the withdrawal of suspension of its own motion; this decision may not be appealed. In the application of Paragraph *c*) of Subsection (1) and of this Subsection, in respect of penalties, surcharges and expense reimbursement obligations the provisions pertaining to tax liabilities shall not apply.

²¹⁰ Amended: by paragraph (14) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

²¹¹ Enacted by Subsection (4) of Section 263 of Act CXXVII of 2007, effective as of 1 January 2008.

²¹² Repealed: by point 1 paragraph (2) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

²¹³ Established: by Section 154 of Act CC of 2013. In force: as of 1. 01. 2014.

²¹⁴ Enacted: by Section 249 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

Section 24/B²¹⁵

(1) The state tax authority shall withdraw the tax number if:

a) the taxpayer's registered office notified according to the relevant regulations is false or untrue;

b) the taxpayer failed to register its legitimate representative at the state tax authority as prescribed by the relevant regulations;

c) it obtains reliable information during an inspection of the taxpayer that the taxpayer's registered legitimate representative is not a real person;

*d)*²¹⁶ so requested by the body having provided the subsidies in the case provided for in Subsection (3) of Section 53/A of the PFA.

(2)²¹⁷ The state tax authority shall deliver its decision for the withdrawal of a tax number in a resolution; this resolution may be appealed within fifteen days of the day when delivered. The appeal shall be forwarded to the superior authority with all documents of the case attached within eight days following the date when received, unless the state tax authority has withdrawn the appealed resolution or made the requested amendment or correction. The superior authority shall adopt a decision concerning the appeal within fifteen days of the date of receipt of the documents of the case. In the case of taxpayers subject to registration by the competent court of registry, if withdrawal is ordered as per Subsection (1), the state tax authority shall initiate proceedings for the termination of the taxpayer by notifying the court of registry by way of electronic means on the day following the date when the resolution is declared enforceable. If the tax number is withdrawn according to Subsection (1), in connection with taxpayers included in the register of private entrepreneurs the state tax authority shall contact the competent court of registry or the registrar of private entrepreneurs on the day following the day when the resolution is declared operative to have the withdrawal, including the effective date of withdrawal, recorded in the register of private entrepreneurs, and - in the case of taxpayers not required to be registered by the court of registry - shall notify any other body that keeps records on the taxpayer in question concerning the withdrawal.

(3) If the taxpayer has a Community tax number as well, the state tax authority shall - in the resolution on the withdrawal of his tax number - provide for the withdrawal of the Community tax number as well. The provision of such resolution concerning the Community tax number may not be appealed in itself.

(4) In the cases defined in Subsection (1), the state tax authority shall deliver to the taxpayer its resolution for the withdrawal of his tax number by way of a public notice. The notice shall be posted for fifteen days on the website of the state tax authority. The notice shall indicate the name of the tax authority that has delivered the resolution, the case number and the subject to which it pertains, the taxpayer's name, registered office and tax number, furthermore, an indication that the tax authority has adopted a resolution for the withdrawal of the tax number, a copy of which may be obtained by the taxpayer affected or his representative at the tax authority that has delivered the resolution, and an indication that the resolution is not yet binding. The resolution

²¹⁵ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²¹⁶ Enacted by Section 280 of Act XCIX of 2014, effective as of 1 January 2015.

²¹⁷ Established: by Section 250 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

delivered by means of a public notice shall be deemed served on the fifteenth day following the date of publication.

(5) The state tax authority shall notify the competent court of registry, the registrar of private entrepreneurs or any other body that keeps records on the taxpayer in question concerning any resolution adopted for overturning or abolishing a resolution for the withdrawal of a tax number, also indicating the operative date of this resolution.

(6) Where the state tax authority has adopted a decision for the withdrawal of the tax number of a taxpayer who is subject to value added tax liability under the group taxation scheme, it shall adopt another resolution at the same time to withdraw the group identification number and the Community tax number of the group. The provisions of this Section pertaining to tax numbers, and to Community tax numbers shall apply to the proceedings for the withdrawal of group identification numbers and Community tax numbers, and for the related legal consequences.

(7) If the tax number of the taxpayer referred to in Paragraph *b*) of Subsection (1) of Section 17 has been withdrawn a new tax number may not be issued, in other cases, if the taxpayer wishes to pursue taxable activities after the withdrawal, an application shall be submitted according to Paragraph *c*) of Subsection (1) of Section 17 for requesting a tax number. The state tax authority shall issue a tax number upon receipt of the taxpayer's application effective as of the day of submission of the application, even if the taxpayer has already taken up or pursued the activity before the submission of the application.

Tax Registration Procedure²¹⁸

*Section 24/C*²¹⁹

(1) The state tax authority, before issuing a tax number to the taxpayers referred to in Paragraph *b*) of Subsection (1) of Section 17, shall cross-reference the data notified under Subsection (3) of Section 16 with the records of the state tax authority, and examine after the notification submitted according to Paragraph *b*) of Subsection (1) of Section 17 as to whether there is any impediment preventing the issue of a tax number pursuant to Subsection (2).

(2) The state tax authority shall refuse to issue a tax number if the taxpayer's executive officer or member entitled to exercise representation, or member or shareholder if a private limited-liability company or private limited company with a share of over 50 per cent or having qualified majority control, or member or shareholder in the case of a single-member business association (for the purposes of this Section hereinafter referred to as "member"):²²⁰

a) currently holds or previously held an executive office in, or is or has been a member of another taxpayer defined in Paragraph *b*) of Subsection (1) of Section 17,

aa) that has any delinquent tax owed on the day when the application for tax number is submitted, as shown in the state tax and customs authority's records, less any overpayment, for a period of one hundred and eighty consecutive days, where the amount owed exceeds fifteen million forints, or thirty million forints for the largest taxpayers in terms of tax payment, provided

²¹⁸ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²¹⁹ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²²⁰ Amended: by point 4 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

that the executive officer or member status in said other taxpayer existed on any day during the period of one hundred and eighty consecutive days, or on any day thereafter, or

ab)²²¹ that was dissolved without succession within five years before the day when the application for tax number is submitted, having delinquent tax owed, as shown in the state tax and customs authority's records, less any overpayment, in an amount exceeding fifteen million forints, or thirty million forints for the largest taxpayers in terms of tax payment, provided that the executive officer or member status in said other taxpayer existed on the one hundred and eightieth day before the date of the opening of liquidation or involuntary de-registration procedure, or on any day thereafter, or

ac) whose tax number the state tax authority has withdrawn within five years before the day when the application for tax number is submitted, following suspension of the tax number under Section 24/A, or in accordance with Section 24/B, or for the reasons described in Subsection (2) of Section 24/D and Subsection (6) of Section 24/F, by final decision in the procedure defined therein, provided that the executive officer or member status in said other taxpayer existed on the day of delivery of the binding resolution on the withdrawal of the tax number, or on any day thereafter;

b) has any delinquent tax owed on the day when the application for tax number is submitted, as shown in the state tax and customs authority's records, less any overpayment, for a period of one hundred and eighty consecutive days, where the amount owed exceeds fifteen million forints, or thirty million forints for the largest taxpayers in terms of tax payment.

(2a)²²² In the application of Subparagraph *aa*) Paragraph *a*) and Paragraph *b*) of Subsection (2), any tax liability based on the tax authority's final resolution shall not be treated as an outstanding tax debt, provided that the time limit for the resolution's judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively. In this case, the tax liability based on the tax authority's final resolution shall be considered outstanding as of the following day after the deadline for initiating judicial review or after the final conclusion of the court proceedings.

(2b)²²³ In the application of Subparagraph *ab*) of Paragraph *a*) of Subsection (2), delinquent tax shall also include claims assigned by the tax authority under Section 80 of Act XLIX of 1991 on Bankruptcy Proceedings and Liquidation Proceedings, as well as unnotified and waived claims.

(3) For the purposes of Subparagraph *ac*) of Subsection (2), a resolution of the tax authority on the withdrawal of the tax number may not be considered operative if the time limit for judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively.

(4) If the state tax authority refused to issue a tax number in accordance with Subsection (2), the executive officer or member, on account of whom the state tax authority refused the request for tax number, may submit a justification request within eight days of the date of delivery of the resolution on the refusal to issue a tax number to the taxpayer. The deadline shall apply with prejudice; no application for continuation shall be accepted upon missing the deadline.

²²¹ Amended: by point 3 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012.

²²² Enacted: by Section 26 of Act LXIX of 2012. In force: as of 20. 06. 2012.

²²³ Enacted: by paragraph (1) Section 251 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(5)²²⁴ The state tax authority shall withdraw the resolution it has adopted regarding the refusal to issue a tax number, and shall issue a tax number if:

a) it was originally refused on the basis of Subparagraph *aa)* or *ab)*, or Paragraph *b)* of Subsection (2) and the executive officer or member, on account of whom the state tax authority refused the request for tax number, is able to verify in the proceedings opened according to Subsection (4) at his request that:

aa) the taxpayer was unable to satisfy the debt, in consequence of which the tax number was refused, due to the volume of the taxpayer's outstanding receivables stemming from the failure of buyers and customers to pay - in part or in whole - for goods and/or services the taxpayer has supplied, and

ab) the amount of receivables due from buyers and customers, shown as outstanding on the date of the opening of liquidation proceedings or involuntary de-registration procedure, reaches or exceeds the amount of taxes owed, or reached or exceeded the amount of taxes owed on the date of the opening of liquidation proceedings or involuntary de-registration procedure, and

ac) the taxpayer in default has taken all measures within reason in the interest of recovering the funds owed to him;

b) it was originally refused on the basis of Subparagraph *aa)* or Paragraph *b)* of Subsection (2) and the executive officer or member, on account of whom the state tax authority refused the request for tax number, is able to verify at the time of submission of the application in the proceedings opened according to Subsection (4) at his request that the underlying tax liability no longer exists.

(6) The state tax authority shall withdraw the resolution regarding the refusal to issue a tax number, and shall issue a tax number even if it was originally refused on the basis of Subparagraph *ac)* of Subsection (2), and the executive officer or member, on account of whom the state tax authority refused the request for tax number:

a) did not have member status in the taxpayer whose tax number had been withdrawn (hereinafter referred to as "cancelled taxpayer"), in consequence of which the tax number was refused, and

b) is able to provide documentary evidence in the procedure opened at his request according to Subsection (4) to verify of having taken all measures - in his capacity of executive officer - within reason in the interest of returning the cancelled taxpayer to compliance.

(7) The state tax authority shall have powers to make inquiries at the taxpayer having delinquent taxes owed according to Subparagraph *aa)* or Paragraph *b)* of Subsection (2) to verify the authenticity of the information set forth in the request referred to in Subsection (4), such as whether the goods and/or services have in fact been supplied by the defaulting taxpayer, or at the buyer or customer referred to in Paragraph *a)* of Subsection (5), or to use the findings of previous inspection in this respect.

(8) The time limit for hearing the request under Subsection (4) shall not cover the duration of the inspection(s) conducted according to Subsection (7).

(9)²²⁵ The state tax authority shall issue the tax number within one working day from the date of submission of the notice specified in Paragraph *b)* of Subsection (1) of Section 17 if, relying on the findings of the examination conducted on the basis of the tax identification number

²²⁴ Established: by paragraph (2) Section 251 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²²⁵ Shall enter into force with the text established: by paragraph (2) Section 121 of Act CLXXXI of 2011.

disclosed by the court of registry, neither of the impediments described in Subsection (2) is likely to occur inside said time limit, otherwise it shall decide regarding the issue or refusal of a tax number by means of a resolution adopted within eight working days from the date of submission of the notice specified in Paragraph *b*) of Subsection (1) of Section 17. In this context, it may order the taxpayer's executive officer or member to declare whether any of the impediments under Subsection (2) apply. The state tax authority shall notify the competent court of registry by way of electronic means if the taxpayer's tax number had not been issued within the one working day time limit.

(10) If the state tax authority refuses to issue a tax number, the members (shareholders) of the pre-company shall bear joint and several liability for the pre-company's tax obligations. In the event of non-compliance the state tax authority may impose a default penalty upon all members (shareholders), in the case of private individuals at the rate specified for taxable private individuals.

(11) The state tax authority, in the application of Subsections (1)-(9), shall identify the taxpayer by the technical identification number assigned, that is to be deleted if the application for tax number is refused by final decision. If the state tax authority notifies - according to Subsection (9) - the competent court of registry by way of electronic means that the taxpayer's tax number had not been issued within the one working day time limit, it shall simultaneously communicate to the court of registry, and the taxpayer via the court of registry, the technical identification number. Before the tax number is issued, the taxpayer shall discharge its tax obligations by using the technical identification number.

(12) If within one year from the date of issue of the tax number the state tax authority comes to the knowledge that the tax number was issued in spite of the existence of either of the impediments under Subsection (2), the state tax authority shall proceed in accordance with Section 24/D in respect of the taxpayer affected.

(13)²²⁶ If any executive officer or member of the taxpayer is or has been involved in a business association in the capacity of member or executive officer, or in which the Hungarian State or an agency exercising ownership rights on behalf of the State holds - directly or indirectly - a share of over 50 per cent or has qualified majority control, the person affected shall be able to submit an application for having the tax registration procedure terminated within a preclusive period of eight days following the date of delivery of the resolution on the refusal to issue a tax number, or the order sent by the state tax authority under Subsection (2) of Section 24/D of the RTA. On the basis of such application, the state tax authority shall withdraw the resolution on the refusal to issue a tax number and shall issue the tax number, or shall terminate the tax registration procedure.

*Section 24/D*²²⁷

(1)²²⁸ The state tax authority, if it comes to the knowledge of any change in the person of the executive officers or members entitled to exercise representation, or members or shareholders if a

²²⁶ Enacted: by paragraph (1) Section 1 of Act CXXXV of 2012. In force: as of 25. 09. 2012.

²²⁷ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²²⁸ Amended: by point 5 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

private limited-liability company or private limited company with a share of over 50 per cent or having qualified majority control, or member or shareholder in the case of a single-member business association (for the purposes of this Section hereinafter referred to as “member”) of taxpayers referred to in Paragraph *b*) of Subsection (1) of Section 17, shall investigate within thirty days of gaining knowledge of the change, as to whether either of the impediments defined in Subsection (2) of Section 24/C apply on account of the change.

(2)²²⁹ The state tax authority, if it finds that any impediment applies, shall order the taxpayer to eliminate it within thirty days from the date of receipt of the notice. In the event of the taxpayer’s failure to comply, or to offer a valid excuse, it shall proceed according to Section 24/B, with the exception that the resolution ordering the withdrawal of the tax number shall be delivered to the taxpayer directly, rather than by way of a public notice.

(3) The executive officer or member, on account of whom the state tax authority ordered the taxpayer as per Subsection (2), may submit a justification request according to Subsection (4) of Section 24/C within eight days of receipt of notice; this time limit applies with prejudice. The provisions of Subsections (5)-(8) of Section 24/C shall apply to the evaluation of said request, however, if the state tax authority finds for the taxpayer, the tax number shall not be withdrawn as under Subsection (2).

Section 24/E²³⁰

(1)²³¹ The state tax authority shall, upon request, make out a certificate within thirty days verifying that neither of the impediments described in Subsection (2) of Section 24/C apply to the holder of the certificate on the date of issue, his involvement in a taxpayer in the capacity of an executive officer or member entitled to exercise representation, or member or shareholder if a private limited-liability company or private limited company with a share of over 50 per cent or having qualified majority control, or member or shareholder in the case of a single-member business association (for the purposes of this Section hereinafter referred to as “member”) shall not lead to the refusal of having a tax number issued to another taxpayer, or to the application of the provisions of Section 24/D in respect of said other taxpayer. The state tax authority shall refuse the request without any investigation as to merits if the request does not contain the requesting party’s tax identification number.

(2) If the state tax authority refused to issue a certificate mentioned in Subsection (1) on the ground of alleging either of the impediments specified in Subsection (2) of Section 24/C, the taxpayer, or private individual not recognized as a taxpayer, affected may submit a request according to Subsection (4) of Section 24/C.

(3) The provisions of Subsections (5)-(8) of Section 24/C shall apply to the evaluation of the request submitted under Subsection (2), however, if the state tax authority finds for the taxpayer, it shall make out the certificate for the taxpayer, indicating the impediment and that the justification had been accepted.

²²⁹ Amended: by point 8 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²³⁰ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²³¹ Amended: by point 5 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

(4)²³² The certificate made out according to Subsection (1) or (3) shall be treated as an official certificate. The state tax authority shall refuse to make out the certificate referred to in Subsections (1) and (3) by way of a resolution if the relevant conditions are not satisfied. The state tax authority shall, furthermore, refuse to make out a certificate if the requesting party is an executive officer or member of any such taxpayer against whom a tax registration procedure is in progress at the time of submission of the request.

(5) The state tax authority may not refuse to issue a tax number for a taxpayer on the grounds described in Subsection (2) of Section 24/C, and may not proceed against the taxpayer according to Subsection (2) of Section 24/D if it finds that all executive officers and members of the taxpayer have a certificate issued according to Subsection (1) within fifteen days to date, except if it finds that the impediment occurred after the time of issue of either of the certificates.

(6) The state tax authority may not refuse to issue a tax number for a taxpayer on the grounds described in Subsection (2) of Section 24/C, and may not proceed against the taxpayer according to Subsection (2) of Section 24/D if the state tax authority has issued a certificate according to Subsection (1) not more than fifteen days ago to any executive officer or member of the taxpayer, to whom either of the impediments described in Subsection (2) of Section 24/C would apply, except if the state tax authority finds that - in addition to the impediment that was justified by the certificate - there are other impediments in respect of the executive officer or member holding the certificate.

Enhanced Regulatory Supervision²³³

Section 24/F²³⁴

(1)²³⁵ After the tax number is issued, following the procedure conducted under 24/D, the state tax authority shall conduct procedures for risk assessment and - to that end - it may order the taxpayer to fill out a questionnaire and deliver it to the state tax authority either by post or electronically, at the taxpayer's choice. The state tax authority shall request the taxpayer to supply in the questionnaire the following information with a view to ascertaining compliance with personnel, infrastructure and financial requirements prescribed for the activity which the taxpayer wishes to pursue:

- a) detailed description of the activity;
- b) information relating to the number of employees, and the nature of employment;
- c) description of the assets available for carrying out the activity;
- d) information concerning the particulars of the property where the activities are conducted, including the legal title of use;
- e) detailed description of financial resources available for the proposed activity.

²³² Amended: by point 5 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012.

²³³ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²³⁴ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²³⁵ Established: by paragraph (1) Section 252 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(1a)²³⁶ The state tax authority shall carry out the procedure referred to in Subsection (1) for risk assessment within one year after the tax number is established, or after it comes to the knowledge of the staff changes referred to in Subsection (1) of Section 24/D. If the taxpayer is required to submit a value added tax return annually, and if the last day of the time limit for submission of the value added tax return for the year when coming to the knowledge of staff changes falls later than the last day of the time limit above-specified, the state tax authority shall carry out the procedure referred to in Subsection (1) for risk assessment within thirty days after the deadline for submission of that value added tax return. The state tax authority shall inform the taxpayer concerning the outcome of the risk assessment procedure only if the taxpayer is placed under enhanced regulatory supervision in light of the conditions defined in Subsection (2).

(2) The state tax authority may subject the taxpayer - by means of a resolution - to enhanced regulatory supervision for a period of up to one year if, according to the findings of the procedures for risk assessment, implementation of the economic activity is deemed risky relying on information obtained in connection with previous economic activities and tax history of the taxpayer's members (shareholders), or executive officers, or the taxpayer is unable to comply with the personnel, infrastructure and financial requirements deemed necessary for the proposed activity, or the personnel, infrastructure and financial conditions available appear to be insufficient for carrying out the economic activity in question.

(3) The risk referred to in Subsection (2) may be considered to exist if the taxpayer's tax number was issued upon the taxpayer's request submitted according to Subsection (4) of Section 24/C, or the taxpayer's tax number had not been withdrawn under Subsection (3) of Section 24/D on account of the state tax authority having accepted the taxpayer's excuse upon the justification request, or if the state tax authority has issued a certificate for the executive officer or member of the taxpayer under a request submitted according to Subsection (2) of Section 24/E.

(4) The state tax authority, in procedures for risk assessment and during enhanced regulatory supervision, may proceed to verify the genuineness and authenticity of the information the taxpayer has notified or supplied on the questionnaire referred to in Subsection (1), as well as the taxpayer's compliance with tax liabilities. If during the inspection the state tax authority finds any infringement serving grounds for the suspension or withdrawal of the tax number, it shall apply the sanctions described in Section 24/A or 24/B of this Act.

(5) The state tax authority, in the resolution ordering enhanced regulatory supervision, may:

a) order the taxpayer to file value added tax returns more frequently than what is normally required under the relevant general provisions - quarterly instead of yearly or monthly instead of monthly, quarterly -, where the transition shall be carried out according to Points I/B/3 *ad)-af)* of Schedule No. 1 to this Act, and after the enhanced regulatory supervision the taxpayer shall discharge the obligation relating to the submission of tax return in accordance with the relevant general provisions, and/or

b) order the taxpayer to file the recapitulative statement specified in Schedule No. 8 more frequently than what is normally required, whereby, after the enhanced regulatory supervision the taxpayer shall discharge the obligation relating to the submission of recapitulative statements in accordance with the relevant general provisions, and/or

*c)*²³⁷

²³⁶ Enacted: by paragraph (2) Section 252 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²³⁷ Repealed by Point 1 of Subsection (1) of Section 226 of Act LXXIV of 2014, effective as of 1 January 2015.

d) order the taxpayer to submit, together with his value added tax return, to the state tax authority paper-based copies of the documents underlying the tax return.

(6) The state tax authority shall proceed according to Section 24/B, with the exception that the resolution ordering the withdrawal of the tax number shall be delivered to the taxpayer directly, rather than by way of a public notice, if:

a)²³⁸ the taxpayer failed to respond to the questionnaire mentioned in this Section within the prescribed time limit, on account of which the state tax authority imposed a default penalty, and the taxpayer fails to comply with the deadline prescribed in the resolution on the default penalty, or

b) the state tax authority levied during the enhanced supervision upon the taxpayer a default penalty under Subsection (2) of Section 172 or a tax penalty for tax arrears stemming from the concealment of revenues or the falsification or destruction of documents, books or records, or

c) the taxpayer fails - during the period of enhanced supervision - to submit a tax return or recapitulative statement, if required to submit a recapitulative statement upon receipt of notice, and fails to proffer a valid excuse,

d)²³⁹ the taxpayer fails to discharge the obligation prescribed in Paragraph c) of Subsection (5) in effect on 31 December 2014 or in Paragraph d) of Subsection (5) upon receipt of notice, and fails to proffer a valid excuse.

Registration upon Notification in Connection with Customs Identification Codes²⁴⁰

Section 24/G²⁴¹

(1) The state tax and customs authority shall register taxpayers upon receipt of notification. The state tax and customs authority shall - in addition to the application of Articles 4k-4t of Commission Regulation (EEC) No. 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (hereinafter referred to as “EC Implementation Regulation”) - identify taxpayers by way of the VPID code assigned *ex officio* or upon request in proceedings conducted within its powers and jurisdiction conferred by this Act, the Act on the Implementation of Community Customs Laws, or specific other legislation. In accordance with Article 4k(3) of the EC Implementation Regulation, the VPID code can be used as a registration and identification number (hereinafter referred to as “EORI number”). In connection with activities falling within the scope of customs regulations any reference made to VPID code shall be understood as if made to an EORI number.

(2) The state tax and customs authority shall refuse to issue a VPID code if the data and information notified is false or incomplete.

(3) The taxpayer’s VPID code shall be indicated on all documents relating to proceedings falling within the competence of the customs authority.

²³⁸ Established: by paragraph (3) Section 252 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²³⁹ Amended by point 9 Section 293 of Act CLXXVIII of 2012, Point 1 of Section 288 of Act XCIX of 2014.

²⁴⁰ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁴¹ Enacted: by Section 293 of Act CLVI of 2011. In force: as of 1. 01. 2012.

- (4) The state tax and customs authority shall *ex officio* issue a VPID code to any taxpayer:
- a) who has failed to comply with his obligation of notification; or
 - b) whose registration by the state tax and customs authority is required in connection with the state tax and customs authority's statutory responsibilities.

Tax Assessment

Section 25

- (1) Taxes and central subsidies shall be assessed:
- a) in respect of taxpayers, by self-assessment;
 - b) in respect of payers and employers, by withholding tax; in respect of person required to collect specific local taxes, by collection of taxes;
 - c)²⁴² in respect of the tax authority, by levying, imposition or by posteriori tax assessment.
- (2) The amount of tax shall be assessed for each type separately, as well as central subsidies separately for each type of subsidy, and separately for each period for which the tax base and the base for subsidies are required to be determined.
- (3)²⁴³ A payer shall assess the income tax of another person if so prescribed by law. If the payer has deducted a tax and/or tax advance, the tax authority shall demand payment of such from the payer.
- (4)²⁴⁴ In cases specified by law, a taxpayer required to collect specific local taxes shall notify the private individual concerned on the amount of such taxes and shall receive them.

Self-Assessment

Section 26

- (1) Taxes and central subsidies shall be assessed, declared and paid by taxpayers if so prescribed by law (self-assessment).
- (2) Legal persons and other organizations shall determine the amount of tax and central subsidies, with the exception of building tax, property tax, motor vehicle tax, property acquisition duty and procedural fees imposed, by self-assessment.
- (3) A private individual shall establish his tax by self-assessment if:
- a) he is an entrepreneur, with the exception of building tax, property tax, motor vehicle tax, property acquisition duty and procedural fees imposed;
 - b)²⁴⁵ he is liable for payment of value added tax;

²⁴² Amended by Point 4 of Section 248 of Act LXXXI of 2008.

²⁴³ Enacted by Section 5 of Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) of Section 40 of Act LXXXV of 2005.

²⁴⁴ Enacted by Section 5 of Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) of Section 40 of Act LXXXV of 2005.

²⁴⁵ Amended by Subsection (1) of Section 66 of Act XXVI of 2005.

- c)²⁴⁶ his personal income tax is not assessed by his employer (payer).
d)²⁴⁷

Tax Assessment by the Employer²⁴⁸

*Section 27*²⁴⁹

(1)²⁵⁰ If the employer undertakes to assess the tax of its employees and the private individual is able to satisfy the conditions laid down in the Personal Income Tax Act, the private individual may - by 31 January of the following tax year - lodge a statement recognized as a tax return for the purposes of legal ramifications to his employer to request the employer to assess his taxes. If the employer refuses to undertake to assess the tax of private individuals, the employer shall inform - conveying the information prescribed by the Personal Income Tax Act - the private individuals affected on the option to file a tax declaration statement or a simplified tax return. If the taxpayer opted to comply with his obligation relating to the submission of a tax return, the employer shall - at the taxpayer's request - make available a paper-based tax declaration statement form.

(2) The employer's tax assessment shall be treated as the private individual's tax return for the purposes of audit and legal ramifications. If the employer undertakes to assess the tax of the private individual, the private individual shall be required to provide a statement by 31 January of the following tax year, if he does not wish to have his tax assessment prepared by the employer. The tax shall be declared by the employer to whom the taxpayer has issued his statement.

(3) A taxpayer entering into new employment before the date specified in Subsection (1) may file the aforementioned statement to his new employer. In this case, the payroll statement received from the former employer shall be attached.

(4)²⁵¹ The employer shall determine the tax base and the tax amount on the basis of the private individual's statement by 30 April of the following tax year, taking into consideration the certificates furnished before 20 March of the following tax year, and shall issue a certificate thereof. The employer shall dispatch the tax assessment to the state tax authority by 20 May of the following tax year by way of electronic means.

²⁴⁶ Established by Section 50 of Act CXXXI of 2006. Amended by Point 5 of Section 248 of Act LXXXI of 2008.

²⁴⁷ Repealed: by point 1 paragraph (1) Section 36 of Act XC of 2010. No longer in force: as of 16. 08. 2010.

²⁴⁸ Established by Section 97 of Act LXXXI of 2008, effective as of 1 January 2009.

²⁴⁹ Established by Section 97 of Act LXXXI of 2008, effective as of 1 January 2009. See also Section 262 and Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

²⁵⁰ Established: by paragraph (1) Section 113 of Act CXXII of 2010. In force: as of 1. 01. 2011.

²⁵¹ Amended by Point 5 of Section 225 of Act LXXIV of 2014.

(5)²⁵² In the tax return specified in Subsection (2) of Section 31, employers shall supply information by 12 February of the year following the tax year on the private individuals who requested the employer to assess their taxes. Any private individual who has requested his employer to assess his taxes, and who files a personal income tax return nonetheless, shall be able to verify upon receipt of notice from the tax authority, within fifteen days from the date of delivery, that he was ineligible to have his tax assessment prepared by the employer. If the private individual fails to respond to said notice within the prescribed time limit, or fails to verify that he was ineligible to have his tax assessment prepared by the employer, the tax authority shall not process the private individual's tax return even if it was submitted to the tax authority before the tax assessment that the employer has prepared.

(6)²⁵³ If the private individual verifies, upon receipt of notice under Subsection (5), that he was ineligible to have his tax assessment prepared by the employer, the tax authority shall process the private individual's tax return, in which case, however, the deadline for disbursement under Subsection (4) of Section 37 shall be calculated from the date of submission of verification.

Tax Declaration Statement²⁵⁴

*Section 27/A*²⁵⁵

(1) Any taxpayer who satisfies the conditions laid down in the Personal Income Tax Act for exercising the option of filing a tax declaration statement, shall be able to comply with the obligation relating to the submission of a tax return by means of a tax declaration statement filed to the tax authority by 20 May of the following tax year using the prescribed form, or by way of electronic means.

(2)²⁵⁶ The tax declaration statement shall contain the following information only:

- a) natural identification data, home address and the tax identification code;
- b)²⁵⁷ the sum total of the private individual's consolidated tax base, without deducting the family tax allowance, and all other income which are to be declared and taxed separately;
- c) the taxpayer's personal income tax liability;
- d) the sum total of the personal income tax and tax advance deducted.

(3) The tax declaration statement shall be treated as a tax return submitted by the taxpayer.

(4) Where a taxpayer files several tax declaration statements or other tax returns with a view to fulfilling his tax obligations, the one that was filed first (including if prepared by the employer) shall be treated as the taxpayer's tax return.

²⁵² Enacted: by Section 294 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁵³ Enacted: by Section 294 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁵⁴ Enacted: by paragraph (2) Section 113 of Act CXXII of 2010. In force: as of 1. 01. 2011.

²⁵⁵ Enacted: by paragraph (2) Section 113 of Act CXXII of 2010. In force: as of 1. 01. 2011.

²⁵⁶ Established: by Section 253 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²⁵⁷ Amended: by point 6 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

Simplified Tax Return²⁵⁸

*Section 28*²⁵⁹

(1)²⁶⁰ Any taxpayer who, according to the conditions laid down in the Personal Income Tax Act, is not excluded from exercising the option of filing a simplified tax return, and did not request his employer to assess his taxes either, or the employer refused to undertake to assess the tax of private individuals, shall notify the competent tax authority by 15 February of the following tax year on the prescribed form or by way of electronic means of his intention to satisfy his tax liabilities by simplified tax return. Furthermore, a simplified tax return may be submitted subject to disclosure of the taxpayer's home address in Hungary. The deadline shall apply with prejudice; no application for continuation shall be accepted upon missing the deadline.

(2) Instead of tax assessment prepared by the employer, and instead of a simplified tax return, taxpayers shall have the option to satisfy their tax liability on their own accord. Where a taxpayer files several tax returns, the one that was filed first (including if prepared by the employer) shall be treated as the taxpayer's tax return.

(3) If the taxpayer did not exercise his option to have the tax authority to fill out his simplified tax return or to have his tax assessed by the employer, or if the employer refused to undertake to assess the tax of private individuals, the taxpayer shall satisfy his tax liability on his own.

(4) Simultaneously with lodging the request for using the simplified tax return system, the taxpayer shall supply - using the prescribed form or by way of electronic means - the information necessary for filling out the simplified tax return, in particular those data, facts and circumstances which are required for claiming tax allowances and which are not available in the tax authority's records.

*Section 28/A*²⁶¹

(1)²⁶² Based on the taxpayer's statement and on the data and information supplied by the persons required to file monthly tax returns and contribution declarations, the tax authority shall calculate the tax base, the tax amount, any tax refund and the amount of tax payable, and shall dispatch the simplified tax return containing these, together with the underlying data which are available in the tax authority's records before 30 April by way of the postal service or by way of electronic means.

²⁵⁸ Enacted by Section 98 of Act LXXXI of 2008, effective as of 1 January 2009.

²⁵⁹ Established by Section 98 of Act LXXXI of 2008, effective as of 1 January 2009. See also Section 262 and Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

²⁶⁰ Established: by Section 295 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 1 paragraph (1) Section 294 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²⁶¹ Established by Section 99 of Act LXXXI of 2008, effective as of 1 January 2009. See also Section 262 and Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

²⁶² Amended: by point 2 paragraph (1) Section 294 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(2) If the taxpayer disagrees with the data indicated in the simplified tax return, or with the underlying data which are available in the tax authority's records, he shall have the right to make the necessary corrections.

(3)²⁶³ If the taxpayer makes any correction in his tax return pursuant to Subsection (2), the corrected tax return shall be returned to the tax authority by 20 May.

(4)²⁶⁴ The tax authority, taking into consideration the taxpayer's corrections, shall recalculate the tax base, the tax amount, any tax refund and the amount of tax payable, and shall inform the taxpayer thereof, including the amount payable or refundable, by 20 June.

(5)²⁶⁵ The taxpayer shall pay the amount of tax payable by 20 May if the data entered by the tax authority had not been corrected. If the data had been corrected, the taxpayer shall pay the amount of tax payable within thirty days of receipt of the tax authority's notice. The tax authority shall pay any tax refund after 20 May, or within thirty days of receipt of the notice on the tax return amended consistent with the corrections. The tax authority shall have powers to exercise its right to withhold funds in connection with any outstanding public dues it has on record at the payment due date.

(6) If the taxpayer uses the program published on the tax authority's official website to make corrections in his tax return and sends the corrected tax return back to the tax authority by way of electronic means, or on paper with his signature affixed, by way of derogation from Subsections (4)-(5), the tax authority shall not dispatch a notice concerning the result of such corrections, and the taxpayer shall be liable to pay the tax by 20 May.

(7)²⁶⁶ The simplified tax return the tax authority has sent to the taxpayer, if it was not returned by the taxpayer by 20 May, or if it was returned to the tax authority without any correction, shall be treated as a tax return filed by the taxpayer, and the amount of tax assessed and communicated to the taxpayer shall be treated as if it was declared by the taxpayer. If the taxpayer has returned the simplified tax return sent by the tax authority with corrections made according to Subsection (3), the returned, corrected tax return shall be treated as a tax return filed by the taxpayer, and the amount of tax assessed and communicated to the taxpayer shall be treated as if it was declared by the taxpayer.

Keeping Accounts of Tax and Contribution Differences²⁶⁷

*Section 28/B*²⁶⁸

²⁶³ Established: by paragraph (1) Section 254 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²⁶⁴ Amended: by point 2 paragraph (1) Section 294 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²⁶⁵ Established: by paragraph (2) Section 254 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²⁶⁶ Established: by paragraph (3) Section 254 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

²⁶⁷ Enacted by Section 100 of Act LXXXI of 2008, effective as of 1 January 2009.

²⁶⁸ Enacted by Section 51 of Act CXXXI of 2006, effective as of 1 January 2007. See Section 204 of Act CXXXI of 2006.

(1) If the employer discovers any error in the tax assessment it has prepared on behalf of a private individual - in spite of the private individual's lawful conduct - and the private individual is still in his employment, the employer shall make the necessary corrections in the tax assessment and shall reimburse any tax arrears to the private individual, or shall deduct it from the next payment. The employer shall record the correction of his tax assessment and shall make out a certificate to the private individual of the revised tax assessment. Any deduction that is to be made under this Subsection, together with the deductions specified in Subsections (1)-(2) of Section 41, may not exceed fifteen per cent of that which remains of the monthly wages after health insurance and pension contributions and tax advances have been deducted. If the tax arrears cannot be deducted all at once, the employer shall effect the deduction during the next six months. The employer shall assess, declare and pay the tax arrears deducted or refunded, as appropriate, according to the provisions applicable. The employer shall calculate the self-audit surcharge on the amount of tax not deducted as of the first day following the deadline prescribed for tax assessment by the employer until the date when recorded, and shall declare and pay such surcharge. Upon compliance with the requirement to assess and declare the self-audit surcharge the employer shall be exonerated from the legal consequences of infringement of his tax deduction obligation. If the tax arrears aforesaid cannot be deducted in full, or if the private individual affected is no longer employed by the employer, the employer shall notify the competent state tax authority within fifteen days of failing to effect such deduction, regarding the amount of the tax amount still outstanding and the private individual's tax identification number, for the tax authority to take the appropriate measures according to the applicable provisions to recover the outstanding amount. In this case, default interest may be charged for the period after the deadline specified in the payment warrant. The private individual may request payment facilities from the tax authority only in connection with the aforesaid failure of the deduction of tax.

(2) If the tax assessed by the employer cannot be corrected as explained in Subsection (1), because:

a) the private individual affected is no longer employed by the employer who has assessed the tax;

b) the private individual affected made the correction himself by way of self-audit, and has provided a statement to the employer to this effect;

c) the private individual's tax had been assessed by the tax authority due to the private individual's death,

the employer shall record the tax arrears established at the time when established and shall inform the competent tax authority within fifteen days concerning the amount of the overdue tax, indicating the private individual's tax identification number. The employer shall, if possible, notify the private individual affected concerning the tax arrears discovered. The employer shall calculate the self-audit surcharge on the amount of tax not deducted as of the first day following the deadline prescribed for tax assessment by the employer until the date when recorded, and shall declare and pay such surcharge. Upon compliance with the requirement of notification and to assess and declare the self-audit surcharge the employer shall be exonerated from the legal consequences of infringement of his tax deduction obligation. On the basis of the employer's notification, the state tax authority shall officially confirm the tax discrepancy to the debit or credit of the private individual, as appropriate.

Section 29²⁶⁹

If the employer concludes after the summary certificate is issued, or the payer concludes after the certificate of payment is issued that the tax and/or tax advance of the private individual was not assessed and deducted in compliance with the provisions of this Act, they shall record the error and notify the competent state tax authority within fifteen days in order to indicate the amount of tax discrepancy, the title of payment, the date of the above-specified certificate and the tax identification number of the private individual, and shall notify the private individual as well, except if the private individual's mailing address is unknown. If, in consequence of the error, the amount of tax or tax advance deducted is less than what is required by law, the employer (payer) shall calculate the self-audit surcharge on the amount of tax or tax advance not deducted as of the first day following the date of the certificate until the date when recorded, and shall declare and pay such surcharge. Once the reporting, self-audit surcharge assessment and declaration obligations have been satisfied, the employer (payer) shall be exonerated from the legal consequences of infringement of his tax deduction obligation. On the basis of the employer's (payer's) notification, the state tax authority shall officially confirm the tax discrepancy to the debit or credit of the private individual, as appropriate.

Section 30²⁷⁰

(1) Private individuals may file a statement with the employer or payer before receiving payment in which they declare that such payment is not subject to any compulsory contribution, with the legal grounds indicated. Such statement shall be treated as a tax return.

(2)²⁷¹

(3) If the employer (payer) discovers after having issued the certificate of payment to the private individual that the contribution of the private individual was not assessed and deducted in compliance with the provisions of this Act, the employer (payer) shall record the error. If, in consequence of the error, the amount of contribution deducted is less than what is required by law, the employer (payer) shall calculate the self-audit surcharge on the amount of contribution not deducted as of the first day following the date of the certificate until the date when recorded, and he shall declare and pay such surcharge.

(4) The employer, if the private individual affected is still in his employment, after having recorded the amount of contribution assessed and deducted in derogation from what is required by law, shall reimburse the contribution amount in arrears due to the error detected to the private individual, or shall deduct it from the next payment. Any deduction that is to be made may not exceed fifteen per cent of that which remains of the monthly wages after health insurance and

²⁶⁹ Established by Section 7 of Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) of Section 40 of Act LXXXV of 2005. Amended: by point 7 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

²⁷⁰ Established by Section 101 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

²⁷¹ Repealed: by point 2 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

pension contributions and tax advances have been deducted. If the arrears cannot be deducted all at once, the employer shall effect the deduction during the next six months. The employer shall assess, declare and pay the contribution arrears deducted or refunded, as appropriate, according to the provisions applicable. If the contribution arrears aforesaid cannot be deducted in full, or if the private individual affected is no longer employed by the employer, the employer shall notify the competent state tax authority within fifteen days of failing to effect such deduction, regarding the amount of contribution still outstanding and the private individual's tax identification number, for the tax authority to take the appropriate measures according to the applicable provisions to recover the outstanding amount. In this case, default interest may be charged for the period after the deadline specified in the payment warrant. The private individual may request payment facilities from the tax authority only in connection with the aforesaid failure of the deduction of contribution.

(5) The payer shall notify the competent state tax authority within fifteen days in order to indicate the amount of contribution difference, the title of payment, the date of the certificate of payment and the tax identification number of the private individual, and shall notify the private individual as well, except if the private individual's mailing address is unknown.

(6) On the basis of the employer's (payer's) notification, the state tax authority shall prescribe the contribution difference by way of a resolution to the debit or credit of the private individual, as appropriate.

(7) The employer, if settlement of the contribution difference has failed, and the payer upon compliance with the requirement of notification and to assess and declare the self-audit surcharge shall be exonerated from the legal consequences of infringement of the contribution deduction obligation. If having settled the contribution difference with the private individual, upon compliance with the requirement of notification and to assess and declare the self-audit surcharge, the employer shall be exonerated from the legal consequences of infringement of contribution deduction obligation.

(8) Where the employer has failed to deduct the employee's contribution during the life of the employment contract from an employee who is no longer in his employment, however, such contribution was declared and paid according to the first indent of Subsection (5) of Section 50 of the SPA, the state tax authority shall be notified thereof, indicating the amount of employee's contribution that was not deducted and the tax identification code of the private individual affected. The state tax authority shall prescribe the employee contribution that was not deducted, charged to the private individual, and shall take measures, if necessary, to have the said contribution collected. If the amount of contribution charged to the private individual has already been paid or collected, the state tax authority shall notify the private individual's former employer thereof to have the amount of employee contribution he has properly declared according to Subsection (5) of Section 50 of the SPA corrected by way of self-audit, and to allocate the amount repayable.

Section 30/A²⁷²

By way of derogation from Sections 29-30, if the taxpayer discovers after the termination without succession of the employer (payer) that the employer (payer) established and deducted his tax and/or tax advance not in compliance with the provisions of law, and in consequence of

²⁷² Enacted: by Section 255 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

the error the amount of tax and tax advance deducted was higher than lawfully required, the taxpayer may report this to the state tax authority under his tax identification number. On the basis of that notification, the state tax authority shall officially confirm the tax difference to the credit of the private individual, if - according to the state tax authority's records - the amount of tax, tax advance deducted from the private individual, declared and paid by the employer (payer) was in fact higher than lawfully required.

Tax Return

Section 31

(1)²⁷³ A tax return shall contain all of the necessary information for identifying the taxpayer and establishing the tax base, exemptions, allowances, the tax amount, and the base and amount of central subsidies. With the exception of procedural fees, taxpayers shall file a tax return on the prescribed form to declare the amount of tax established by self-assessment, along with the amount of central subsidies showing each type of tax and central subsidy separately, including the case where an indirect customs representative files a tax return in his own name and on behalf of the importer, and where a VAT warehouse operator files a tax return in his own name and on behalf of the person liable for the tax payable. Filing an application for an advance on or for the more frequent use of central subsidies shall not be construed as a tax return. The tax authority may introduce forms that can be used for declaring tax liabilities and central subsidies under various titles as well as for applying for central subsidies in addition to declaring tax liabilities.

(2) Employers and payers (including if the employer is a private individual who is not treated as a private entrepreneur), as well as the entities listed in Paragraphs *l*), *p*), *r*), *s*), *t*) and *v*) of Subsection (4) of Section 52 shall, regardless of the frequency of filing tax returns that applies to them, disclose information each month, by the 12th day of the following month, by way of electronic means concerning all payments made to private individuals which are subject to tax and social security contribution liability, including all taxes - exclusive of interest income tax -, contributions and/or the following data:²⁷⁴

1. the data of any person required to keep records under Subsection (1) of Section 44 of the SPA (name, registered office, tax identification number);
2. the tax identification number of the predecessor of the employer or payer;
- 3.²⁷⁵ the private individual's natural identification data (including any previous name and title), sex, nationality;
4. the private individual's tax identification code;
- 5.²⁷⁶ the length of the insured period, job code and code of legal title of employment, the private individual's retirement status, whether he/she is involved in any gainful employment

²⁷³ Established by Section 15 of Act VII of 2008. Amended by Point 6 of Section 225 of Act LXXIV of 2014.

²⁷⁴ Established: by paragraph (1) Section 4 of Act XLI of 2013. In force: as of 3. 05. 2013.

²⁷⁵ Established: by paragraph (1) Section 50 of Act CXVI of 2009. In force: as of 1. 01. 2010.

²⁷⁶ Established by Subsection (1) of Section 183 of Act CXXVI of 2007. Amended: by subparagraph b) Section 92 of Act CLXVII of 2011, Section 26 of Act CCXXIV of 2013.

while drawing child-care benefits or child-care allowances, and whether he or she receives any benefits provided before the legal age limit, service emoluments, ballet dancers' annuities or provisional miners' allowances, and the number of calendar days of pro rata service time;

6.²⁷⁷

7.²⁷⁸ the amount of income on which pension contribution is based, the amount of any premium that is subject to pension contribution, and the amount of pension contributions deducted;

8.²⁷⁹ the amount on which the private individual is required to pay health insurance contributions in kind, health insurance contributions and labor market contributions in money, the amount of health insurance contributions in kind, and the amount of monetary health insurance contributions and labor market contributions paid or deducted;

9.²⁸⁰ the reasons for failure to deduct health insurance contributions in kind, monetary health insurance contributions and labor market contributions and/or pension contributions;

10.²⁸¹ the period of insurance relationship, if other than the current month, during which any income was paid that is to be included in the contribution base for the current month, or the amount of deducted health insurance contributions in kind or in money, the base and the amount of labor market contributions and pension contributions;

11.²⁸² the duration of child-care benefits (gyed), child-care allowance (gyes), child-rearing allowance (gyet), attendance allowance, unemployment benefits, the amounts of these provisions and the amount of pension contributions deducted from it, or the reasons for failure to deduct them;

12. the period of suspension of insurance, or the period for which no wages were paid, and the corresponding title codes;

13.²⁸³ job description, including FEOR number, weekly work time;

14. any overtime work performed by workers in the healthcare industry on a voluntary basis in excess of 48 hours per week (in working hours);

15.²⁸⁴

²⁷⁷ Repealed by Subsection (2) of Section 289 of Act XCIX of 2014, effective as of 1 January 2015.

²⁷⁸ Established by Subsection (2) of Section 109 of Act LXI of 2006, effective as of 1 January 2007. Amended: by point 1 paragraph (2) Section 138 of Act CXVI of 2009. In force: as of 17. 11. 2009. Amended: by point 4 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁷⁹ Established: by paragraph (1) Section 83 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

²⁸⁰ Established: by paragraph (1) Section 83 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by point 5 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁸¹ Established: by paragraph (1) Section 83 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by point 6 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁸² Established by Subsection (2) of Section 109 of Act LXI of 2006, effective as of 1 January 2007. Amended: by point 2 paragraph (2) Section 138 of Act CXVI of 2009. In force: as of 17. 11. 2009. Amended: by point 7 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁸³ Amended by Point 1 of Subsection (1) of Section 289 of Act XCIX of 2014.

- 16.²⁸⁵ the base and amount of percentage of health-care contribution;
17. the amount of income they have paid (provided) and that is part of the consolidated tax base and the tax advance base (showing separately the wages, with the number of months of eligibility also indicated);
18. the cost accounting method and the items of deductions in connection with the tax advance;
19. the amount of tax advance established;
20. the amount of tax advance actually deducted, or the reasons for failure to deduct it;
21. the incomes paid (provided) to private individuals, which are taxed separately, the tax base and tax deducted, or tax not deducted, except for the sums paid (provided):
- a) that are not treated as part of the taxable income,
 - b) that fall under the zero tax bracket,
 - c) that comprise part of the taxable income of private entrepreneurs,
 - d) to the private individual in consideration for the sale of assets (tangible or intangible), if sold by means other than auction;
 - e) on which the tax is to be paid by the payer;
22. the amount of tax difference to be settled with the private individual;
- 23.²⁸⁶ the base and the amount of social contribution tax paid in accordance with specific other legislation for persons holding a START-, START PLUSZ-, START EXTRA, START BONUS card or Rehabilitation Card, and for persons participating in the Karrier Híd (*Carrier Bridge*) program, calculated without the allowance, and the base and amount of the partial allowance claimed from the social contribution tax determined according to specific other legislation, and the amount of partial allowance claimed from the social contribution tax by the employer relating to any employee returning from child-care leave in accordance with specific other legislation, or any part time employee employed during the period of his/her leave for child care in his/her position, or thereafter working in the same or similar position;
- 24.²⁸⁷ the selection made according to Subsection (5) of Section 31 of the SPA by a person insured as a business partner and participating in person in the operations of several business associations concurrently;
- 25.²⁸⁸ the amount of income paid to nonresident private individuals, and the amount of tax advance deducted at a rate other than the general rate, or not deducted;
- 25a.²⁸⁹ the amount of honorarium paid to any executive officer who is resident in any other Member State of the European Union;

²⁸⁴ Repealed: by point 7 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

²⁸⁵ Established: by paragraph (1) Section 83 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

²⁸⁶ Established on the base: of paragraph (1) Section 296 of Act CLVI of 2011. In force: as of 1. 01. 2012. Shall enter into force with the text established: by paragraph (2) Section 198 of Act CXCI of 2011. In force: as of 1. 01. 2012.

²⁸⁷ Established: by paragraph (3) Section 50 of Act CXVI of 2009. In force: as of 1. 01. 2010.

²⁸⁸ Established: by paragraph (1) Section 83 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

²⁸⁹ Enacted by Section 203 of Act LXXIV of 2014, effective as of 1 January 2015.

25b.²⁹⁰ the amount of payment made under a life insurance contract to a person who is resident in any other Member State of the European Union;

25c.²⁹¹ the amount of revenue (income) paid to a person who is resident in any other Member State of the European Union in connection with the ownership of real estate property, the transfer of use rights, the collection of proceeds and the exercise of the right of disposition of real estate property, from the earnings made in connection with the sale, leasing or rental of real estate property, from the acquisition of rights in real estate property for consideration, from the surrender of such rights, or from the transfer (assignment) of such rights);

26.²⁹² the selection made according to Subsection (6) of Section 31 of the SPA by a private entrepreneur who is insured as a business partner as well;

27.²⁹³ the employers employing any workers under the Act on Simplified Employment during the month are required to indicate in connection with this employment the total (net) amount of the wages paid for the day (days) of employment under simplified arrangement during the month - indicating the total (net) amount of wages if employed on more than one day - and the day or days of employment;

28.²⁹⁴ information concerning the contribution base and the amount of pension contributions paid on service charges;

29.²⁹⁵ in the case of members performing work within a member's work relationship, the amount on which the pension contribution payable by the social cooperative on the member's behalf is based and the amount actually paid, and the health services contributions;

30.²⁹⁶ the base and amount of social contribution tax;

31.²⁹⁷ where any credit is claimed from the social contribution tax (other than the allowances specified in Point 23), the base and amount of the social contribution tax payable in connection with a private individual, calculated without the allowance, and the legal title for claiming any

²⁹⁰ Enacted by Section 203 of Act LXXIV of 2014, effective as of 1 January 2015.

²⁹¹ Enacted by Section 203 of Act LXXIV of 2014, effective as of 1 January 2015.

²⁹² Established: by paragraph (4) Section 50 of Act CXVI of 2009. In force: as of 1. 01. 2010.

²⁹³ Established: by paragraph (2) Section 23 of Act CLII of 2009. In force: as of 1. 04. 2010.

²⁹⁴ Enacted: by paragraph (24) Section 18 of Act CLI of 2009. In force: as of 1. 01. 2010. Amended: by point 9 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁹⁵ Established by paragraph (2) Section 4 of Act XLI of 2013. Amended by Paragraph e) of Subsection (3) of Section 155 of Act CCLII of 2013.

²⁹⁶ Enacted: by paragraph (1) Section 296 of Act CLVI of 2011. In force: as of 1. 01. 2012. Shall enter into force with the text established: by paragraph (2) Section 198 of Act CXCI of 2011. In force: as of 1. 01. 2012.

²⁹⁷ Enacted: by paragraph (1) Section 296 of Act CLVI of 2011. In force: as of 1. 01. 2012. Shall enter into force with the text established: by paragraph (2) Section 198 of Act CXCI of 2011. In force: as of 1. 01. 2012.

social contribution tax credit under specific other legislation, indicating also the base and the amount payable.

(2a)²⁹⁸ Any taxpayer who was liable to file during the tax year the declaration referred to in Subsection (2) for either of the months, shall be required to submit a declaration, or a statement under Subsection (6), for each of the following months, even if he did not incur during the given month any tax and/or contribution payment liability in the absence of any income comprising part of the tax (tax advance) and/or contribution base.

(3)²⁹⁹ Taxpayers shall indicate their tax identification numbers in their declarations among the data required for the identification of taxpayers. Being in possession of the tax identification number, taxpayers may include any period in the declaration during which they did not have a tax identification number, however, they shall be allowed to claim any refund for such period subject to the restrictions laid down in Subsection (7) of Section 24.

(4)³⁰⁰ Any taxpayer who is unable to file his tax return shall do so within fifteen days of the cessation of such restraint. An application for continuation with justification of such delay (hereinafter referred to as “application for continuation”) shall be enclosed and lodged with the tax return. Any private individual who is not engaged in entrepreneurial activities and not liable to pay value added tax, if lacking the documents and receipts required for completing his tax return through no fault of his own, on account of which the private individual is likely to be unable to file his tax return in due time, shall notify the delay before the deadline by which the return must be submitted. Private individual taxpayers shall submit the tax return to which the notification pertains together with the application for continuation for the delay in filing. The application for continuation may not be refused if the private individual has any income from abroad as well and proffers an excuse for failing to meet the deadline claiming that an international agreement, reciprocity or foreign tax law applies in determining his tax liability.

(5)³⁰¹ Funds, public foundations, associations, public bodies, ecclesiastical legal entities, housing cooperatives, voluntary mutual insurance funds, institutions of higher learning registered as public-benefit organizations, European groupings of territorial cooperation and institutions for occupational retirement provision shall file - on a form that replaces a corporate tax return - a formal statement by 31 May of the year following the tax year, if they did not produce any revenues from business operations (activities auxiliary to business operations in respect of voluntary mutual insurance funds) during the tax year or if they claim no costs and expenses in connection with such activities and business operations.

²⁹⁸ Enacted: by paragraph (2) Section 296 of Act CLVI of 2011. In force: as of 1. 01. 2012.

²⁹⁹ Established by Subsection (2) of Section 183 of Act CXXVI of 2007, effective as of 1 January 2008.

³⁰⁰ Established: by paragraph (3) Section 296 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁰¹ Established by Subsection (3) of Section 183 of Act CXXVI of 2007. Amended by Paragraph b) of Subsection (1) of Section 225 of Act LXXXI of 2008. Former first sentence repealed by Point 6 of Section 248 of Act LXXXI of 2008. Amended by subparagraph a) paragraph (2) Section 176 of Act LXXVII of 2009, Section 151 and Section 204 of Act CLXXV of 2011, point 10 Section 293 of Act CLXXVIII of 2012, subparagraph a) Section 98 of Act CXXXIII of 2013, point 7 Section 189 of Act CC of 2013, Section 35 of Act LXXV of 2014.

(6)³⁰² Lodging a statement on a standard electronic form prescribed by the tax authority shall be treated as equivalent to a tax return, if the taxpayer declares, before the deadline prescribed for filing the tax return, that he did not file the tax return for the period in question on account of lacking any income which would give rise to tax liability. This provision shall not apply to the obligation of filing an interim tax return, nor to the final tax return filed for closing out the activities under liquidation or winding up proceedings, nor to the tax return to be filed upon the conclusion of the liquidation or winding up proceedings.

(7)³⁰³ Where Paragraph a) of Subsection (2) of Section 65 of the PIA applies, the tax and the tax base deducted from the interest income defined in Subsection (1) of Section 65 of the PIA shall be declared by the payer in the gross value in the declaration specified in Subsection (2) as a liability independent of the private individual.

(8)³⁰⁴ The tax deducted from the income earned on a Stability Savings Account under Act CXCV of 2011 on the Financial Stability of Hungary, and the tax base thereof shall be declared by the payer in the gross value in the declaration specified in Subsection (2) as a liability independent of the private individual.

(9)³⁰⁵ An insured small-scale agricultural producer who does not have any employees shall not be subject to the requirement of filing and data disclosure as specified in Subsection (2) if he did not have any income in the previous year, unless the small-scale agricultural producer commenced activities during the current year or provided a statement to declare his intention to pay the mandatory contributions at rates higher than those required in Subsections (1)-(2) of Section 30/A of the SPA.

(10)³⁰⁶ Pension paying agencies shall not be subject to the requirement of monthly filing and data disclosure in connection with their payment of pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers' annuities, provisional miners' allowances and accident compensations and other benefits paid to pensioners.

(11)³⁰⁷

(12)³⁰⁸ Payment of taxes and the claiming of central subsidies shall not replace the tax return. Taxpayers required to declare taxes shall file a tax return even if they paid the taxes or have been granted a deferral from such payment.

³⁰² Established: by paragraph (4) Section 296 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁰³ Established by Subsection (5) of Section 183 of Act CXXVI of 2007, effective as of 1 January 2008.

³⁰⁴ Established: by paragraph (1) Section 4 of Act CXV of 2013. In force: as of 28. 06. 2013.

³⁰⁵ Established by Section 4 of Act XXXIX of 2007, effective as of 29 May 2007. Initially applies to the disclosures filed for the month of July of 2007.

³⁰⁶ Enacted by Subsection (3) of Section 52 of Act CXXXI of 2006. Amended by Section 411 of Act CXXVI of 2007. Amended: by point 1 paragraph (5) Section 45 of Act CLIII of 2010. In force: as of 1. 01. 2011. Amended: by subparagraph c) Section 92 of Act CLXVII of 2011. In force: as of 1. 01. 2012.

³⁰⁷ Repealed: by point 2 Section 171 of Act CXXII of 2010. No longer in force: as of 1. 01. 2011.

³⁰⁸ Numbering amended by Subsection (3) of Section 52 of Act CXXXI of 2006.

(13)³⁰⁹ If no tax return had been filed regarding any tax or central subsidy audited, it may be filed before the day preceding the date of opening of the audit.

(14)³¹⁰ Tax returns and statements serving as a tax return may be endorsed by a tax consultant, tax expert or certified tax expert. If an endorsed tax return or statement serving as a tax return contains an error, the tax authority shall impose the ensuing default penalties on the tax consultant, tax expert or certified tax expert concerned.

(15)³¹¹ Any employer that (who) employs a worker during a given month under the Act on Simplified Employment is required to supply from the data covered by Subsection (2) of Section 31 the following information only: employer's tax identification number, private individual's name and tax identification code, the private individual's retirement status and whether he or she receives any benefits provided before the legal age limit, service emoluments, ballet dancers' annuities or provisional miners' allowances, and the data covered by Point 27.

Section 31/A³¹²

(1) The person liable for payment of value added tax shall disclose in his value added tax return submitted for a given tax period the tax number of the persons to whom he has supplied any goods covered by Paragraph *i*) of Subsection (1) of Section 142 of Act CXXVII of 2007 on Value Added Tax (for the purposes of this Section hereinafter referred to as "VAT Act"), the date of supply and - broken down based on the headings specified in Schedule No. 6/A to the VAT Act - the taxable amount rounded off to the nearest one thousand forint value and - except if the products supplied are qualified as hybrids for sowing by definition of specific other legislation, and the supplier provides a statement to that effect - the quantity supplied in kilograms.

(2) The person liable for payment of value added tax shall disclose in his value added tax return submitted for a given tax period the tax number of the supplier from whom he has purchased any goods covered by Paragraph *i*) of Subsection (1) of Section 142 of the VAT Act, upon which he becomes liable for the VAT chargeable for the given tax period, including the date of supply and - broken down based on the headings specified in Schedule No. 6/A to the VAT Act - the taxable amount rounded off to the nearest one thousand forint value, and - except if the products supplied are qualified as hybrids for sowing by definition of specific other legislation, and the supplier provides a statement to that effect - the quantity supplied in kilograms.

(3)³¹³ The person liable for payment of value added tax shall disclose in his value added tax return submitted for a given tax period the tax number of the persons to whom he has supplied

³⁰⁹ Established: by paragraph (5) Section 296 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³¹⁰ Established by Subsection (2) of Section 8 of Act LXXXV of 2005. Numbering amended by Subsection (3) of Section 52 of Act CXXXI of 2006.

³¹¹ Enacted: by Section 18 of Act LXXV of 2010. In force: as of 1. 08. 2010. Amended: by point 8 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by subparagraph d) Section 92 of Act CLXVII of 2011. In force: as of 1. 01. 2012.

³¹² Established: by Section 1 of Act CLIV of 2012. In force: as of 26. 10. 2012.

³¹³ Enacted by Section 23 of Act XXXIII of 2014, effective as of 1 January 2015.

any goods covered by Paragraph *j*) of Subsection (1) of Section 142 of the VAT Act, the date of supply, and - broken down based on the headings specified in Schedule No. 6/B to the VAT Act - the taxable amount rounded off to the nearest one thousand forint value and the quantity supplied in kilograms.

(4) The person liable for payment of value added tax shall disclose in his value added tax return submitted for a given tax period the tax number of the supplier from whom he has purchased any goods covered by Paragraph *j*) of Subsection (1) of Section 142 of the VAT Act, upon which he becomes liable for the VAT chargeable for the given tax period, including the date of supply, and - broken down based on the headings specified in Schedule No. 6/B to the VAT Act - the taxable amount rounded off to the nearest one thousand forint value and the quantity supplied in kilograms.

Section 31/B³¹⁴

(1)³¹⁵ Persons liable for payment of value added tax in connection with the acquisitions of goods and services, where the amount of value added tax charged reaches or exceeds 1,000,000 forints shall disclose in the value added tax return submitted on the tax period during which exercised the right of deduction based on an invoice issued in proof of completion of the transaction or verifying that payment on account has in fact been made, separately for each invoice:

a) the first eight digits of the tax number of the taxable person supplying the goods or services, including taxpayers taxed under the simplified entrepreneurial taxation system, or the group identification number in connection with a group taxation arrangement;

b) the taxable amount and the amount of value added tax charged as shown in the invoice made out to his name, including the invoice number; and

c) the date mentioned in Paragraph *g*) of Section 169 of Act CXXVII of 2007 on Value Added Tax, and shown in the invoice, or in the absence thereof, the date of the invoice.

(2)³¹⁶ Persons liable for payment of value added tax in connection with the supplies of goods and services, where the amount of value added tax charged to another taxable person registered in the domestic territory reaches or exceeds 1,000,000 forints shall disclose in the value added tax return submitted on the tax period during which he becomes liable for the value added tax chargeable based on an invoice issued in proof of completion of the transaction or verifying that payment on account has in fact been made, separately for each invoice:

a) the first eight digits of the tax number of the taxable person to whom the goods or services are supplied, or the group identification number in connection with a group taxation arrangement;

b) the taxable amount and the amount of value added tax charged as shown in the invoice issued, including the invoice number; and

c) the date mentioned in Paragraph *g*) of Section 169 of Act CXXVII of 2007 on Value Added Tax, and shown in the invoice, or in the absence thereof, the date of the invoice.

³¹⁴ Enacted: by paragraph (6) Section 296 of Act CLVI of 2011. In force: as of 1. 01. 2013. Shall enter into force with the text established: by Section 364 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

³¹⁵ Amended by Point 7 of Section 225 of Act LXXIV of 2014.

³¹⁶ Amended by Point 7 of Section 225 of Act LXXIV of 2014.

(3)³¹⁷ If the person liable for payment of value added tax exercises the right of deduction during the same tax period, with respect to value added tax charged in more than one invoice - including documents treated as invoices - issued by the same supplier of goods or services, where the total amount charged reaches or exceeds 1,000,000 forints, in the value added tax return submitted on such tax period the taxable person shall disclose:

a) the first eight digits of the tax number of the taxable person supplying the goods or services, including taxpayers taxed under the simplified entrepreneurial taxation system, or the group identification number in connection with a group taxation arrangement;

b) the amount of value added tax shown in these invoices as payable.

(4)³¹⁸ If the invoice is amended, the taxable person who makes out the document amending the original invoice and the taxable person to whom it is made out shall disclose in the tax return showing the amended figures the information specified in Subsections (1)-(2) if the amount of value added tax charged reaches or exceeds 1,000,000 forints either before or after the amendment, or before and after the amendment. In this case the person liable for payment of value added tax shall disclose the particulars specified in Subsections (1)-(2) of the invoice affected by the amendment, covering also the resulting changes in the numbers in terms of the taxable amount and the amount of value added tax payable, and the number of the document amending the original invoice.

(5)³¹⁹ In the case of voiding an invoice, the taxable person who makes out the document voiding the original invoice and the taxable person to whom it is made out shall disclose in the tax return showing the updated figures the information specified in Subsections (1)-(2) if the amount of value added tax charged as shown in the invoice - including the amended invoice - reaches or exceeds 1,000,000 forints, including the number of the document drawn up to cancel the original invoice.

(6) Taxpayers taxed under the simplified entrepreneurial taxation system shall disclose information according to Subsections (2), (4)-(5) hereof regarding the invoices issued in the simplified entrepreneurial tax return submitted for the tax year during which the invoice was issued, or during the tax authority's estimation procedure where Subsection (5) of Section 11 of Act XLIII of 2002 on Simplified Entrepreneurial Taxation applies.

(7) In the application of Section 34 and Section 172, the disclosures referred to in Subsections (1)-(6) (value added tax summary document) shall be governed by the provisions pertaining to declarations.

(8)³²⁰ As regards the invoices issued by any person liable for payment of value added tax and using the cash accounting scheme, the statement referred to in Subsections (1) and (2) hereof shall be made only once, in the value added tax return filed for the tax period during which the taxpayer exercises the right of deduction for the first time on the basis of this invoice, and required to assess the amount of VAT payable as charged.

³¹⁷ Amended by Point 8 of Section 225 of Act LXXIV of 2014.

³¹⁸ Amended by Point 9 of Section 225 of Act LXXIV of 2014.

³¹⁹ Amended by Point 10 of Section 225 of Act LXXIV of 2014.

³²⁰ Enacted: by Section 8 of Act CXLVI of 2012. In force: as of 1. 01. 2013.

(9)³²¹ In connection with the acquisitions of goods and services by any person liable for payment of value added tax and using the cash accounting scheme, the statement referred to in Subsection (1) hereof shall be made only once relating to the same invoice, in the value added tax return filed for the tax period during which the taxpayer exercises the right of deduction for the first time on the basis of this invoice.

(10)³²² Taxable persons required to make out a value added tax summary document shall have the option to meet that obligation irrespective of the amount limits set out in Subsections (1)-(2) and (4)-(5).

Declaration of Local Taxes

Section 32

(1)³²³ Local business taxes shall be declared by 31 May of the following tax year. Taxpayers shall declare the amount of local business tax advance supplement by the 20th day of the last month of the year to which it pertains, using the standard form prescribed by the municipal tax authority. Local business taxes of taxpayers pursuing business activities on a temporary basis shall be declared by the 15th day of the month following the time of termination of the activities, consistent with the payment deadline.

(2) Taxpayers shall file their tax return within fifteen days of the commencement (modification) of tax liability if they do not assess their local tax themselves.

(3) No new tax return shall be filed in the case defined in Subsection (2) until the change affecting the local tax (tax liability) has in fact occurred.

(4) Persons required to collect specific local taxes shall file a tax return on the taxes collected by the 15th day of the month following the month in question.

(5)³²⁴ If the person liable for payment of building tax or property tax is a nonresident organization, the tax return on the building tax or property tax shall indicate - effective as at the first day of the tax year - the names (corporate names) of the organization's members (shareholders), and the ownership share of each member (shareholder).

Special Provisions on Filing Tax Returns

Section 33

³²¹ Enacted: by Section 8 of Act CXLVI of 2012. In force: as of 1. 01. 2013.

³²² Enacted by Section 204 of Act LXXIV of 2014, effective as of 1 January 2015.

³²³ Established: by Section 3 of Act LVII of 2010. In force: as of 29. 06. 2010. Amended: by point 1 paragraph (2) Section 36 of Act XC of 2010. In force: as of 1. 01. 2011.

³²⁴ Enacted: by Section 84 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

(1)³²⁵ A private individual shall assess his tax and file his tax return according to the provisions set out in the Personal Income Tax Act, or shall have his tax assessed by his employer on the basis of his statement made to the employer.

(2) If an act on central subsidies renders eligibility conditional upon verification of income, the petitioner and the private individuals living in the same household shall file a formal statement, recognized as a tax return, together with the application, with the agency providing such subsidies on their income and revenues on a per capita basis. Such private individuals shall fill out the simplified section for tax declaration of the aforementioned application regardless of whether or not they are otherwise required to file a tax return.

(3) Taxpayers shall file an interim tax return, pertaining to the period not yet covered by a declaration, on all their taxes, with the exception of the personal income tax of private individuals, which are to be declared annually if:

a) a special reporting obligation is prescribed under Chapter VII of the Accounting Act;

b) the taxpayer has established the tax difference on the basis of the closing accounting statement and annual report in accordance with the provisions of the Act on Corporate Tax and Dividend Tax;

c)³²⁶ the taxpayer is wound up without going into liquidation or dissolution, a legal person or other organization whose registration is not mandatory adopts a decision on dissolution without succession in the case of dissolution without going into liquidation, or if terminated without succession in accordance with the Act on Corporate Tax and Dividend Tax;

d) the obligation of a person required to collect specific local taxes no longer applies;

e)³²⁷ a private individual recognized as a private entrepreneur under the Personal Income Tax Act has terminated such activities or if his right to pursue the activities was terminated or suspended, or if lawyers and patent agents, and notaries public have suspended their operations or services, or if the right of a private individual recognized as a private entrepreneur under the Personal Income Tax Act to pursue his activities, the right of a lawyer, patent agent or notary public to pursue their operations or services was terminated during the period of suspension (hereinafter referred to collectively as “event serving as grounds for filing an interim tax return”).

f)³²⁸ the taxpayer’s place of management is relocated from Hungary to another State, in consequence of which his resident status in terms of tax obligation no longer exists in accordance with the Act on Corporate Tax and Dividend Tax or another legislation;

g)³²⁹ the taxpayer merges by acquisition under Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies with a business association established in another Member State of the European Union.

³²⁵ Established by Section 53 of Act CXXXI of 2006, effective as of 1 January 2007. See Section 204 of Act CXXXI of 2006. Amended: by subparagraph b) paragraph (2) Section 193 of Act LXXVII of 2009. In force: as of 9. 07. 2009.

³²⁶ Established: by paragraph (1) Section 297 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³²⁷ Established: by paragraph (1) Section 297 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³²⁸ Enacted: by paragraph (1) Section 257 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

³²⁹ Enacted: by paragraph (1) Section 257 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(4)³³⁰ The interim tax return on annual taxes shall be filed within the deadline prescribed in the Accounting Act for filing the annual accounts in the cases referred to in Paragraphs a) and b) of Subsection (3) or, in the cases referred to in Paragraphs c)-g) of Subsection (3), within thirty days of the date of the event serving as grounds for filing an interim tax return.

(5) Concerning taxes where the tax assessment period is one month or one quarter, the tax return shall be filed regarding the period not yet covered by a declaration within thirty days of the date of the event serving as grounds for filing an interim tax return.

(6)³³¹ Taxpayers undergoing liquidation shall satisfy the obligation relating to submission of a tax return according to the Act on Bankruptcy Proceedings and Liquidation Proceedings and in compliance with the provisions of this Act. Taxpayers under dissolution shall file their tax return closing out their activities - dated on the day preceding the time of the opening of dissolution proceedings - within thirty days following the time of the opening of dissolution proceedings -, and shall file their final tax return within the time limit prescribed for compliance with the obligation of deposit and publication of the financial statement closing out the dissolution proceedings, together with the statement sent for publication, furthermore, the taxpayers whose registration is not mandatory, if terminated by way of dissolution, on the day following the date of preparation (approval) of the financial statement closing out the dissolution proceedings. Unless otherwise provided for by law, taxpayers shall be required to file a tax return for the period covering the duration between the final tax return for closing out the activities and the tax return filed upon the conclusion of the liquidation or winding up proceedings according to the general provisions of this Act. Simultaneously with the final tax return filed for closing out the activities, or the tax return filed upon the conclusion of the liquidation or winding up proceedings the tax returns covering those periods preceding the periods for which the final tax return had been filed for closing out the activities, or the tax return had been filed upon the conclusion of the liquidation or winding up proceedings, the due date of which is still open at the time of submission of the final tax return, or the tax return filed upon the conclusion of the liquidation or winding up proceedings.

(7) In respect of a construction project of a non-resident company in the domestic territory (including construction or installation works performed through a branch), tax liability shall, for the first time, be satisfied together with the tax liability for the tax year in which the period of construction or installation exceeds the period specified by international treaty for classifying such project as a place of business or, in the absence of such treaty, exceeds three months. In this case, the non-resident company shall assess, declare and pay the tax subsequently for the previous tax year(s) in accordance with the provisions in force for the period in question.

(8)³³² Taxpayers undergoing transformation, merger, division during the tax year (including the taxpayers established through such transformation, merger, division and those involved in either side of a merger) shall file a tax return on corporate tax advance within thirty days of the day of transformation, merger, division.

³³⁰ Amended: by point 11 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

³³¹ Established: by paragraph (2) Section 297 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³³² Established by Section 205 of Act LXXIV of 2014, effective as of 1 January 2015.

(9)³³³ The following taxpayers shall file an interim tax return, pertaining to the period not yet covered by a declaration:

a) members of a group authorized to enter the group taxation scheme, or joining an existing group, within thirty days of the operative date of the relevant authorization, concerning their value added tax liability;

b)³³⁴ in the case of cancellation of a group identification number, the group representative within thirty days of the operative date of the relevant resolution, concerning the group's value added tax liability.

c)³³⁵

(10)³³⁶ Where a taxpayer is terminated by going into liquidation or dissolution, and the employment of any employee terminates simultaneously with the taxpayer's termination without succession, the liquidator or receiver shall submit a tax return covering the period between the final tax return and the date of termination without succession on the taxes and contributions payable on wages and other benefits similar to wages and salaries within thirty days for the date of termination of employment, and shall pay the tax at the same time.

(11)³³⁷

(12)³³⁸ Taxpayers undergoing involuntary de-registration shall submit the final tax return executed one day before the date of the opening of the involuntary de-registration procedure, within thirty days after the date of the opening of the involuntary de-registration procedure. Simultaneously with the final tax return filed for closing out the activities, the tax returns covering those periods preceding the periods for which the final tax return had been filed for closing out the activities shall be submitted as well, the due date of which is still open at the time of submission of the final tax return. If involuntary de-registration is ordered after dissolution proceedings, the obligation to file a tax return shall be satisfied in accordance with the provisions on dissolution proceedings. In the case of liquidation proceedings carried out after the involuntary de-registration procedure, the obligation to file a tax return shall be satisfied in accordance with the provisions of this Act on involuntary de-registration and with the provisions of the Act on Bankruptcy Proceedings and Liquidation Proceedings on liquidation proceedings. Unless otherwise provided for by law, in the case of involuntary de-registration taxpayers shall be

³³³ Enacted by Subsection (5) of Section 263 of Act CXXVII of 2007, effective as of 16 November 2007. The legal consequences pertaining to the operative status of the resolutions authorizing group taxation arrangements, that became operative before 1 January 2008, shall apply as of 1 January 2008. See also Subsection (4) of Section 269 of Act CXXVII of 2007.

³³⁴ Established by Subsection (2) of Section 104 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

³³⁵ Repealed by Point 7 of Section 248 of Act LXXXI of 2008, effective as of 1 January 2009.

³³⁶ Established: by paragraph (3) Section 297 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³³⁷ Enacted: by Section 38 of Act LXXVIII of 2009. In force: as of 1. 01. 2010. Repealed: by point 2 of Constitutional Court Resolution No. 8/2010 (I. 28.). No longer in force: as of 1. 01. 2010.

³³⁸ Established: by paragraph (2) Section 257 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

required to file a tax return after the period covered by the final tax return for closing out the activities according to the general provisions of this Act.

*Section 33/A*³³⁹

Correction of Tax Returns

Section 34

(1) The tax authority shall examine the tax returns filed in accordance with Section 26 and shall correct any calculation errors and other clerical and typing errors and, if the correction affects the amount of tax to be paid or refunded, shall notify the taxpayer within thirty days of making such correction.

(2) Any taxpayer who disagrees with the aforementioned correction may contact the tax authority within fifteen days of receiving the notice in order to make arrangements for cross-referencing. If cross-referencing fails, the tax authority shall institute the procedure and assess the tax by resolution. Correction of a tax return shall not be construed as auditing, and a resolution passed in the course of such shall not be construed as posteriori tax assessment.

(3) Before an agreement is reached or the resolution becomes definitive the tax refund shall be paid in the corrected amount.

(4) If the corrected amount of tax payable by the taxpayer is lower than the amount declared, the tax authority shall, upon the taxpayer's request, refund the excess amount within thirty days of receiving proof of payment of tax, or, if tax is outstanding, the taxpayer shall pay tax in the amount as corrected.

(5) If, by virtue of correction, the taxpayer concerned is required to make additional payment and he agrees thereunto, such additional tax shall be paid within thirty days. In the event of the taxpayer's disagreement, the procedure set out in Subsection (2) shall apply.

(6) If a tax return (application for central subsidy) cannot be corrected without the cooperation of the taxpayer, if the taxpayer fails to file a statement on any outstanding tax debt or public dues or to produce the certificates prescribed by law, or if there is any information missing from the taxpayer's tax return or formal statement that is not available in the tax authority's records; the tax authority shall notify the taxpayer within fifteen days to resolve the said discrepancies within the prescribed deadline.

(7)³⁴⁰ Inside the term of limitation of the right to tax assessment, the taxpayer may also lodge a request to have the tax return corrected in the event of noticing any error in the tax return apart from the tax, tax advance and central subsidies.

*Section 34/A*³⁴¹

³³⁹ Repealed with preceding subtitle: by subparagraph a) paragraph (3) Section 59 of Act V of 2012. No longer in force: as of 1. 03. 2012.

³⁴⁰ Enacted by Section 105 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

Payment of Tax

Section 35

(1) Taxes shall be paid by the person so required by law at the due date specified by this Act or by other acts. Withheld taxes and tax advances shall be paid by the party withholding them. Collected local taxes shall be paid by the person required to collect them.

(2) In the event of a taxpayer's failure to pay any taxes due and such cannot be collected from him, the following persons may be compelled by resolution to pay such taxes:

a)³⁴² the taxpayer's heir, other than the State, up to the value of his hereditary share or, if there is more than one heir, in proportion to their hereditary shares;

b) a donee up to the value of the gift donated by the taxpayer by way of a document following the commencement of his tax liability, unless the donee has lost the gratuitous advantage in a manner for which he is not accountable;

c) the taxpayer's successor in title;

d)³⁴³ a person standing surety as described in Section 36, and a person assuming a tax debt in respect of the tax set forth in the approved contract, and also where guarantees are required for unpaid taxes under specific other legislation;

e)³⁴⁴ the perpetrator of a criminal act resulting in any loss of tax revenues, or the person causing pecuniary injury by committing budget fraud, in respect of the tax involved;

f) in respect of the tax debts of business associations and civil law companies operating under the same name, the member, executive officer, or organization held accountable by the relevant regulations; in respect of entrepreneurs operating under the liability of a legal person, the person assuming such liability and the person that (who) is held accountable for the liabilities of the enterprise by law;

g) in respect of the tax debt of condominium associations (resort condominiums, common garages), building societies, the co-owners concerned;

h) each owner of a particular asset in respect of taxes imposed on their common property;

i) in respect of the tax debt of a child under parental custody, with the exception of tax debts connected to income earned under employment, the parent exercising custody up to the value of assets under his or her control.

j)³⁴⁵ in the case of employment relationships concluded with several employers, the employer covered by the Labor Code, who is not treated as an employer under this Act, as regards the taxes related to such employment relationships;

³⁴¹ Repealed by Point 2 of Subsection (1) of Section 226 of Act LXXIV of 2014, effective as of 1 January 2015.

³⁴² Established: by Section 156 of Act CC of 2013. In force: as of 1. 01. 2014.

³⁴³ Amended: by point 10 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁴⁴ Amended: by point 6 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012.

³⁴⁵ Enacted: by paragraph (3) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

k)³⁴⁶ as regards the taxes related to employment relationships concluded with several employers, the person who participates in the employee sharing arrangement at the time when the tax liability commences in the capacity of an employer according to the Labor Code, if the person liable for the tax payable according to Paragraph j) failed to pay the tax as due and such cannot be recovered from him.

(3)³⁴⁷

(4)³⁴⁸ A person liable to pay tax may not set off his claim from the state or a municipal government in his taxes due.

(5)³⁴⁹ In respect of the direct or indirect tax debts of a non-resident company, also if incurred through its Hungarian branch, and of the outstanding public dues of such company that fall under the scope of this Act, its branch may also be compelled by resolution to pay such debts on the grounds of joint and several liability.

(6)³⁵⁰ If the tax authority subsequently finds that the person applying for a START, START PLUSZ, START EXTRA or START BONUS card in accordance with Section 20/A of this Act has provided any data or information in the application as prescribed in specific other legislation that is false or untrue, and has provided them in bad faith, the tax authority shall adopt a resolution - if the card obtained in this fashion is used - to order the holder (user) of the card to repay the difference between the amount of social contribution tax paid at the preferential rate provided to the employer and the amount of social contribution taxes calculated at normal rates according to the general rules.

(7)³⁵¹

Section 36

(1) In respect of tax payment, suretyship may be assumed according to the provisions of the Civil Code, or a tax debt may be assumed by another person; however, such action shall not affect the legal title of the tax authority's claim thereof.

(2) The undertaking of suretyship or the assumption of the debt of another person shall become effective upon the tax authority's approval. The tax authority shall deny approval if payment of the tax is not guaranteed considering the person standing surety or assuming the debt.

(3)³⁵² The tax authority shall consent to having a tax debt assumed on condition that the original taxpayer guarantees payment of the assumed debt. A debt may be assumed unilaterally in

³⁴⁶ Enacted: by paragraph (3) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

³⁴⁷ Annulled by Point 2 of Constitutional Court Resolution No. 3/2014. (I. 21.) AB, effective as of 22 January 2014.

³⁴⁸ Numbering amended by Section 2 of Act LVI of 2005.

³⁴⁹ Numbering amended by Section 2 of Act LVI of 2005.

³⁵⁰ Established: by Section 299 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁵¹ Repealed: by point 4 paragraph (1) Section 36 of Act XC of 2010. No longer in force: as of 16. 08. 2010.

the absence of the original taxpayer's guarantee, if this is in the legitimate interest of the person assuming the debt. In the event that the person assuming the tax debt fails to effect payment in due time, such debt shall be collectible from the original taxpayer providing the guarantee without a special resolution for payment.

Section 36/A³⁵³

(1)³⁵⁴ In connection with the performance of public procurement contracts, the tenderer to whom a public contract was awarded under the Act on Public Procurement (hereinafter referred to as "Procurement Act"), and the payer of contracts between subcontractors provided for in the Procurement Act, as well as any other contractor engaged under works contracts with a subcontractor provided for in the Procurement Act may remit - without the obligation of withholding - any payment to subcontractors over 200,000 forints net in a given month, calculated on a net basis, for work performed if:

a) the subcontractor in question is able to present, deliver or send before the payment is actually effected a non-debt combined tax certificate issued within thirty days to date; or

b) the subcontractor in question is listed in the register of taxpayers free of tax debt obligations at the time of payment.

(1a)³⁵⁵ Within the meaning of Subsection (1) payer means the tenderer, the subcontractor provided for in the Procurement Act, and all other contractors engaged under works contracts with a subcontractor provided for in the Procurement Act.

(2) The payer shall inform - in a clause installed in the contract in writing - its subcontractors relating to all contracts signed in connection with the performance of public procurement contracts, that payments relating to the contract, if properly performed, are governed under this Section.

(3)³⁵⁶ Upon having the combined tax certificate showing any outstanding public dues presented, delivered or sent, the payer shall withhold payment up to the amount of outstanding public dues. If the combined tax certificate registers any public dues outstanding, and the payer makes the payment nonetheless without withholding, the payer shall be subject to joint and several liability up to the amount of payment for any outstanding public dues of the subcontractor existing at the time of payment. The obligation of withholding shall not apply to value added tax. The payer shall not be required to withhold payment and shall not be subject to joint and several liability if he did not receive the information referred to in Subsection (2) in his capacity as a subcontractor, and if the organization presenting the certificate is undergoing liquidation.

³⁵² Established: by Section 85 of Act LXXVII of 2009. In force: as of 9. 07. 2009. Shall also apply to proceedings in progress.

³⁵³ Established by Subsection (5) of Section 18 of Act LXXXII of 2008, effective as of 10 December 2008. See Subsections (5) and (7) of Section 32 of Act LXXXII of 2008.

³⁵⁴ Established by Subsection (1) of Section 155 of Act CCLII of 2013, effective as of 15 March 2014.

³⁵⁵ Enacted by Subsection (1) of Section 155 of Act CCLII of 2013, effective as of 15 March 2014.

³⁵⁶ Amended: by point 11 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(4)³⁵⁷ The state tax authority, if it shows any outstanding public dues owed to the state tax and customs authority in the combined tax certificate requested in connection with the performance of a public procurement contract, shall proceed at the time of issuing the tax certificate to seize the claim in accordance with the provisions on judicial enforcement. After withholding and after the claim is seized, the payer is relieved from joint and several liability. The payer shall effect payment of any sum above the amount of outstanding public dues owed to the state tax and customs authority within the time limit otherwise applicable, before any enforcement measures are taken by the tax authority.

(5)³⁵⁸ Where the payments referred to in Subsections (1)-(3) are effected among affiliated companies, each affiliated company participating in the implementation of a public procurement contract shall be subject to joint and several liability up to the amount paid out for the outstanding public dues of any affiliated company owed to the state tax and customs authority - existing at the time the payment was effected - to which the payment was made.

(6) The provisions of Subsections (1)-(4) shall also apply to contracts by and between the contracting entity specified in the Procurement Act or any person acting in its name and on its behalf, and the winning tenderer, with the exception that the contracting entity shall not be subject to the obligation of withholding in connection with deposits and guarantees required, and shall not be subject to joint and several liability.

(7) A combined tax certificate may be used within the thirty-day period of validity for payments made under this Section in connection with more than one payers.

(8) In the case of the subcontractor factoring (assigning) any of his receivables due from the payer, the payer shall be authorized to make payment to the factoring agent (assignee), if the factoring agent (assignee) or the subcontractor is able to present a combined tax certificate pertaining to the subcontractor, or if the subcontractor is listed in the register of taxpayers free of tax debt obligations, otherwise the payer shall be subject to joint and several liability and to the obligation of withholding.

(9)³⁵⁹ The provisions of this Section shall not apply if the debt indicated in the tax certificate originates from before 30 September 2008.

Section 36/B³⁶⁰

(1)³⁶¹ The state tax authority, upon receipt of the taxpayer's application to that effect, shall admit the taxpayer into the register of taxpayers free of tax debt obligations effective as of the tenth day of the month following the month when the application was submitted, if according to

³⁵⁷ Established: by Section 115 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 12 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁵⁸ Amended: by point 13 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁵⁹ Established: by paragraph (1) Section 31 of Act XCVI of 2011. In force: as of 15. 07. 2011.

³⁶⁰ Enacted by Subsection (6) of Section 18 of Act LXXXII of 2008, effective as of 1 January 2009. See Subsection (7) of Section 32 of Act LXXXII of 2008.

³⁶¹ Established: by Section 116 of Act CXXII of 2010. In force: as of 1. 01. 2011.

the findings of the tax authority's inspection, the taxpayer meets the statutory requirements prescribed for admission into the register of taxpayers free of tax debt obligations. The taxpayer shall supply a special statement of having satisfied all declaration and payment obligations by the last day of the month preceding the month when the register of taxpayers free of tax debt obligations is published. Admission into the register of taxpayers free of tax debt obligations shall constitute approval of the application. Such applications may be submitted only by way of electronic means.

(2)³⁶² Where a taxpayer is unable to comply with either of the requirements prescribed for admission into the register of taxpayers free of tax debt obligations, the state tax authority shall request the taxpayer to remedy the deficiencies within ten days, and shall adopt a resolution refusing the application in the event of non-compliance. The remedy of deficiencies, or the resolution of the first instance shall indicate the specific condition with which the taxpayer failed to comply, including the sums of debts where applicable. If the taxpayer complies with the request for remedying the deficiencies within the prescribed deadline, the tax authority shall admit the taxpayer into the register of taxpayers free of tax debt obligations by the tenth day of the month following the month when the said deficiencies had been remedied.

(3) Remedy against the aforesaid resolution is available according to the provisions on registration proceedings, with the exception that the appeal must be lodged within eight days of receipt of the resolution of the first instance, and also that the tax authority shall adopt a decision regarding the appeal within eight days.

(4) The tax authority shall update the register of taxpayers free of tax debt obligations on the tenth day of each month. Where a taxpayer fails to comply with either of the relevant conditions following admission into the register of taxpayers free of tax debt obligations, the tax authority shall remove such taxpayer from the register of taxpayers free of tax debt obligations, and shall notify the taxpayer affected electronically and in writing as well. Subsequently, admission into the register of taxpayers free of tax debt obligations may be requested by lodging a new application.

(5)³⁶³

Deadlines of Payment and Disbursement

Section 37

(1) Tax shall be paid on the date prescribed in the Schedule to this Act or in other acts (due date). Unless otherwise prescribed by this Act, the tax levied by the tax authority shall be paid within fifteen days of the effective date of the resolution. In the event of the dissolution of a business association without being entered in the register of companies prior to the prescribed deadline of a tax established by the tax authority by resolution, all taxes falling due for the entire tax year in question shall be paid in full by the date of dissolution.

(2)³⁶⁴ The date of payment of tax shall be the day when a taxpayer's domestic payment account is debited by the payment service provider carrying the account or, in respect of taxpayers with

³⁶² Amended: by point 8 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

³⁶³ Repealed: by point 3 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

no payment account, the day when taxes are paid in cash at the credit institution or at the tax authority, if so permitted by the relevant legislation, or on the date of postage. In all other cases, the date of payment of the tax shall be the day when it is credited to the account of the tax authority.

(3) Unless otherwise provided for by the Duties Act, procedural fees shall be paid upon submission of the application to which it pertains.

(4)³⁶⁵ The date of disbursement of central subsidies due to a taxpayer shall be prescribed in the Schedule to this Act or by another act. Such central subsidies shall be disbursed as of the date of receipt of the petition (declaration), in any case no sooner than within thirty days of the due date, while value added tax refunds shall be transferred within seventy-five days. Where a procedure is opened for subsequent audit of the tax returns of a taxpayer undergoing liquidation in connection with central subsidies, or if such procedure is in progress, the time limit for the disbursement of central subsidies shall be reckoned from the effective date of the resolution adopted on the findings of the audit. If the taxpayer presents his claim for subsidies in the tax return filed upon the conclusion of the liquidation, simplified liquidation or dissolution, simplified dissolution proceedings, such central subsidies shall be disbursed within sixty days in the case of liquidation or dissolution, and within forty-five days in the case of simplified liquidation or simplified dissolution proceedings; these time limits shall be calculated from the date of receipt of the final tax return, or from the due date at the earliest. The tax authority shall comply with any request for refund of tax or central subsidies indicated in the private individual's personal income tax return within thirty days from the date of receipt of the claim (tax return), following 1 March of the following tax year at the earliest. Central subsidies, if established by the tax authority, shall be disbursed within thirty days of the effective date of the decision thereon. The deadline for such payment shall be calculated:

a) as of the day on which the correction is made if the tax authority has ordered the taxpayer's tax return or application to be corrected pursuant to the provision of Subsection (6) of Section 34;

*b)*³⁶⁶ as of the day on which the reason is terminated if the audit cannot be started or concluded, or if delayed for reasons within the taxpayer's control;

c) as of the date of delivery of the report on the findings of the audit if an investigation concerning the legality of a petition commences within thirty days of the submission of such claim (tax return) and if a default penalty is imposed for obstructing the audit or if detention is implemented.

(4a)³⁶⁷ By way of derogation from Subsection (4), payments of value added tax refunds, provided that the taxpayer presents his claim not in the tax return filed upon the conclusion of liquidation (simplified liquidation) proceedings or in the tax return filed upon the conclusion of dissolution (simplified dissolution) proceedings, shall be made as of the day of receipt of the tax return, in any case no sooner than within thirty days of the due date, if the amount of the refund is over 1 million forints, payment shall be made within forty-five days in the event if the taxpayer

³⁶⁴ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

³⁶⁵ Established: by paragraph (2) Section 4 of Act CXV of 2013. In force: as of 28. 06. 2013.

³⁶⁶ Amended: by point 8 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

³⁶⁷ Established: by paragraph (3) Section 4 of Act CXV of 2013. In force: as of 28. 06. 2013.

paid the consideration invoiced in full, inclusive of VAT, due for all transactions giving rise to the chargeability of VAT - where on the basis of the invoice or invoices made out on such transactions the taxpayer exercises the right of deduction during the relevant tax period - or if the taxpayer's debt is satisfied in full by other means and, if the condition aforementioned applies, the taxpayer shall so indicate it in the tax return. Where a procedure is opened for subsequent audit of the tax returns of a taxpayer undergoing liquidation in connection with central subsidies, or if such procedure is in progress, the time limit for the disbursement of central subsidies shall be reckoned from the effective date of the resolution adopted on the findings of the audit. In the application of this provision, the consideration shall be considered paid if withholding is made, if any, exclusively for the purpose of performance guarantee stipulated in the contract.

(5) The date of disbursement shall be the day when the tax authority issued the payment order therefor. The tax authority's act of exercising its right to withhold funds shall also be construed as disbursement of central subsidies. In this case, the date of disbursement shall be the day when the tax authority decreases the amount of tax debt on record by the amount withheld or the day on which it issues the payment order to the credit of the organization of record of the outstanding public dues.

(6)³⁶⁸ If the tax authority falls in delay in disbursing funds, it shall pay an interest on such amount for each day of delay calculated by the rate of default interest. No interest shall be paid for late payment if the petition (declaration) carries no eligibility in respect of over 30 per cent of the amount requested (declared) or if payment was delayed due to negligence on the taxpayer's part or the person subject to compulsory data disclosure.

Section 37/A³⁶⁹

If the taxpayer fails to notify the taxation method relating to value added tax by the deadline prescribed in the tax authority's notice, - unless otherwise provided for in this Act or other legislation enacted under authorization of an act - the taxpayer's right to claim or request tax refund, central subsidies, or the repayment of any amount overpaid shall be suspended pending compliance with the obligation in question.

Method of Payment and Disbursement

Section 38³⁷⁰

(1)³⁷¹ The taxpayers required to maintain bank account shall satisfy their payment obligation by transfer from their domestic bank account, in respect of payments made to the state tax and customs authority including payments made by transfer through the sub-system for electronic

³⁶⁸ Amended by Subsection (2) of Section 315 of Act CI of 2004. Amended: by point 6 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁶⁹ Enacted: by Section 301 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁷⁰ Established: by paragraph (2) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

³⁷¹ Established: by Section 302 of Act CLVI of 2011. In force: as of 1. 01. 2012.

payments and settlements in accordance with specific other legislation as well as simplified electronic payments specified in specific other legislation. Taxpayers required to maintain bank account shall have the option to discharge their payment obligations to the state tax and customs authority in connection with procedural duties, administrative service fees payable for proceedings of the state tax and customs authority, registration fee relating to untaxed income from work outside the tax system, contribution payment obligations relating to simplified employment, and - if under judicial enforcement - payments to be made to the bailiff's deposit account.³⁷²

a) by means of cash-substitute payment instrument (bank card), or

b) by means of bank card and POS terminal through the sub-system for electronic payments and settlements in accordance with specific other legislation.

(1a)³⁷³ The payment obligation of taxpayers not required to maintain bank account shall be satisfied by way of transfer from their domestic payment account, or by way of money remittance. Taxpayers not required to maintain bank account shall have the option to discharge their payment obligations to the state tax and customs authority:

a) by means of cash-substitute payment instrument (bank card), or

b) by means of transfer, or bank card and POS terminal through the sub-system for electronic payments and settlements in accordance with specific other legislation.

(2)³⁷⁴ Resident legal persons and private individuals who are liable to pay value added tax - including private entrepreneurs - (hereinafter referred to collectively as "taxpayers required to open a current account") shall have at least one domestic current account. Taxpayers required to open a current account shall be authorized to open current accounts only within the framework of their regular business activities. Taxpayers required to open current accounts shall comply within fifteen days from the date of receiving their tax numbers. Taxpayers shall indicate in their tax return and in the application for subsidies the number of the payment account to which they wish to have the central subsidies transferred.

(3) Unless otherwise provided by an act of Parliament or government decree, taxpayers required to open a current account shall keep all their monetary assets in a current account, with the exception of funds kept on hand for cash transactions, and execute their financial transactions through such current account, and enter into a current account contract for this purpose.

(3a)³⁷⁵ Taxpayers required to open a payment account shall be allowed to make cash payments within the framework of their taxable activities to other taxpayers required to open a payment account, under contract to which the payer or another taxpayer is a party, in consideration of supplies of goods or services specified therein, with value added tax where applicable, up to one and a half million forints in a calendar month.

³⁷² Amended: by point 12 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 07. 2013.

³⁷³ Enacted: by Section 302 of Act CLVI of 2011. In force: as of 1. 01. 2012.

³⁷⁴ Amended by Paragraph a) of Subsection (4) of Section 155 of Act CCLII of 2013.

³⁷⁵ Enacted: by Section 27 of Act LXIX of 2012. In force: as of 1. 01. 2013. Shall enter into force with the text established: by Section 375 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(3b)³⁷⁶ Cash payments made by a taxpayer required to open a payment account to the same taxpayer under contract which involve the same parties shall be considered - for the purposes of Subsection (3a) - to have been made under a single contract if it can be established beyond doubt that the legal act between the parties had been fixed in more than one contract contrary to the principle of due course of the law.

(4) The tax authority shall remit payment of central subsidies that are due to a taxpayer required to open a current account only to the taxpayer's domestic current account. The central subsidies that are due to a taxpayer who is not required to open a current account shall be paid by credit transfer to a domestic payment account or by way of delivery of cash payment made from payment account. The tax authority shall remit payment of tax refunds to a nonresident taxpayer who is not required to open a current account in the domestic territory to the foreign payment account and in the currency indicated by the taxpayer. In connection with any currency that is not listed by the Magyar Nemzeti Bank (*National Bank of Hungary*) and there is no forint exchange rate available, the euro exchange rate published by the Magyar Nemzeti Bank shall be applied. The costs of conversion shall be borne by the nonresident taxpayer.

(5) In the case of factoring central subsidies and tax refunds - if the taxpayer encloses the contract with his tax return - the tax authority shall transfer the central subsidy or tax refund to the account of the factoring financial institution. The tax authority may exercise its right of withholding with respect to the taxpayer's debt. The taxpayer may not instruct the tax authority in his tax return to transfer the central subsidy requested or tax refund claimed to settle any tax liability he has indicated. In the event of late payment, the default interest shall be paid to the factoring financial institution.

(6) In respect of duties and taxes under the jurisdiction of municipal tax authorities, the relevant legislation may prescribe other payment methods as well.

Section 39

All payment obligations governed in this Act and all central subsidies must be made in Hungarian forints.

Section 40

(1) Taxpayers shall pay the taxes they owe to the tax authority separately in respect of each tax category to the appropriate tax account, while central subsidies shall be reclaimed from the respective accounts in respect of each type of subsidy. Penalties, surcharges and expense reimbursements shall be paid to separate accounts.

(2)³⁷⁷ Any sum paid in recompense in connection with budget fraud [Act C of 2012 on the Criminal Code (hereinafter referred to as "Criminal Code"), Section 396, or Act IV of 1978 on the Criminal Code in force until 30 June 2013 (hereinafter referred to as "Act IV/1978"), Section 310] shall be paid to the credit of the special account of the state tax and customs authority by the

³⁷⁶ Enacted: by Section 27 of Act LXIX of 2012. In force: as of 1. 01. 2013. Shall enter into force with the text established: by Section 375 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

³⁷⁷ Established: by paragraph (1) Section 8 of Act LXIII of 2011. In force: as of 1. 01. 2012. Amended: by subparagraph a) paragraph (2) Section 287 of Act CCXXIII of 2012. In force: as of 1. 07. 2013.

perpetrator covering the amount of pecuniary injury caused by the criminal conduct, based upon which all charges may be reduced or dropped.

(2a)³⁷⁸ Any sum paid in recompense in connection with tax fraud in effect until 31 December 2011, and any employment related tax fraud shall be paid to the credit of the special account of the state tax and customs authority by the perpetrator covering the amount of damage caused by the criminal conduct, based upon which all charges may be dropped.

(3)³⁷⁹ Any sum intended to mitigate the pecuniary injury caused by any budget fraud (Criminal Code, Section 396, or Act IV/1978 in force until 30 June 2013, Section 310) relating to taxes and central subsidies conferred under the competence of the state tax and customs authority shall be paid to the credit of the special account of the state tax and customs authority in the course of the criminal proceeding from the time of ordering the investigation until the final conclusion of the criminal proceeding, based upon which charges may be reduced.

(4)³⁸⁰ Unless otherwise provided by law, duties shall be paid to the account of the state tax authority.

Section 41³⁸¹

(1) Where income tax is assessed by the employer, the difference between the actual tax and the amount of tax advance withheld shall be deducted or refunded by the employer at the next official payment date, or by 20 June at the latest.

(2) The sum of outstanding tax deducted monthly from wages shall not exceed 15 per cent of the monthly wages, less healthcare and pension contributions and tax advances. If the total sum of the outstanding tax cannot be deducted in this manner before the deadline specified in Subsection (1), deductions shall be continued for two more months at the aforementioned 15 per cent rate.

(3) If there is any outstanding tax remaining after the deductions under Subsection (2) or if the private individual in question changes employment in the meantime, the employer shall notify the competent state tax authority within fifteen days of failing to effect such deduction, regarding the amount of outstanding debts, for the tax authority to take the appropriate measures. In this case, default interest may be charged for the period after the deadline specified in the payment warrant.

(4) Private individuals may request permission for payment by installments or deferral from the tax authority solely upon the failure to effect tax deduction as described in Subsection (3).

Payment of Tax Advance

Section 42

³⁷⁸ Enacted: by paragraph (2) Section 8 of Act LXIII of 2011. In force: as of 1. 01. 2012.

³⁷⁹ Established: by paragraph (3) Section 8 of Act LXIII of 2011. In force: as of 1. 01. 2012. Amended: by subparagraph b) paragraph (2) Section 287 of Act CCXXIII of 2012. In force: as of 1. 07. 2013.

³⁸⁰ Established by Section 187 of Act CXXVI of 2007, effective as of 1 January 2008.

³⁸¹ Established by Section 54 of Act CXXXI of 2006, effective as of 1 January 2007. See Section 204 of Act CXXXI of 2006.

(1) Taxpayers shall fulfill their tax advance payment liability by self-assessment. Tax advance payment liabilities may also be prescribed by way of payment warrant. In this case, the tax authority shall issue a payment warrant within thirty days of the annual return or the filing of estimated taxes specifying the amount and due date of tax advance to be paid.

(2) A taxpayer may request the tax authority to revise the amount of tax advance if the advance is paid on the basis of the previous period (year, quarter, half-year) and the amount of tax, according to the taxpayer's calculations, will be less than the amount of tax advances payable on the basis of the previous period.

(3) If the tax authority prescribed tax advances to be paid in equal installments, a taxpayer may, in justified cases, request permission to effect payment in sums other than that specified.

(4) The revision of tax advance payments described in Subsection (1) shall be requested prior to the due date of such payments.

(5)³⁸²

(6) Where tax advance is not required by law it can be paid regardless.

Records of Payments

Section 43

(1)³⁸³ The tax authority shall maintain an account for each taxpayer containing the taxpayer's tax liability and claims for central subsidies, as well as any payments and disbursements effected in respect thereof. A taxpayer's liabilities shall be recorded on the basis of his tax return, including the self-audit form, and on resolutions issued by the tax or another authority, while payments and disbursements shall be recorded on the basis of the statements issued by financial institutions or the post office. The tax authority shall register tax liabilities, payments and disbursements separately for each type of tax and central subsidy. The state tax authority shall record payments received on behalf of the Health Insurance Fund and the Pension Insurance Fund in separate accounts. In connection with transformation, merger, division, any central subsidy and overpayment and any tax debt shown under the predecessor's account shall be transferred to the successor's account.

(1a)³⁸⁴ If the state tax authority shows any tax liability on a taxpayer's account based on the resolution of another authority - provided that an act or government decree so provides - the authority having established the liability shall transfer the necessary data and information to the state tax authority by way of electronic means, and shall retain the underlying resolution until the term of limitation of the right of enforcement lapses. Responsibility for ascertaining the accuracy

³⁸² Repealed: by point 4 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

³⁸³ Amended by Subsection (4) of Section 40 of Act LXXXV of 2005. Last sentence enacted by Subsection (1) of Section 55 of Act CXXXI of 2006. Third sentence amended by Paragraph c) of Subsection (1) of Section 225 of Act LXXXI of 2008. Amended by point 9 paragraph (1) Section 361 of Act CLVI of 2011, Point 11 of Section 225 of Act LXXIV of 2014.

³⁸⁴ Enacted: by paragraph (1) Section 118 of Act CXXII of 2010. In force: as of 1. 01. 2011.

of the data and information supplied electronically lies with the authority having adopted the resolution.

(2)³⁸⁵ Any sum awarded by final court verdict in connection with a criminal offense relating to taxes and central subsidies conferred under the competence of the state tax and customs authority paid by the perpetrator shall be transferred by the tax authority to the payment account of the taxpayer who has incurred any payment obligation in connection with the criminal conduct.

(2a)³⁸⁶ If the transfer provided for in Subsection (2) cannot be executed due to the taxpayer's termination, the sum awarded by final court ruling in connection with a criminal offense shall be prescribed as a liability of the perpetrator and - in consequence - the sum paid to the special account shall be transferred to the perpetrator's tax account, except for the case provided for in the second sentence of Subsection (2b).

(2b)³⁸⁷ Where criminal liability of the person making a payment to the criminal deposit account is not established in criminal proceedings, or if the sum awarded is lower than the amount that was previously paid to the criminal deposit account, the amount paid in the prior case, or the amount of overpayment in the latter case may be refunded if the private individual has no public dues outstanding. The same procedure applies in cases where the taxpayer provided for in Subsection (2) no longer owes any tax - either in consequence of voluntary compliance or effective enforcement -, however, the perpetrator has any outstanding public dues overdue.

(2c)³⁸⁸ As regards the outstanding public dues referred to in Subsection (2b) they may be enforced by way of seizure in accordance with the Act of Judicial Enforcement.

(3)³⁸⁹ In the event of a taxpayer paying only a fraction of his tax liability to the tax authority, payments for the various types of taxes shall be recognized in the order of due dates. In respect of tax debts collected by the tax authority, the amount in question shall be recorded in the order of due dates of the taxes and, in respect of taxes with identical due dates, as a proportion of the debt. In the case of enforcement by the state tax authority, the amount recovered shall be applied - upon the settlement of enforcement costs - first to cover the personal income tax advance of private individuals, the income tax deducted, or the contributions the payer has deducted from private individuals in the order of due dates of the taxes and, in respect of taxes with identical due dates, as a proportion of the debts. The sum remaining shall be used to cover other delinquent taxes in the order of due dates of the taxes, in respect of taxes with identical due dates, as a proportion of the debts, and the sum remaining thereafter shall be allocated to cover any outstanding public dues, if there are more than one, in the order of their due dates, and, in respect of identical due dates, as a proportion of the debts.

³⁸⁵ Enacted by Section 198 of Act CI of 2004, effective as of 1 January 2005. Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009. Amended: by point 7 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012.

³⁸⁶ Established by Section 206 of Act LXXIV of 2014, effective as of 1 January 2015.

³⁸⁷ Enacted by Section 206 of Act LXXIV of 2014, effective as of 1 January 2015.

³⁸⁸ Enacted by Section 206 of Act LXXIV of 2014, effective as of 1 January 2015.

³⁸⁹ Established: by Section 259 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(4)³⁹⁰ In his tax return, a taxpayer may instruct the tax authority to apply the requested central subsidy to the payment of a tax liability specified by the taxpayer. Upon the application of a legitimately requested central subsidy, such tax shall be construed paid and the central subsidy disbursed. The date on which the petition (declaration) is submitted or, at the earliest, the date on which the subsidy is due shall be construed as the date on which the tax is paid or the date on which the central subsidy is disbursed.

(5)³⁹¹ If in connection with a type of tax the amount available on the taxpayer's tax account or on the account of the person liable for the tax payable [Subsection (2) of Section 35] exceeds his tax liability for that particular type of tax (hereinafter referred to as "overpayment"), the tax authority shall, upon request, credit the amount of overpayment to a tax account designated by the taxpayer or the person liable for the tax payable. The tax authority shall credit the amount of overpayment made by a taxpayer participating in a group taxation arrangement, at the request of the taxpayer's representative, to a tax account designated by the taxpayer or by the representative of any other member participating in the group taxation arrangement. Following the term of limitation of the right for reclaiming overpayments the tax authority shall - of its own motion or upon request - credit the amount of overpayment to another tax liability on record of the taxpayer or the person liable for the tax payable, or shall cancel it ex officio if the taxpayer or the person liable for the tax payable has no outstanding tax liability. A tax paid to the wrong tax account maintained by the same tax authority shall be construed as paid. The amount of overpayment that exists on the day preceding the day of the opening of bankruptcy, liquidation, dissolution, or involuntary de-registration proceedings, or if the taxpayer was granted temporary moratorium before the opening of bankruptcy proceedings, the amount of overpayment shown on the day preceding the initial day of the temporary moratorium, and the overpayment shown on the account of a taxpayer who has been terminated without succession shall be applied by the tax authority ex officio to offset any outstanding tax debt of the taxpayer on record.

(5a)³⁹² In the case of taxpayers with any tax liability or outstanding public dues shown in the tax authority's records, the tax authority shall credit payments made by way of transfer to the settlement account of the sub-system for electronic payments and settlements without any instruction as to allocation in the first place to the private individual's personal income tax advance, the income tax withheld, or the contributions the payer has deducted from the private individual in the order of due dates and, in respect of taxes with identical due dates, in the proportion of the debts. The sum that remains thereafter shall be distributed proportionately among the rest of the debts in the order of due dates of the debts and, in respect of debts with identical due dates, in the proportion of the debts. The tax authority shall inform the taxpayer affected of the above-specified transactions at the time when they are executed. Any sum that remains thereafter shall be distributed proportionately among the beneficiaries of outstanding public dues up to the amount of owed, in the proportion of the debts. As regards any sum that remains thereafter the provisions on overpayment shall apply mutatis mutandis. Where the aforementioned sum is transferred to satisfy outstanding public dues enforced as taxes, the tax authority shall notify the taxpayer thereof by way of a ruling.

³⁹⁰ Numbering amended by Section 198 of Act CI of 2004.

³⁹¹ Established: by paragraph (2) Section 157 of Act CC of 2013. In force: as of 1. 01. 2014.

³⁹² Enacted: by paragraph (3) Section 157 of Act CC of 2013. In force: as of 1. 01. 2014.

(5b)³⁹³ Any overpayment of record of a taxpayer participating in a group taxation arrangement may be credited to the tax account of a member if so agreed by the members of the group taxation arrangement in writing previously; such agreement shall be presented to the tax authority by the representative of the taxpayer participating in a group taxation arrangement.

(6)³⁹⁴ If the taxpayer has no delinquent taxes owed and he has satisfied the obligation relating to the submission of a tax return, he may apply to have the excess sum repaid. In the event of the taxpayer's failure to do so, the tax authority shall apply the amount of overpayment to future taxes. The tax authority may repay any excess payments only if the payer has no outstanding public dues on such authority's records that are to be enforced as taxes.

(7)³⁹⁵ The taxpayer may apply for having any amount of overpayment erroneously made to the tax authority's account repaid pursuant to the regulations on overpayments, if the tax authority's records indicate no overdue debts for such taxpayer

(8)³⁹⁶ Where a tax account shows a debt or overpayment of 1,000 forints or more, the tax authority shall send a statement to the taxpayers concerning the balance and any default interest charged on their tax accounts by 31 October. The state tax authority shall not send a statement concerning the balance and any default interest charged on their tax accounts to the taxpayers required to file their tax returns and supply data in electronic format, or who filed their tax returns in electronic format voluntarily.

(9)³⁹⁷

(10)³⁹⁸ Where a taxpayer has any amount overpaid according to the state tax authority's or the customs authority's records, and requests to have such overpaid amount transferred to the customs or the state tax authority, respectively, for the settlement of any debt, the date of payment of such debt shall be the date when the payment is credited to the competent tax authority's account.

(11)-(12)³⁹⁹

Sections 43/A-43/B⁴⁰⁰

Accounting Documents, Books and Records

³⁹³ Enacted: by paragraph (4) Section 157 of Act CC of 2013. In force: as of 1. 01. 2014.

³⁹⁴ Established: by paragraph (2) Section 118 of Act CXXII of 2010. In force: as of 1. 01. 2011.

³⁹⁵ Numbering amended by Section 198 of Act CI of 2004.

³⁹⁶ Established by Section 188 of Act CXXVI of 2007. Amended by Point 8 of Section 248 of Act LXXXI of 2008.

³⁹⁷ Repealed: by point 10 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

³⁹⁸ Established: by paragraph (3) Section 118 of Act CXXII of 2010. In force: as of 1. 01. 2011.

³⁹⁹ Repealed: by Section 13 of Act LVII of 2010. No longer in force: as of 29. 06. 2010.

⁴⁰⁰ Repealed: by Section 13 of Act LVII of 2010. No longer in force: as of 29. 06. 2010.

Section 44

(1)⁴⁰¹ The accounting documents, books and records prescribed by the relevant legislation, including electronic data and information recorded on any type of computer carrier medium, shall be made out and maintained with facilities to contain all information regarding the tax base, the amount of tax, tax exemptions, tax allowances, the basis and amount of central subsidies as well as the payment of taxes and the claims of central subsidies in such a manner that they can be used for audit and control.

(2) Unless otherwise prescribed by the relevant legislation, the books and records shall be kept in such a manner that:

- a) the entries contained therein are substantiated by the documents prescribed by this Act, the legislation on accounting documentation systems and other relevant legislation;
- b) all of the data are included - without any interruption and broken down according to each type of tax and central subsidy - along with the relevant documentation therefor;
- c) the basis for the tax and subsidy declared for the period is clearly indicated;
- d) they make it possible to control and audit the payment of taxes, the use of central subsidies and the examination of underlying documents.

(3)⁴⁰² Nonresident business associations engaged in economic activities in a place of business other than a branch - which are not treated as a branch under the Corporate Tax Act - and foreign-registered taxpayers whom are treated under the Corporate Tax Act as residents for tax purposes shall satisfy the obligations described in Subsections (1) and (2) in compliance with the Accounting Act, according to the provisions pertaining to companies using double-entry bookkeeping. Taxpayers considered residents under the Corporate Tax Act on account of the place where their head office is located shall - at their discretion - enter the tangible assets and intangible assets acquired before the time of obtaining resident status into their records at book value in effect on the day of obtaining resident status, provided that no depreciation write-off was claimed under the Corporate Tax Act with respect to those assets before the time of obtaining resident status.

Accounting Documents and Receipts

Section 45

The persons liable for payment of value added tax shall make out the accounting documents (invoice, cash invoice, receipt) prescribed by law, including the receipts issued by cash registers approved by an agency authorized thereunto by the relevant legislation, in respect of the sales they make. Such certificates shall be filed and registered as documents subject to obligation of strict accounting.

Section 46

⁴⁰¹ Amended: by point 14 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁰² Established by Section 260 of Act CLXXVIII of 2012. Amended by point 9 Section 189 of Act CC of 2013, Point 3 of Subsection (1) of Section 226 of Act LXXIV of 2014.

(1)⁴⁰³ Payers and employers shall issue and deliver on payment a certificate indicating the full amount and the legal title of payment made to a private individual, the amount serving as the basis of the tax advance, tax, contribution, and social security contribution payable by the employer or payer, or the amount of social security contribution actually payable by the employer or payer, the amount of tax advance deducted, and the tax or contribution itself. The employer shall indicate on the certificate the amount of family tax allowance included in the tax advance. This provision shall also apply to the payment offices of the social security agencies making payments of taxable social security benefits. By 31 January of the year following the year in question, employers, payers and payment offices of the social security agencies making payments of taxable social security benefits shall issue to private individuals a summary certificate (hereinafter referred to as “summary certificate”) containing the aforementioned items (with the exception of payments made to entrepreneurs in this capacity), the items decreasing revenue at the time of payment, and the items deducted from the tax and tax advance. A private individual may claim the family allowance that is due to but cannot be claimed by his spouse (domestic partner) living in the same household:⁴⁰⁴

- a) in his tax return;
- b) in his tax assessed by the employer;
- c) by self-audit in the cases defined in Paragraphs a)-b).

(2)⁴⁰⁵

(3)⁴⁰⁶ Social security agencies shall issue a certificate on the full amount of taxable social security benefits that have been paid, the amount of payment, and the tax advances deducted for the private individual, if the period of payment of such benefits is less than a calendar year, at the end of the period (at the time of last payment), or if the period of payment covers the entire calendar year, by 31 January following the calendar year in question.

(4)⁴⁰⁷ A certificate granting eligibility for a taxpayer to decrease his revenues, tax base or tax shall be issued on the date when the entitlement to such benefit commences, or on or before 15 February following the tax year.

(5)⁴⁰⁸ If the employment of a private individual is terminated in the course of a year, the employer shall, at the time the employment is terminated, issue the private individual a certificate (verification, data sheet) regarding income paid during the tax year and deducted tax advances. The certificate shall contain the data disclosed by any previous employer in the same tax year.

⁴⁰³ Established by Section 106 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁴⁰⁴ Amended: by paragraph (1) Section 176 of Act LXXVII of 2009. In force: as of 9. 07. 2009. Amended: by point 1 paragraph (1) Section 138 of Act CXVI of 2009. In force: as of 17. 11. 2009.

⁴⁰⁵ Repealed: by point 3 Section 171 of Act CXXII of 2010. No longer in force: as of 1. 01. 2011.

⁴⁰⁶ Established: by Section 261 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁴⁰⁷ Amended by Paragraph d) of Subsection (1) of Section 225 of Act LXXXI of 2008.

⁴⁰⁸ Amended by Subsection (1) of Section 40 of Act LXXXV of 2005.

(6) Certificates shall also be issued as set forth in Subsection (5) in the case of the death or retirement of a private individual. In case of the death of a private individual, the certificate shall be issued to a relative of his living in the same household or, in the absence of such, to his heir.

(7) Payers and employers must keep records of the amounts paid to private individuals as well as the deducted or assessed taxes in accordance with the provisions on accountancy.

(8) A person required to collect specific local taxes shall keep records of the taxes collected with facilities to determine the tax base and the tax itself; such person shall issue receipts to taxpayers.

(9)⁴⁰⁹ Payers shall provide persons receiving dividends with accounting documents (certificates) that contain the name (corporate name), tax identification number, registered office (place of business) or home address of the payer and the recipient, the legal title of payment, the year when the dividend was paid, the date of issue of the accounting document (certificate), the tax base and the amount of tax assessed. No verification of eligibility for tax refund may be issued in respect of the payment of any interim dividends or if the dividend and/or corporate tax was not deducted by the payer.

Retention of Accounting Documents

Section 47

(1) The documents described in Subsection (1) of Section 44 shall be safeguarded by taxpayers required to maintain them at a place registered with the tax authority.

(2) Documents may be moved to another place for the purpose of bookkeeping and processing for the duration required, but they shall be presented to the tax authority within three working days on demand.

(3) Irrespective of the filing system employed, taxpayers shall retain all documents until the term of limitation of the right of tax assessment or, in respect of deferred taxes, for five years from the last day of the calendar year in which the deferred tax is due.

(4)⁴¹⁰ Employers (payers) shall retain the accounting documents that serve as the basis for assessing their tax and tax advances for the period mentioned in Subsection (3).

(5) Upon the termination of tax liability, documents shall be retained for the period mentioned in Subsection (3):

a) by the successor of a legal person or by the person obliged to do so by the relevant legislation or by resolution;

b) by the cooperative or state farm approving the operation of a specialized group;

c) by the legal person assuming responsibility for a work association operating under the liability of a legal person;

d)⁴¹¹ by the person provided for in the relevant legislation in respect of a general partnership or limited partnership.

⁴⁰⁹ Established by Section 189 of Act CXXVI of 2007, effective as of 1 January 2008.

⁴¹⁰ Established by Section 57 of Act CXXXI of 2006, effective as of 1 January 2007.

⁴¹¹ Amended by Paragraph f) of Subsection (3) of Section 155 of Act CCLII of 2013.

(6) A private individual shall retain his documents himself. If tax liability terminates due to the death of the private individual, the documents shall be sent to the state or the municipal tax authority by a relative of his living in the same household or, in the absence of such, by his heir.

(7)⁴¹² Where deemed necessary with a view to the opening of a mutual agreement procedure prescribed in the international treaty on double taxation, taxpayers and employers (payers) shall be required to retain the documents and receipts required for tax assessment when so notified by the state tax authority, for the period and to the extent specified in the notice. The obligation to retain documents may be extended on several occasions, as deemed necessary, however, it may not exceed the time of closure of the mutual consultation procedure. These provisions shall also apply to the mutual consultation and arbitration procedures conducted according to the Convention on Arbitration Procedures as specified under Point 4 of Subsection (1) of Section 4 and Section 42 of Act XXXVII of 2013 on International Administrative Cooperation in Matters of Taxation and Other Compulsory Payments.

(8)⁴¹³ The obligation described in Subsections (1)-(6) of this Section pertains to the originals of the documents, or - unless it is precluded by the relevant legislation - in the absence of the original, to authentic copies produced electronically in accordance with specific other legislation. In administrative tax proceedings, if there is no statutory obligation to retain the originals of specific documents and the taxpayer does not have them, they may not be requested.

Section 47/A⁴¹⁴

If the taxpayer stores accounting documents, ledgers, records and registers electronically with online access, the tax authority shall be given electronic access and downloading features for the purpose of inspection.

Filing a Formal Statement

Section 48⁴¹⁵

(1) If so instructed by the tax authority, taxpayers and private individuals not treated as taxpayers shall disclose in a statement any data, fact or circumstance known to or shown in the records of such taxpayers to the tax authority for the purpose of conducting the proceedings prescribed by law for the assessment and control of the tax liability, the tax base, tax allowances, the tax amount or central subsidies of another taxpayer who was or is a party to a contractual relationship with such taxpayers and private individuals.

⁴¹² Enacted by Section 107 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by point 2 paragraph (1) Section 52 of Act XXXVII of 2013. In force: as of 21. 04. 2013.

⁴¹³ Enacted: by Section 304 of Act CLVI of 2011. In force: as of 1. 01. 2012. Shall enter into force with the text established: by paragraph (3) Section 121 of Act CLXXXI of 2011.

⁴¹⁴ Enacted: by Section 262 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁴¹⁵ Established: by Section 119 of Act CXXII of 2010. In force: as of 1. 01. 2011.

(2) Filing a statement may be refused if the taxpayer or the private individual cannot be heard as a witness or has the right to refuse to testify in the proceeding in question.

(3) Taxpayers and private individuals shall be informed of their rights and obligations, and shall be advised of the consequences of refusing to make a statement. The taxpayer affected need not be informed concerning the said statement.

(4) The tax authority shall draft a report on the verbal statement of a taxpayer or private individual. Such report shall contain the name of the tax authority, the place and date of the report, the information for identification and the address of the person filing the statement, the notification on the rights and obligations and the advice on the legal consequences, the statement, as well as the signature of the person filing the statement, and the signature of the officer drafting the report.

Self-Audit⁴¹⁶

Section 49

(1)⁴¹⁷ With the exception of duties, other than financial transaction duties, and with the exception of the tax return filed by a taxpayer authorized for the subsequent payment of duties on court proceedings on account, a taxpayer may revise the tax or the tax base and the central subsidies that have been assessed, or neglected to be assessed, by way of self-assessment. If, prior to the opening of a tax audit, the taxpayer reveals that he has deviated from the relevant legislation in establishing his tax base, taxes or central subsidies, or his tax return contains errors in respect of taxes, the central subsidy base or amount due to miscalculation or other clerical error, the taxpayer shall have the right to make corrections in his tax return by self-audit. It shall not be recognized as self-audit if the taxpayer submits his return late and fails to justify such delay or his application for continuation is rejected by the tax authority. No self-audit is allowed if the taxpayer has lawfully exercised his option provided for by law and would change such fact by the self-audit. Taxpayers shall be entitled to subsequently claim tax allowance by way of self-audit.

(2)⁴¹⁸ As of the opening of an audit, the tax or central subsidy that is the subject matter of such audit may not be corrected by self-audit in respect of the audited period. The tax and central subsidy subsequently assessed by the tax authority may not be corrected by the taxpayer. Any correction related to the tax or central subsidy that is the subject matter of an audit shall be recognized as self-audit carried out before the opening of the control procedure if the taxpayer has submitted (dispatched by post) the self-audit return on to the tax authority on or before the day of delivery, or presentment in the absence thereof, of the letter of authorization.

⁴¹⁶ See Section 240 of Act LXI of 2006.

⁴¹⁷ Amended: by point 3 paragraph (1) Section 52 of Act XXXVII of 2013. In force: as of 21. 04. 2013.
Amended: by point 10 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁴¹⁸ Established: by Section 120 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 15 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(3)⁴¹⁹ The tax base, the tax amount and central subsidy may be corrected by self-audit in accordance with the provisions in force at the original date of such liability, for the taxation period prescribed for the tax to be corrected, within the term of limitation of the right of tax assessment. Self-audit shall cover the assessment of the tax base, the tax amount revealed and the central subsidy, and, if so prescribed by law, of the self-audit surcharge, the declaration of the corrected tax base, the corrected tax, central subsidy and surcharge, and simultaneous payment thereof, and the application for tax refund or central subsidy.

(4) The tax and central subsidy established by self-audit, with the exception of the income tax of private individuals, shall be recorded when established. Such record shall indicate the date of filing the original tax return, the date of correction, and the bases and the amounts of the corrected tax and central subsidy. An explanation of the correction shall be attached to the record, as shall the formula used for the calculation of the self-audit surcharge. Such record and the documents for the correction shall be retained for the term of limitation applicable.

(5) Payers and employers shall correct tax advances and taxes withheld according to Subsections (1)-(4). A person required to collect specific local taxes shall correct the tax return he filed on the taxes collected.

(6)⁴²⁰ By way of derogation from the provisions of Subsection (5), the income tax assessed by an employer shall be corrected by self-audit by the private individual if he filed a formal statement to authorize his employer to assess his taxes without proper entitlement, or if the employer did not apply the tax allowance of such private individual for not having received the verification or not having received it in time.

Self-Audit Declaration and Payment

Section 50

(1)⁴²¹ Private individuals shall fulfill the obligation of self-audit by submitting a specific form containing the corrected tax base, the tax amount and central subsidy (self-audit form).

(2)⁴²² The taxes and central subsidies governed by provisions that have been abolished and are no longer in force at the time of the self-audit shall be declared and paid or applied to a refund under the title of other payments or other subsidies.

(3) Self-audit may only be exercised in connection with taxes and central subsidies where the amount of correction is over 1,000 forints or, in respect of local taxes, 100 forints in respect of the income tax and healthcare contribution of private individuals.

(4)-(5)⁴²³

⁴¹⁹ Established: by Section 158 of Act CC of 2013. In force: as of 1. 01. 2014.

⁴²⁰ Established by Section 58 of Act CXXXI of 2006, effective as of 1 January 2007. See Section 204 of Act CXXXI of 2006.

⁴²¹ Established: by Section 305 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴²² Established: by Section 305 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴²³ Repealed by Point 9 of Section 248 of Act LXXXI of 2008, effective as of 1 January 2009.

Section 51

(1) The amount of the corrected tax or central subsidy and the self-audit surcharge established shall be due and payable simultaneously upon the declaration of the corrected sum and surcharge.

(1a)⁴²⁴ By way of derogation from Subsection (1), if the taxpayer revises his tax return by way of self-audit before the deadline prescribed for filing the tax return, the amount of the corrected tax, and the central subsidy shall be due and payable according to the general provisions.

(2) No self-audit surcharge shall be charged or paid if the correction is to the taxpayer's benefit.

(3)⁴²⁵

Chapter IV

RECORDS, DISCLOSURE OF DATA, CONFIDENTIALITY OF TAX INFORMATION

Records and Disclosure of Data

Section 52

(1) The tax authority shall register and retain all data in its possession and keep records of and be entitled to investigate personal data in connection with the identification of private individuals and the commencement and control of the tax liability of such private individuals.

(1a)⁴²⁶ The tax authority shall entrust the data processing duties relating to its own records and registers exclusively to government agencies or legal persons owned by the State exclusively or other organizations owned by the State exclusively, except where an exemption is granted according to the Act on the Enhanced Protection of Public Records and Registers Recognized as National Assets by the minister in charge for the implementation of infrastructure requirements for administrative information technology systems on a recommendation by the minister appointed for the supervision of the NAV.

(2)⁴²⁷ The tax authority may use data from the records of another authority or body exercising public functions, or from taxpayer registers, for the identification of the taxpayer or the person required to collect specific local taxes in order to determine tax liability, investigate eligibility for central subsidies, for the selection of taxpayers for auditing and for the purposes of the audit itself, for conducting enforcement proceedings, and to ascertain the relevant facts in respect of a tax administration proceeding opened at the taxpayer's request. If so permitted by law, the disclosure of data between tax authorities or between the state tax authority and administrators of

⁴²⁴ Enacted: by Section 159 of Act CC of 2013. In force: as of 1. 01. 2014.

⁴²⁵ Repealed: by point 1 Section 190 of Act CC of 2013. No longer in force: as of 1. 01. 2014.

⁴²⁶ Established by Section 6 of Act LXIX of 2011. Amended by Paragraph g) of Subsection (3) of Section 155 of Act CCLII of 2013, Point 12 of Section 225 of Act LXXIV of 2014.

⁴²⁷ Established: by paragraph (1) Section 121 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 16 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

financial funds of the social security system, and the receipt of data from official records may also be performed by way of electronic means.

(3)⁴²⁸ For the purposes of Subsection (2) above, the personal data and address records, the register of companies, the real estate register, traffic records, the register of building and construction and other records deemed authentic by law may be used free of charge. The tax authority may request data from the personal data and address records on the basis of natural identification data, home address, or using its client code.

(4)⁴²⁹ The following shall file declarations or supply data to the tax authority according to the conditions set out in Section 31 and Schedule No. 3:

- a) payers;
- b) employers;
- c) insurance companies;
- d)⁴³⁰ the real estate supervisory authority;
- e)⁴³¹ credit institutions;
- f)⁴³² persons authorized under specific other legislation to engage in investment service activities (investment service providers);
- g)⁴³³ notaries;
- h)⁴³⁴ bodies providing pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers' annuities and provisional miners' allowances;
- i) licensing authorities;
- j)⁴³⁵ the body operating the registry of motor vehicles, the central body operating the register of personal data and address records of citizens and the bureau operating the register of compulsory motor vehicle liability insurance policies;
- k)⁴³⁶ taxpayers engaged in the selling of new motor vehicles in accordance with the Value Added Tax Act;

⁴²⁸ Established: by paragraph (1) Section 121 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 11 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁴²⁹ Introductory sentence established by Subsection (2) of Section 13 of Act LXXXV of 2005, effective as of 1 January 2006.

⁴³⁰ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁴³¹ Established by Subsection (2) of Section 190 of Act CXXVI of 2007, effective as of 1 January 2008.

⁴³² Established by Subsection (2) of Section 190 of Act CXXVI of 2007, effective as of 1 January 2008.

⁴³³ Amended by Subsection (4) of Section 40 of Act LXXXV of 2005. Amended: by point 11 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴³⁴ Established: by paragraph (1) Section 45 of Act CLIII of 2010. In force: as of 1. 01. 2011. Amended: by subparagraph e) Section 92 of Act CLXVII of 2011. In force: as of 1. 01. 2012.

⁴³⁵ Amended by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by point 7 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

- l)⁴³⁷ the government employment agency;
- m) distributors and subdistributors of documents (forms) approved for tax administration identification purposes;
- n) the agency issuing the certificate of eligibility for tax allowances (tax exemption);
- o) the issuer of a certificate of eligibility for central subsidies;
- p)⁴³⁸ the private entrepreneurs referred to in Paragraph b) of Section 4 of the SPA, if not engaged in auxiliary activities;
- r)⁴³⁹ ecclesiastical legal entities;
- s)⁴⁴⁰ taxpayers providing employment to vocational school students under apprenticeship agreement;
- t)⁴⁴¹ the persons referred to in Subsection (4) of Section 56/A of the SPA;
- u)⁴⁴² district offices.
- v)⁴⁴³ social cooperatives.
- w)⁴⁴⁴ the Klebelsberg Intézményfenntartó Központ (*Klebelsberg Institution Maintenance Center*) and municipal governments.

(5) Data provided by a person subject to disclosure of data shall include the tax identification number of the private individual concerned.

(6)⁴⁴⁵ If a court, state administration or municipal government agency or a public body is required by law to notify, inform or disclose data to the tax authority in connection with the tax liability of a taxpayer - any provision to the contrary notwithstanding - it shall be complied with within fifteen days of the issue of authorization, the operative date of the resolution (ruling) or the occurrence of an event related to tax liability.

(7)⁴⁴⁶ The state tax authority shall:

⁴³⁶ Amended by Subsection (1) of Section 66 of Act XXVII of 2004.

⁴³⁷ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁴³⁸ Enacted by Subsection (2) of Section 13 of Act LXXXV of 2005, effective as of 1 January 2006.

⁴³⁹ Enacted by Subsection (2) of Section 13 of Act LXXXV of 2005, effective as of 1 January 2006. Amended: by subparagraph b) Section 98 of Act CXXXIII of 2013. In force: as of 1. 08. 2013.

⁴⁴⁰ Enacted by Subsection (2) of Section 13 of Act LXXXV of 2005, effective as of 1 January 2006.

⁴⁴¹ Established: by paragraph (2) Section 121 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁴⁴² Established: by paragraph (2) Section 56 of Act XCIII of 2012. In force: as of 6. 07. 2012.

⁴⁴³ Enacted: by paragraph (3) Section 4 of Act XLI of 2013. In force: as of 3. 05. 2013.

⁴⁴⁴ Enacted: by paragraph (1) Section 160 of Act CC of 2013. In force: as of 1. 01. 2014.

⁴⁴⁵ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁴⁴⁶ Established by Section 59 of Act CXXXI of 2006, effective as of 1 January 2007. See Subsections (1)-(2) of Section 203 of Act CXXXI of 2006.

a)⁴⁴⁷ upon request, disclose information:

aa)⁴⁴⁸ to the pension insurance administration empowered to manage the National Pension Insurance Fund, to the pension insurance administration agency, rehabilitation authority and the health insurance administration agency, to the government employment agency, to the employment authority and the refugee and immigration authority regarding data, facts, and circumstances in connection with taxes if it is necessary for establishing a benefit or support, or for investigating eligibility for such benefits and support, in carrying out its responsibilities related to immigration, and

ab) to the government employment agency to the extent necessary for statistical purposes;

b)⁴⁴⁹ disclose *ex officio*, by way of electronic means, of the data contained in tax returns submitted according to Subsection (2) of Section 31 by the entities listed under Subsection (4) as being required to file declarations and by small-scale agricultural producers:

ba) the data required in connection with pension entitlement, for the purpose of establishing pension, and for verifying entitlement to benefits provided by the pension paying agency, to the pension insurance administration empowered to manage the National Pension Insurance Fund,

bb) the data required for the purpose of a follow-up audit of healthcare provisions and the benefits provided by the rehabilitation authority, to the health insurance administration agency and the rehabilitation authority,

bc) the data required for the assessment and control of job-seeking assistance and job assistance subsidies, to the government employment agency, and the data required for facilitating employment inspections and for the purpose of checking the legitimacy of employment relationships, to the employment authority;

c)⁴⁵⁰

d)⁴⁵¹ disclose *ex officio*, by way of electronic means, the data required for the assessment and control of social security benefits and job assistance subsidies the information concerning the contribution base and the amount of pension contributions paid by waiters and waitresses on gratuities declared in their personal income tax return to the pension insurance administration empowered to manage the National Pension Insurance Fund;

e)⁴⁵² disclose *ex officio*, to the pension paying agency by the last day of the month following the deadline for filing by way of electronic means, information relating to the total income of a

⁴⁴⁷ Established by Subsection (3) of Section 190 of Act CXXVI of 2007, effective as of 1 January 2008.

⁴⁴⁸ Established: by paragraph (3) Section 121 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by subparagraph a) paragraph (4) Section 112 of Act CXCI of 2011. In force: as of 1. 01. 2012. Amended: by point 12 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁴⁴⁹ Established: by paragraph (1) Section 263 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁴⁵⁰ Repealed: by point 5 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

⁴⁵¹ Established: by paragraph (2) Section 263 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁴⁵² Established: by paragraph (4) Section 121 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by subparagraph g) Section 92 of Act CLXVII of 2011. In force: as of 1. 01. 2012.

private individual in retirement status specified in Point 5 of Subsection (2) of Section 31, or receiving benefits provided before the legal age limit, service emoluments, ballet dancers' annuities, provisional miners' allowances, which comprises part of the pension contribution base to the pension paying agency relating to the time when the private individual's total income received during the year and comprising part of the pension contribution base exceeds the annual amount limit specified in Section 83/B of Act LXXXI of 1997 on Social Security Pension Benefits (hereinafter referred to as "SSPA");

f)⁴⁵³ disclose *ex officio*, by way of electronic means the base and amount of pension contributions the private entrepreneur engaged in auxiliary activities and covered by the Personal Income Tax Act declared in his personal income tax return, and the base and amount of pension contributions the private entrepreneur engaged in auxiliary activities and covered by the Act on Simplified Entrepreneurial Taxation declared in his EVA tax return to the body empowered to manage the National Pension Insurance Fund by 31 August of the following tax year;

g)⁴⁵⁴ disclose information *ex officio* to the health insurance administration agency, the pension insurance administration agency concerning the time of the termination of an employer, the cessation of entrepreneurial activity, or the surrender or withdrawal of any small-scale producer license, and on the period of suspension of operations and services of private entrepreneurs, lawyers, patent agents and notaries public, if the employer or payer (including private entrepreneurs, insured small-scale agricultural producers and the persons referred to in Subsection (4) of Section 56/A of the SPA as regards their own insurance relationships), disclosed (notified) any information in connection with the commencement of insurance relationship, however, the person functioning as an employer did not report the time of termination of the insurance relationship, of which the tax authority has been officially notified.

h)⁴⁵⁵

i)⁴⁵⁶ forthwith disclose *ex officio*, by way of electronic means, the information received from employers in accordance with Subsection (3) of Section 3 of Act XC of 2010 on the Implementation and Amendment of Business and Financial Regulations:

ia) to the employment authority for the purpose of selection for inspection, and

ib) to the pension insurance administration agency for the purpose of verifying the legal grounds for entitlement to enter into an agreement with a view to obtaining pension benefits.

j)⁴⁵⁷ upon request, disclose information electronically relating to the name (corporate name) and home address (registered office) of beneficiaries of central subsidies - including the amount

⁴⁵³ Established: by paragraph (4) Section 121 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁴⁵⁴ Enacted by Section 108 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by subparagraph b) paragraph (2) Section 176 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by paragraph (14) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010. Amended: by point 10 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 13 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁵⁵ Repealed: by point 4 paragraph (2) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

⁴⁵⁶ Enacted: by Section 7 of Act XC of 2010. In force: as of 15. 08. 2010.

⁴⁵⁷ Established by Section 281 of Act XCIX of 2014, effective as of 1 January 2015.

and type of any outstanding public dues owed on the last day of the month preceding the time of disclosure:

ja) to the treasury and to the body in charge of agricultural and regional development aid for the purpose of deducting the amount of public dues owed from the next payment of central subsidies,

jb) to the body, organization functioning as the regulatory or intermediate body relating to the appropriation of financial assistance provided from European union resources and to the minister in charge of the appropriation of financial assistance provided from European union resources for the purpose of withholding central subsidies until the outstanding public dues owed are satisfied;

k)⁴⁵⁸

l)⁴⁵⁹ provide information upon request to the agency in charge of the judicial oversight of municipal governments for discharging its duties prescribed in Subsection (7) of Section 33/A of the Act on Local Governments.

m)⁴⁶⁰ disclose *ex officio*, each quarter by the last day of the month following the quarter in question, by way of electronic means, from the data supplied by social cooperatives in the declaration provided for in Subsection (2) of Section 32, the amounts of health services contributions for the quarter to the National Employment Fund paying the difference to the Health Insurance Fund, for the purpose of determining the amount of contribution difference to be compensated for the Health Insurance Fund.

(8)⁴⁶¹ If there is a tax administration proceeding conducted or initiated by the state tax authority in connection with the taxation matters of a deceased taxpayer, and for this proceeding it is necessary to know who the heirs are, the tax authority shall contact the notary of the competent municipal government, who shall then disclose information concerning the estate inventory, the name and address of the notary public handling the probate proceeding, as well as the available particulars of relatives (name, address). The state tax authority shall forthwith erase the particulars of relatives received from the notary from its records, if no tax or central subsidy is established for or against the deceased person in conclusion of the proceedings. At the request of the state tax authority the notary public handling the probate proceeding shall inform the requesting tax authority concerning the heirs, indicating the natural identification data and home address necessary for their identification, and the property they inherited, including its value, or shall convey information concerning the termination of the probate proceeding.

(9)⁴⁶² The regional bar association and the Hungarian Association of Patent Agents shall inform the competent state tax authority concerning the suspension of legal practice or patent agency

⁴⁵⁸ Repealed: by point 5 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

⁴⁵⁹ Enacted: by paragraph (1) Section 306 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by subparagraph d) paragraph (1) Section 56 of Act XCIII of 2012. In force: as of 6. 07. 2012.

⁴⁶⁰ Enacted: by paragraph (4) Section 4 of Act XLI of 2013. In force: as of 3. 05. 2013.

⁴⁶¹ Established: by paragraph (5) Section 121 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁴⁶² Enacted by Section 200 of Act CI of 2004. Amended by Subsection (2) of Section 66 of Act XXVI of 2005. Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

activities by any lawyer or patent agent, indicating the first and last day of suspension and the natural identification data and home address of the lawyer and patent agent in question by the fifteenth day of the month following the month when the entry was made.

(10)⁴⁶³ The local association of notaries public where the registered office of the notary public is located shall inform the competent state tax authority concerning the suspension of notarial services by the notary public in question, indicating the first and last day of suspension and the natural identification data and home address of the notary public by the fifteenth day of the month following the month when the entry was made.

(11)⁴⁶⁴ The director of the state tax and customs authority may, in an effort to establish the current standing of the national economy, for the analysis and evaluation of trends and circumstances having an effect on the national economy, may demand that the 10,000 largest taxpayers in terms of tax capacity provide information without delay concerning their business operations to the extent otherwise available in the records they are required to maintain by law and which are related to their tax liabilities.

(12)⁴⁶⁵ The payer of interest income as referred to in Schedule No. 7 to this Act, or any other person who is subject to compulsory data disclosure in this respect shall supply information to the state tax authority in compliance with the form and content requirements set out in Schedule No. 7.

(12a)⁴⁶⁶ Bodies providing pension benefits shall - in order to implement the automatic exchange of information affecting the income category specified in Paragraph *d*) of Subsection (2) of Section 19/A of Act XXXVII of 2013 on International Administrative Cooperation in Matters of Taxation and Other Compulsory Payments - relying on the information available, disclose to the state tax authority the amount of pension benefits paid during the tax year to persons resident in any Member State of the European Union by 31 January of the year following the tax year, by way of electronic means, indicating the particulars it has available for the identification of the taxpayers.

(13)⁴⁶⁷ At the request of the customs authority made in connection with the examination of claims for excise tax refund, the following entities shall supply information from their records:

a)⁴⁶⁸ the body in charge of agricultural and regional development aid concerning the zoning and size of land that is in the use of the taxpayer;

b)⁴⁶⁹ the forest authority concerning the forestry operations conducted on the land that is in the use of the taxpayer, on the size of tree stock and the changes therein.

⁴⁶³ Enacted by Section 200 of Act CI of 2004, effective as of 1 January 2005. Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

⁴⁶⁴ Enacted by Section 200 of Act CI of 2004. Amended by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by point 11 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁴⁶⁵ Enacted by Section 200 of Act CI of 2004, effective as of 1 July 2005.

⁴⁶⁶ Enacted by Subsection (1) of Section 207 of Act LXXIV of 2014, effective as of 1 January 2015.

⁴⁶⁷ Enacted by Section 200 of Act CI of 2004, effective as of 1 January 2005.

⁴⁶⁸ Established by Subsection (4) of Section 190 of Act CXXVI of 2007, effective as of 1 January 2008.

(13a)⁴⁷⁰ The food supply chain supervisory authority shall supply information from its records when so requested by the state tax and customs authority, where this is required for the purposes of inspections.

(13b)⁴⁷¹ The immigration and the refugee authority and the authority in charge of naturalization and nationality matters shall provide information from its records when so requested by the state tax and customs authority having regard to the selection of taxpayers for auditing and for the purposes of the audit itself, and for conducting enforcement proceedings, specifically the particulars of documents provided in authorization proceedings conducted before the immigration authority in support of the conditions required for such authorization, such as the taxpayers' contact information, data for their identification and as pertaining to their income and financial situation.

(14)⁴⁷² The body in charge of agricultural and regional development aid shall disclose data to the state tax authority by 31 January of the following tax year concerning the title and amount of the support it has paid, indicating the name and tax identification code of the private individual.

(15)⁴⁷³ The state tax authority shall keep on file the tax identification code of a private individual empowered to act in the taxpayer's name as a permanent representative or proxy.

(16)⁴⁷⁴ The state tax authority shall disclose information to the government employment agency ex officio - by way of electronic means, by the last day of the month following the deadline prescribed for filing the tax return under Subsection (2) of Section 31 - on the base and amount of tax allowance, and the natural identification data, tax identification code and home address of the person employed by way of claiming the allowance on the basis of the Karrier Híd (Carrier Bridge) Certificate.

(17)⁴⁷⁵ The tax authority shall digitally record all conversations made through the call center and customer information service - except for the cases for verifying the validity of a Community tax number - and shall retain such records for the length of the term of limitation of the right to tax assessment or - if this is longer - the right to the recovery of taxes by way of enforcement, or until the conclusion of any court proceedings in progress. The taxpayer or his representative, shall be allowed - upon request - access to his phone conversations recorded according to this Subsection.

(18)⁴⁷⁶ The state tax authority shall - upon request - disclose information to the body delegated to oversee European Union development programs concerning:

⁴⁶⁹ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁴⁷⁰ Enacted: by paragraph (3) Section 263 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

⁴⁷¹ Enacted: by paragraph (2) Section 160 of Act CC of 2013. In force: as of 1. 01. 2014.

⁴⁷² Enacted by Subsection (2) of Section 116 of Act CXIX of 2005. Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁴⁷³ Established by Subsection (2) of Section 112 of Act LXI of 2006, effective as of 1 January 2007.

⁴⁷⁴ Established: by paragraph (3) Section 306 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁷⁵ Enacted: by paragraph (2) Section 22 of Act XXXV of 2009. In force: as of 1. 07. 2009.

⁴⁷⁶ Established: by Section 28 of Act LXIX of 2012. In force: as of 20. 06. 2012.

a) the micro, small or medium-sized enterprise codes shown in the taxpayers' corporate tax return,

b) the statistical number of staff shown in the taxpayers' simplified entrepreneurial tax return, in order to fulfill the annual reporting obligation to the European Commission.

(19)⁴⁷⁷ The state tax and customs authority shall lodge requests for data required for control procedures and enforcement procedures, and for its law enforcement activities and investigations, and also for its functions as the national financial intelligence unit, acting as such, through the electronic system set up for this purpose to financial institutions, payment institutions and investment firms, upon which the requested financial institutions, payment institutions and investment firms shall comply by way of electronic means, sending the requested information in the format prescribed by the state tax and customs authority.

(19a)⁴⁷⁸ The time limit for compliance with the requests made under Subsection (19) shall be eight days if the request relates to an enforcement procedure, of fifteen days in the case of control procedures.

(20)⁴⁷⁹ The financial institutions, payment institutions and investment firms required to maintain communications electronically as under Subsection (19) shall disclose to the state tax and customs authority their particulars required for electronic communication.

(21)⁴⁸⁰ In the electronic communication specified in Subsection (19) consignments may be forwarded in the format prescribed by the state tax and customs authority. The state tax and customs authority shall publish on its website the prescribed message formats and the related message templates, indicating also the date of their introduction. The sender shall execute consignments with an advanced electronic signature and time stamp, and they shall be encrypted as well.

(22)⁴⁸¹ Where deemed necessary for ascertaining the relevant facts of the case, the state tax and customs authority shall contact the taxpayer established in the domestic territory, providing telecommunications services for the purpose of obtaining data relating to providers of electronic commercial services under the Act on Electronic Commerce and on Information Society Services, and on turnover of such services in a manner where the persons to whom such electronic commercial services are provided remain unidentifiable. The taxpayer established in the domestic territory, providing telecommunications services shall execute the request within fifteen days.

Confidentiality

Section 53

⁴⁷⁷ Established: by paragraph (4) Section 263 of Act CLXXVIII of 2012. In force: as of 1. 07. 2013.

⁴⁷⁸ Enacted by Subsection (2) of Section 207 of Act LXXIV of 2014, effective as of 1 January 2015.

⁴⁷⁹ Established: by paragraph (4) Section 263 of Act CLXXVIII of 2012. In force: as of 1. 07. 2013.

⁴⁸⁰ Established: by paragraph (4) Section 263 of Act CLXXVIII of 2012. In force: as of 1. 07. 2013.

⁴⁸¹ Enacted by Subsection (3) of Section 207 of Act LXXIV of 2014, effective as of 1 January 2015.

(1)⁴⁸² All tax-related facts, data, circumstances, resolutions, rulings, certificates and other documents shall be deemed confidential information. The regulations on tax secrets and the provisions of Subsection (9) of Section 16 of the Act on the Implementation of Community Customs Laws shall apply to procedures for the issue and registration of VPID codes.

(2) Employees and former employees of the tax authority, experts involved in any auditing or other procedures, and all other persons who, in their official capacity, gain knowledge of any confidential tax information or other secrets in the course of the disclosure, registration and processing of data, auditing, tax assessment, withholding taxes and tax advances, tax collection, judicial enforcement and use of such data for statistical purposes shall handle such as strictly confidential. The tax authority shall be subject to confidentiality in respect of all of the documents, data, facts and circumstances obtained in the course of its official proceedings.

(3) The person described in Subsection (2) shall be considered to have violated the obligation of confidentiality if such person conveys any confidential tax information or any other secret obtained during a taxation or court proceeding to an unauthorized party or if such person uses or publishes such information without substantial reason.

(4)⁴⁸³ Of the data specified in Subsection (1) above, public company information, data that may be requested from the company information and electronic company registration service, and any data that may not be tied to the person to whom it pertains (taxpayer or taxable person) shall not be treated as confidential tax information.

(5)⁴⁸⁴ Of the data specified in Subsection (1) above, the data specified in Subsection (3) of Section 16 in the case of foundations and associations, public information from court records, and data that may be requested from the body operating the court register of foundations and associations, and any data that may not be tied to the person to whom it pertains (taxpayer or taxable person) shall not be treated as confidential tax information.

Section 54

(1) The use of confidential tax information shall be deemed justified if:

- a)⁴⁸⁵ used for a tax audit, the control of central subsidies, the information of the agencies described in Subsections (2) and (3) or the initiation and enforcement of tax administration proceedings and proceedings of the customs authority;
- b) prescribed or permitted by law;
- c) used with the consent of the party concerned;
- d) it reveals information concerning the name, corporate name, registered office or tax number of a taxpayer engaged in business operations to another taxpayer for reasons of compliance with his tax liabilities prescribed by law or to a state agency or public body for performing their respective duties, as is necessary.

⁴⁸² Established: by Section 307 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁸³ Enacted by Section 9 of Act CI of 2007, effective as of 25 July 2007.

⁴⁸⁴ Enacted: by paragraph (7) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

⁴⁸⁵ Amended: by point 19 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

e)⁴⁸⁶ used for the purpose of enforcement of tax debts for informing the owner of the real estate property to which the enforcement pertains or on which the mortgage is registered concerning the amount owed, underlying the rights registered by the tax authority, and the mode of satisfaction.

(2) Facts, data and documents related to taxation may be used by agencies that are part of the official statistical system for statistical purposes if compliance with confidentiality requirements is ensured in the course of processing and - unless otherwise prescribed by the Statistics Act - they are rendered unfit for subsequent individual identification.

(3)⁴⁸⁷ The tax authority shall be entitled to inform another tax authority of any tax-related data, facts, circumstances or documents within its jurisdiction and subject to confidentiality if such information enables or renders possible the disclosure and collection of any tax liability (customs duties) or tax arrears, or the conduct of tax administration proceedings. Such right of disclosure of information shall also be granted to the Pension Insurance Fund, the Health Insurance Fund, and the managers of extra-budgetary funds in connection with mandatory payments to be made to such funds. The state tax and customs authority shall inform the body providing aid from the central budget or from European Union resources of any binding decision containing information alleging the untruthfulness of the data on the basis of which the aid was provided or the data supplied relating to the appropriation of the aid, or based on the findings of the inspection there is reasonable suspicion of infringement or fraud in connection with the disbursement or appropriation of the aid. The government employment agency shall be vested with the right to disclose information, upon request, concerning whether a private individual has any income from gainful employment while receiving unemployment benefits and whether such income exceeds the limit specified by law. The authority delegated to conduct procedures for the classification of research and development activities shall also have the right of disclosure of information to the extent deemed necessary for carrying out the procedures for the classification of research and development activities.

(4)⁴⁸⁸ The municipal tax authority may request information from the state tax authority from its records on taxpayers engaged in business activities compiled from their applications and notifications. The tax authority shall *ex officio* inform another tax authority of tax-related data, facts, circumstances or documents it has obtained in an official capacity and that are subject to confidentiality if such information enables or renders possible the disclosure and collection of any tax liability (customs duties) or delinquent tax.

(4a)⁴⁸⁹ At the request of an heir, the notary assigned to execute the estate of the decedent may - with a view to informing the heir - request information from the tax authority, subject to verification of his right to handle the probate, as to any tax liability or overpayment of record of the decedent. The tax authority shall supply such information from the records in effect on the date of issue.

⁴⁸⁶ Enacted: by paragraph (1) Section 308 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁸⁷ Established: by paragraph (2) Section 308 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁸⁸ Established: by paragraph (1) Section 122 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁴⁸⁹ Enacted by Section 161 of Act CC of 2013. Amended by Point 13 of Section 225 of Act LXXIV of 2014.

(5) The state tax authority, for reasons of enabling taxpayers to lawfully fulfill their tax liabilities and to lawfully claim central subsidies, shall publish the following information on its official website:⁴⁹⁰

*a)*⁴⁹¹ the following details of taxpayers liable for payment of value added tax, or taxed under the Act on Simplified Entrepreneurial Taxation, and also of legal persons and other similar organizations who have tax numbers but falling outside the scope of these acts:

aa) name (corporate name) and tax number, registered address and place of business,

ab) for persons who are subject to value added tax liability under the group taxation scheme, the group identification number and the name (corporate name) and tax number, registered address and place of business of the group representative and other members of the group, and the operative date of the authorization to enter the group taxation scheme,

ac) for persons opted to use the cash accounting scheme, an indication of this choice, the first and last day of the period of cash accounting,

ad) an indication of any taxpayer liable for payment of value added tax (including those persons who are subject to value added tax liability under the group taxation scheme) who has exercised the right of option for taxation under Subsection (1) of Section 88 of the Act on Value Added Tax with respect to the sale or lease of a real estate property under tax exemption, showing also the time when the option has in fact been exercised;

*b)*⁴⁹² the names (corporate names) and tax number (group identification number) of taxpayers whose tax number (group identification number) the state tax authority has suspended, indicating the operative date of the resolution of suspension and the first day and last day of suspension where the suspension applies for a fixed term, for the period ending upon the operative date of the resolution for lifting the suspension or the resolution for the withdrawal of the tax number (group identification number); furthermore

*c)*⁴⁹³ the names (corporate names) and tax number (group identification number) - with an indication of cancellation of the relevant tax number or group identification number - of taxpayers whose tax number the state tax authority has cancelled pursuant to Section 24/A, Section 24/B or Subsection (1) of Section 174/A from the operative date of the resolution of cancellation for a period ending upon the issue of a tax number, or failing this, when the taxpayer is wound up; and

d) the names (corporate names) and tax number (group identification number) of taxpayers whose tax number (group identification number) it keeps on file, including those to whom Paragraph c) applies (with an indication of cancellation of the relevant tax number or group identification number), against whom the tax authority is conducting enforcement proceedings, from the time of the opening of the enforcement proceedings until it is concluded, not including any periods of suspension or discontinuation of the enforcement proceedings;

⁴⁹⁰ Established: by Section 49 of Act CX of 2009. In force: as of 1. 01. 2010.

⁴⁹¹ Established: by Section 9 of Act CXLVI of 2012. In force: as of 1. 01. 2013.

⁴⁹² Established by Subsection (1) of Section 109 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁴⁹³ Established: by paragraph (1) Section 264 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

e)⁴⁹⁴ the scope of activities of taxpayers notified and registered in accordance with the prevailing TEÁOR nomenclature or, in the case of private entrepreneurs, the prevailing ÖVTJ codes, with the exception of private individuals engaged in any taxable activity in possession of a tax number.

f)⁴⁹⁵ the names and tax number of regulated real estate investment companies and regulated real estate investment pre-companies, the date of being registered as such, and the date of being removed from the register, the names and tax number of the special purpose companies of these real estate companies.

g)⁴⁹⁶

(6)⁴⁹⁷ The state tax authority shall publish on its official website the number of employees - from its records - of taxpayers liable for payment of value added tax and whose tax number it keeps on file, other than the Hungarian Armed Forces, the Nemzeti Adó- és Vámhivatal (National Customs and Tax Authority), the law enforcement agencies and national security services.

(7)⁴⁹⁸ Upon request, the tax authorities shall disclose confidential tax information:

a) to the court;

b) to the investigating authority if such information is necessary in the interest of opening or conducting criminal proceedings;

c) upon a request made upon the prior consent of the director of the national security agency, to the national security services acting within the jurisdiction prescribed by law;

d)⁴⁹⁹ to the internal affairs division that investigates professional misconduct and criminal acts as defined by the Act on the Police, and to anti-terrorist organizations, where the information is deemed necessary for discharging their tasks delegated by law;

e)⁵⁰⁰ to the Állami Számvevőszék (*State Audit Office*), to the internal oversight agency appointed by the Government, to the European Anti-Fraud Office (OLAF), the organization in charge of monitoring State aids under European Union competition laws, and to the Directorate General for the Auditing of European Funds, if the information is necessary for its investigation;

⁴⁹⁴ Enacted by Subsection (9) of Section 25 of Act XCVI of 2008, effective as of 27 December 2008. See also Subsection (6) of Section 27 of Act XCVI of 2008. Amended: by point 14 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁴⁹⁵ Enacted: by Section 25 of Act CII of 2011. In force: as of 27. 07. 2011.

⁴⁹⁶ Repealed: by subparagraph b) paragraph (3) Section 59 of Act V of 2012. No longer in force: as of 1. 03. 2012.

⁴⁹⁷ Enacted by Subsection (2) of Section 113 of Act LXI of 2006 and shall enter into force as amended by Subsection (1) of Section 156 of Act CXXXI of 2006 on 1 January 2007. Amended: by point 20 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁹⁸ Established: by paragraph (4) Section 308 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁴⁹⁹ Established: by Section 40 of Act CCVII of 2011. In force: as of 5. 01. 2012.

⁵⁰⁰ Amended by point 15 Section 293 of Act CLXXVIII of 2012, Point 14 of Section 225 of Act LXXIV of 2014.

f)⁵⁰¹ to the minister in charge of taxation if the information is necessary in connection with his responsibilities delegated by act;

g) to the body vested with powers to control the budgetary chapter if the information is necessary for internal control under the Act on Public Finances;

h) to the body providing aid from the central budget or from European Union resources, to the extent necessary for checking the legal grounds for claiming, using and accounting such aid;

i)⁵⁰² to the agency in charge of the judicial oversight of municipal governments, to the extent specified in Paragraph c) of Subsection (2a) of Section 33/A of the Act on Local Governments.

j)⁵⁰³ to the food supply chain supervisory agency for the purpose of monitoring the declaration and payment of the supervision fee, and for the purpose of registration of taxpayers required to pay supervision fee.

k)⁵⁰⁴ to the Gazdasági Versenyhivatal (*Hungarian Competition Authority*) if the information is necessary in connection with its responsibilities delegated by law.

(8)⁵⁰⁵ The state tax and customs authority shall disclose confidential tax information to the investigating arm of the NAV in the interest of the prevention of criminal offences, and the investigation and detection of specific criminal offences, and for the prosecution of criminal cases.

(9)⁵⁰⁶ For the purpose of controlling and monitoring aid, the tax authority shall, by the 15th day of the month following each quarter, inform the minister in charge of the agricultural sector, the agricultural administration body and the body in charge of agricultural and regional development aid concerning the amount of aid disbursed or that was withheld by virtue of its right of withholding, or the amount of aid specified under Point 41 of Section 3 and claimed according to Subsection (1) of Section 39 of the Personal Income Tax Act. The tax authority shall supply such information separately for each taxpayer and shall do so in a manner in which the taxpayers can be identified.

(10)⁵⁰⁷ The state tax authority shall disclose information to the treasury concerning the amounts of aid granted under the de minimis rule, separately for each taxpayer, within ninety days following the deadline for filing the tax return, to have these data recorded in the national aid and support monitoring system.

⁵⁰¹ Amended: by point 3 Section 41 of Act LXIX of 2012. In force: as of 20. 06. 2012.

⁵⁰² Amended: by subparagraph d) paragraph (1) Section 56 of Act XCIII of 2012. In force: as of 6. 07. 2012.

⁵⁰³ Enacted: by paragraph (2) Section 264 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁵⁰⁴ Enacted: by Section 94 of Act CCI of 2013. In force: as of 1. 07. 2014.

⁵⁰⁵ Established: by paragraph (4) Section 308 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁰⁶ Established by Subsection (2) of Section 109 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁵⁰⁷ Enacted by Section 201 of Act CI of 2004. Numbering amended by Subsection (2) of Section 113 of Act LXI of 2006. Amended by Subsection (4) of Section 85 of Act CIX of 2006.

(11)⁵⁰⁸ The state tax authority, by authorization of the Act on Public Finances, shall convey all data and documents or make them available to the European Commission to the extent prescribed in the government decree laying down provisions for the transparency of financial relations between state budgetary agencies and public companies and for financial transparency inside other companies.

(12)⁵⁰⁹ Within the framework of the provisions of the international agreement on double taxation pertaining to exchanging information, the competent Hungarian authority - with a view to the implementation of the agreement, the enforcement of taxation laws of other countries and to avoid double taxation - may supply the personal data of private individuals to the competent authorities of other states for reasons of identification, tax assessment and control, gathering evidence and to ascertain the relevant facts of a case from its own registers and records, or from other records to which it has access under national laws.

(13)⁵¹⁰ The requirement of confidentiality concerning tax secrets shall not apply when the national financial intelligence unit obtains information - that is considered confidential tax information - by way of direct access (through the designated system) from the records of the state tax authority, or makes a written request for such information to the tax authority, acting within its powers conferred under the Act on the Prevention and Combating of Money Laundering and Terrorist Financing or in order to fulfill the written requests made by a foreign financial intelligence unit.

(14)⁵¹¹ The state tax authority, if it finds any non-registered employee at a taxpayer, shall inform the employment authority and the health insurance administration agency to clarify the employment relationship, with a copy of its final resolution attached. The tax authority shall transmit its resolutions which are declared operative in the course of the month to the employment authority and the health insurance administration agency by way of electronic means by the tenth day of the following month.

(15)⁵¹² If the state tax authority declares contributions for which the insured person is liable charged to the private individual, if it is recovered the state tax authority shall adopt a resolution thereof and shall send it within thirty days of the time of recovery to the pension insurance agency empowered to manage the National Pension Insurance Fund for the purpose of

⁵⁰⁸ Enacted by Section 201 of Act CI of 2004. Numbering amended by Subsection (2) of Section 113 of Act LXI of 2006.

⁵⁰⁹ Enacted by Section 191 of Act CXXVI of 2007, effective as of 1 January 2008.

⁵¹⁰ Established: by Section 28 of Act LII of 2013. In force: as of 1. 07. 2013.

⁵¹¹ Enacted by Subsection (3) of Section 109 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁵¹² Enacted by Subsection (3) of Section 109 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by point 2 paragraph (4) Section 360 of Act CLVI of 2011. In force: as of 10. 12. 2011. The change does not effect the English version. Amended: by point 14 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by subparagraph h) Section 92 of Act CLXVII of 2011. In force: as of 1. 01. 2012.

establishing pension benefits, or benefits provided before the legal age limit, service emoluments, ballet dancers' annuities, provisional miners' allowances.

Section 54/A⁵¹³

The state tax authority shall supply information - upon request and payment of an administrative service fee - from its records containing data necessary for establishing the market value of a real estate property (hereinafter referred to as "values of comparison"), concerning the market values of properties on record, in a manner so as not to allow the identification of the owner of the property.⁵¹⁴

Section 55

(1) If a taxpayer publishes false facts or data or misleadingly publishes true facts or data in connection with his taxation that can serve to damage the reputation of administration agencies, the tax authority shall be entitled to challenge such statements in public.

(2)⁵¹⁵ Publication of the refutation described in Subsection (1) shall be authorized by the minister in charge of taxation upon consulting with the supervisory body. The person concerned shall be informed before such decision is made.

(3)⁵¹⁶ Within thirty days following the quarter, the tax authority shall publish in a resolution that became operative during the previous quarter the name (corporate name), home address, registered office, place of business and tax number of taxpayers, other than those undergoing bankruptcy or liquidation proceedings, against whom tax arrears in excess of 10 million forints have been assessed in respect of private individuals, or in excess of 100 million forints in respect of other taxpayers along with the amount of such tax arrears and their legal consequences, if they did not satisfy the payment obligation prescribed in the pertaining resolution by the deadline also prescribed in that resolution. For the purposes of this Subsection, a resolution of the tax authority may not be considered operative if the time limit for judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively.

(4) The state tax authority shall regularly publish the available identification data of taxpayers who (that) have failed to fulfill their obligation of registration.

(5)⁵¹⁷ The state tax authority shall publish on its official website quarterly, within thirty days following the quarter, the name (corporate name), home address, registered office, place of business and tax number of any taxpayer with outstanding tax debts owed to the tax authority according to its records for 180 consecutive days in excess of 100 million forints on the

⁵¹³ Enacted by Section 192 of Act CXXVI of 2007, effective as of 1 January 2008.

⁵¹⁴ See Decree No. 33/2007 (XII. 23.) PM.

⁵¹⁵ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁵¹⁶ Established by Section 117 of Act CXIX of 2005. Amended by Section 411 of Act CXXVI of 2007. Amended: by point 21 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵¹⁷ Established by Section 193 of Act CXXVI of 2007, effective as of 1 January 2008.

aggregate, less any overpayment, or net 10 million forints, less any overpayment, for private individuals.

(6)⁵¹⁸ With a view to supplying information to other bodies so as to enable them to carry out their proceedings in compliance with statutory provisions having regard to the requirement of distinguished labor relations, the state tax authority shall regularly publish the name, registered office, tax number of taxpayers (name, home address and tax identification code of natural persons with no tax number if they are shown as employers), who (that) was found guilty by a final and executable administrative decision or court ruling for non-compliance with the obligation of notification of entering into an employment relationship. In addition to the name (registered office, tax number) of these taxpayers, the tax authority shall publish on its website the date of the resolution on the infringement and the date when it becomes final and executable. Where a petition has been lodged for the judicial review of the tax authority's resolution, the above information shall be published based on the final and executable court decision. The tax authority shall - after two years from the time of publication - remove from its website the particulars of those taxpayers who did not commit the same infringement repeatedly.

(7)⁵¹⁹ Where a taxpayer meets the obligation imposed on him by a binding administrative decision or by a final court ruling adopted upon the judicial review of an administrative decision within the prescribed time limit or by the prescribed deadline, it shall have no bearing on the state tax authority's obligation of publication under Subsection (6).

Section 55/A⁵²⁰

The state tax authority shall publish on its official website by 30 September each year the name (corporate name), registered office and tax number of any company that was recognized as a company with real estate holdings under the Act on Corporate Tax and Dividend Tax during the previous calendar year.

Section 55/B⁵²¹

(1) Municipal tax authorities shall have the right to disclose locally the name (corporate name), home address, registered office, place of business and tax identification number of taxpayers owing any local tax or motor vehicle tax above one hundred thousand forints - fifty thousand forints for private individuals - for a period of ninety consecutive days, indicating also the amount owed.

(2) In the application of Subsection (1), any tax liability based on the tax authority's final resolution shall not be treated as an outstanding tax debt, provided that the time limit for the

⁵¹⁸ Established: by Section 3 of Act XIV of 2010. In force: as of 13. 03. 2010. Amended: by point 2 paragraph (5) Section 45 of Act CLIII of 2010. In force: as of 1. 01. 2011. Amended: by paragraph (3) Section 113 of Act CXCV of 2011. In force: as of 1. 01. 2012.

⁵¹⁹ Enacted: by Section 43 of Act CXXVI of 2009. In force: as of 28. 11. 2009.

⁵²⁰ Enacted: by Section 90 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

⁵²¹ Established: by Section 265 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

resolution's judicial review has not yet expired or the court proceedings initiated by the taxpayer for review of the resolution have not been concluded definitively. In this case, the tax liability based on the tax authority's final resolution shall be considered outstanding - with respect to the part of the tax authority's resolution that has been sustained - as of the following day after the deadline for initiating judicial review or after the final conclusion of the court proceedings.

*Chapter V*⁵²²

*Sections 56-70*⁵²³

Chapter VI

COMPETENCE AND JURISDICTION

Section 71

(1) The tax authority shall carry out control procedures in matters in which it has competence and jurisdiction. In the event of its failure to comply, the tax authority shall be instructed by its superior body upon request or ex officio.

(2) If the tax authority fails to comply with the superior body's instruction to abide by its procedural obligations within the time limit prescribed, the superior body shall have powers to take over the case in question. The superior body shall hear the case in the first instance or appoint another authority with the same competence for the procedure in the first instance.

(3)⁵²⁴ If there is no superior body or if the superior body fails to execute its vested authority, the court of public administration and labor shall, at the taxpayer's request, order the tax authority in a non-judicial proceeding to carry out the procedure.

(4) With the exceptions referred to in Subsection (2), cases over which the tax authority has jurisdiction may not be taken from it.

(5) The provisions of this Section shall also apply to redress procedures.

(6)⁵²⁵ As regards the main departments of the state tax and customs authority, the director of the state tax and customs authority shall function as the superior tax authority.

Jurisdiction of the State Tax Authority

Section 72

(1) The state tax authority shall handle all

⁵²² Repealed: by subparagraph a) Section 65 of Act XXXVII of 2013. No longer in force: as of 21. 04. 2013.

⁵²³ Repealed: by subparagraph a) Section 65 of Act XXXVII of 2013. No longer in force: as of 21. 04. 2013.

⁵²⁴ Amended: by point 24 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.
Amended: by subparagraph a) Section 42 of Act CCXI of 2012. In force: as of 1. 01. 2013.

⁵²⁵ Established: by Section 124 of Act CXXII of 2010. In force: as of 1. 01. 2011.

a) cases relating to tax and central subsidies,
b) cases of tax refunds,
c) cases of granting and reclaiming government guarantees (surety facilities),
d) cases of recovery of outstanding public dues enforced as taxes,
e)⁵²⁶ cases relating to the enforcement of debts - upon request - stemming from local business taxes and motor vehicle taxes owed to municipal governments,
unless the case is conferred by an act or government decree under the competence of another authority or tax authority.⁵²⁷

(2)⁵²⁸

(3)⁵²⁹ In bankruptcy and liquidation proceedings and in winding-up proceedings, and also in property distribution and debt consolidation proceedings:

a) the state tax authority shall proceed in the capacity of a creditor as regards the claims which are due to the state tax and customs authority;

b) the state tax authority shall function as a credit representative in connection with membership payments (membership payment supplements), default interests and self-audit surcharges which are due to private pension funds.

(4)⁵³⁰ As regards the claims indicated in Subsection (3) above, the state tax authority shall be responsible to carry out judicial enforcement proceedings.

(5)⁵³¹ In connection with applications for state subsidies for housing purposes the state tax authority shall - at the credit institution's request - conduct an authenticity check relating to the invoices and the applicant's entitlement for receiving such support.

(6)⁵³² The government agency shall enforce any claim arising in connection with state subsidies for housing purposes that may occur outside the scope of Subsection (5). Any claim contained in the final and binding resolution adopted within the framework of administrative proceedings shall be treated as outstanding public dues and shall be enforced by the state tax authority as taxes.

Section 73⁵³³

⁵²⁶ Enacted: by Section 4 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁵²⁷ Amended by Section 411 of Act CXXVI of 2007.

⁵²⁸ Repealed: by point 15 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

⁵²⁹ Established: by Section 125 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁵³⁰ Enacted: by paragraph (2) Section 91 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

⁵³¹ Enacted by Subsection (2) of Section 118 of Act CXIX of 2005, effective as of 15 November 2005. Applies to cases in progress as well. Numbering amended: by paragraph (2) Section 91 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

⁵³² Established by Subsection (1) of Section 19 of Act VI of 2015, effective as of 1 April 2015.

⁵³³ Established: by Section 126 of Act CXXII of 2010. In force: as of 1. 01. 2011.

The jurisdiction of the state tax authority is governed in specific other legislation.

*Section 74*⁵³⁴

*Section 75*⁵³⁵

*Section 76*⁵³⁶

*Section 77*⁵³⁷

*Section 78*⁵³⁸

Jurisdiction and Competence of the Customs Authority

*Section 79*⁵³⁹

(1) With the exception of enforcement proceedings, the customs authority has competence to administer:⁵⁴⁰

- a) registration duties;
- b) taxes on foreign-registered motor vehicles;
- c) excise taxes;
- d) value added tax on tobacco products with tax seals affixed;
- e)⁵⁴¹ energy taxes in the case of taxation by levy;
- f) taxes charged on imported products, other than value added tax;

⁵³⁴ Repealed, together with the preceding subtitle, by Paragraph a) of Section 86 of Act CIX of 2006, effective as of 1 January 2007.

⁵³⁵ Repealed, together with the preceding subtitle, by Paragraph a) of Section 86 of Act CIX of 2006, effective as of 1 January 2007.

⁵³⁶ Repealed by Subsection (5) of Section 238 of Act LXI of 2006, effective as of 17 July 2006, however, it shall remain to be applied until 1 January 2007.

⁵³⁷ Repealed, together with the preceding subtitle, by Paragraph a) of Section 86 of Act CIX of 2006, effective as of 1 January 2007.

⁵³⁸ Repealed by Subsection (5) of Section 238 of Act LXI of 2006, effective as of 17 July 2006, however, it shall remain to be applied until 1 January 2007.

⁵³⁹ Established by Section 10 of Act XXVII of 2004, effective as of the operative date of the Act promulgating the treaty on the accession of the Republic of Hungary to the European Union.

⁵⁴⁰ Established: by Section 127 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁵⁴¹ Amended: by point 16 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

g)⁵⁴² value added tax charged on imported products in the case of persons deemed non-taxable under the Act on Value Added Tax, taxpayers claiming individual tax exemption, taxpayers engaged exclusively in activities in the public interest or in activities exempted under special arrangements, taxpayers engaged in agricultural activities under special legal status, persons liable for payment of value added tax without the customs authority's authorization, and taxpayers taxed under the simplified entrepreneurial taxation system;

h)⁵⁴³ value added taxes in connection with the acquisition of a passenger car or motorcycle that is subject to motor vehicle registration duty which are treated as new means of transport in any Member State of the European Communities if the buyer is a private individual or organization who (that) is not liable for payment of value added tax, any taxable legal person that is not liable for payment of value added tax, a taxpayer engaged exclusively in activities without entitlement to tax deduction, a taxpayer claiming individual tax exemption or engaged in agricultural activities under special legal status, or a taxpayer taxed under the simplified entrepreneurial taxation system.

i)-j)⁵⁴⁴
(2)⁵⁴⁵

Section 80

The jurisdiction of the customs authority is governed in specific other legislation.

Jurisdiction and Competence of the State Tax and Customs Authority⁵⁴⁶

Section 80/A⁵⁴⁷

(1) Subject to the exceptions set out in specific other legislation, of the responsibilities listed under Section 72 and Section 79, the state tax and customs authority shall be responsible for the issue of VPID codes and the related registration proceedings.

(2) The responsibilities of the state tax and customs authority under Subsection (1) shall be governed by the provisions of specific other legislation.

⁵⁴² Established by Section 35 of Act XXVI of 2005. Amended by Subsection (2) of Section 263 of Act CXXVII of 2007.

⁵⁴³ Established by Section 119 of Act CXIX of 2005, effective as of 1 January 2006. Applies to tax assessment procedures opened subsequently.

⁵⁴⁴ Repealed: by point 6 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

⁵⁴⁵ Repealed by Paragraph a) of Subsection (3) of Section 262 of Act CXXVII of 2007, effective as of 1 January 2008.

⁵⁴⁶ Enacted: by Section 314 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁴⁷ Enacted: by Section 314 of Act CLVI of 2011. In force: as of 1. 01. 2012.

Jurisdiction and Competence of Municipal Tax Authorities

*Section 81*⁵⁴⁸

Municipal tax authorities shall have competence in the first instance regarding:

- a) local taxes;
- b) taxes on motor vehicles registered in Hungary;
- c)⁵⁴⁹ taxes on incomes received from the rental or lease of agricultural and forestry land defined in the Act on Transactions in Agricultural and Forestry Land (hereinafter referred to as “land”) (including land allotments);
- d) outstanding public dues of private individuals that are enforced as taxes in the cases specified by law.

Section 82

(1)⁵⁵⁰ Local taxes shall be administered by the tax authority of the municipal government by which they are levied.

(2)⁵⁵¹ Taxes on motor vehicles registered in Hungary shall be collected by the tax authority of the municipal government (district government in Budapest, or the Government of District XIII as regards the Margitsziget) where the home address or place of business of the taxpayer registered in the traffic records is located. The competence of a municipal tax authority shall be transferred as instructed in the Act on Motor Vehicle Taxes consistent with any change in terms of the taxpayer.

(3)⁵⁵² The taxation of incomes received from the lease of land shall be the responsibility of the municipal government responsible for the place where the land is located.

*Section 83*⁵⁵³

*Section 84*⁵⁵⁴

Chapter VII

⁵⁴⁸ Established: by Section 6 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁵⁴⁹ Amended by Paragraph a) of Subsection (1) of Section 136 of Act CCXII of 2013.

⁵⁵⁰ Established: by Section 7 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁵⁵¹ Amended: by subparagraph a) Section 19 of Act CXXVIII of 2013. In force: as of 20. 07. 2013.

⁵⁵² Amended by Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

⁵⁵³ Repealed by Subsection (3) of Section 238 of Act LXI of 2006, effective as of 17 July 2006. Preceding subtitle repealed by Paragraph a) of Section 86 of Act CIX of 2006, effective as of 1 January 2007.

⁵⁵⁴ Repealed by Paragraph a) of Section 86 of Act CIX of 2006, effective as of 1 January 2007.

OFFICIAL TAXATION PROCEEDINGS

Section 85

Official taxation proceedings are conducted for the tax authority to establish the rights and obligations of taxpayers, to monitor compliance with tax obligations and due process, to keep records on facts, data and information relating to taxation, and to verify data.

Tax Authority Certificates⁵⁵⁵

*Section 85/A*⁵⁵⁶

(1) The tax authority shall make out tax and income certificates, combined tax certificates and tax residence certificates (hereinafter referred to collectively as “tax authority certificate”) under its own jurisdiction, containing data and information the taxpayer has requested and that is prescribed by the relevant legislation, if available in the tax authority’s records as on the date of issue.

(2) The tax authority certificate shall be treated as an official certificate.

(3) The tax authority shall make out tax and income certificates, and combined tax certificates in Hungarian, and tax residence certificates in Hungarian, or in Hungarian and English if so requested by the taxpayer.

(4) The standard tax certificate shall indicate any debt the taxpayer has toward the tax authority on the date the certificate is issued or on the date indicated in the application for the tax certificate, or in the absence of any debt, any tax debt that was registered as irrecoverable that did not yet lapse, any prior failure on the taxpayer’s part concerning the obligations of declaration and payment of taxes, not including where such failure was detected by the tax authority in an audit and the taxpayer satisfied the payment obligations imposed based upon the findings of the audit. A non-debt tax certificate shall be issued to verify that the taxpayer has no debt shown in the records of the tax authority on the day of issue of the tax certificate or on the date indicated in the application for the tax certificate.

(5) The combined tax certificate shall indicate any tax debt owed to the state tax authority and any tax and customs debts owed to the customs authority, and - if prescribed by law or if so requested by the taxpayer - outstanding public dues in the process of enforcement or withholding, or the absence of such liabilities.

(6) An application for a combined tax certificate requested in connection with any payment made under a public procurement contract in accordance with Section 36/A shall contain the name (corporate name) and registered office (home address) of the taxpayer making the payment, including the tax identification number as well.

(7) Where submission of a tax certificate or combined tax certificate is prescribed by law, it shall be deemed satisfied if the taxpayer is listed in the state tax authority’s register of taxpayers free of tax debt obligations on the last day of the time limit prescribed by the law in which

⁵⁵⁵ Established: by Section 266 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁵⁵⁶ Established: by Section 266 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

submission of the tax certificate or combined tax certificate is ordered, or at the time of submission of the application in other cases.

(8) The certificate of having no tax debt obligations shall verify compliance with the conditions set out in Point 32 of Section 178 on the day when the certificate is issued, or on the date specified in the application for the certificate. The certificate issued shall be recognized as a combined tax certificate referred to in Subsection (5).

(9)⁵⁵⁷ The income certificate shall indicate - as on the date of issue - the taxable income declared by the taxpayer for each tax year, or that is calculated by the employer, or in the process of posteriori tax assessment or expedited tax assessment, cumulatively and separately, and the amount of personal income tax payable on such income, the amount of special tax payable on the special tax base, and the amount of taxed income under the system of simplified contribution to public revenues (ekho) and the related payment liability. In connection with any tax year for which the taxpayer submitted a tax declaration statement, the income certificate shall indicate the total of the consolidated tax base, without deducting the family tax allowance, and all income of the taxpayer, which are taxable separately, together with the taxpayer's personal income tax liability. In connection with taxpayers taxed under the simplified entrepreneurial taxation system, the income certificate shall indicate all income the taxpayer earned by activities taxed under the EVA system separately for each tax year and the amount of tax (EVA) payable; as for other income (revenue) that is not comprising part of the EVA base the tax authority shall issue the tax certificate under the provisions otherwise applicable. Save where the tax base and the tax liability of the taxpayer is determined by posteriori or expedited tax assessment, an income certificate may not be issued if the taxpayer did not file a tax return on his personal income tax or simplified entrepreneurial tax, did not make out a statement to request his employer to assess his taxes.

(10)⁵⁵⁸ The state tax authority shall issue a tax residence certificate showing the taxpayer's status on the date of issue to verify Hungarian residence in accordance with the Act on Personal Income Tax pertaining to resident private individuals and in accordance with the Act on Corporate Tax and Dividend tax pertaining to resident taxpayers. The tax residence certificate shall contain the private individual's name, permanent or temporary residence, or failing this his place of abode, tax identification code, or the name (corporate name), registered office and tax number of private entrepreneurs, legal persons and other organizations. The tax authority shall also make out a tax residence certificate on a form prescribed by a foreign authority if the applicant provides a Hungarian translation of the form. No translation is necessary if the form is made in the English language, or if the form is multi-lingual and all items are indicated in English as well.

(11)⁵⁵⁹ The tax authority shall also make out a certificate on a form prescribed by a foreign authority if the applicant provides a Hungarian translation of the form. No translation is necessary if the form is made in the English language, or if the form is multi-lingual and all items are indicated in English as well.

CONTROL

⁵⁵⁷ Established: by Section 162 of Act CC of 2013. In force: as of 1. 01. 2014.

⁵⁵⁸ Amended by Paragraph b) of Subsection (4) of Section 155 of Act CCLII of 2013.

⁵⁵⁹ Enacted by Section 208 of Act LXXIV of 2014, effective as of 1 January 2015.

Objective of Controls

Section 86

(1) In order to combat attempts to evade taxes and any unlawful activity for claiming central subsidies and tax refunds, the tax authority shall conduct regular audits of taxpayers and other persons involved in the taxation system. The objective of audits is to enforce the provisions of tax laws and other relevant legislation and detect any violation or infringement of these regulations. The tax authority shall investigate the facts and circumstances of any alleged violation or infringement of tax regulations and gather data and information as evidence to support such allegations in the ensuing proceedings.

(2) The tax authority shall allocate its resources under the principles of efficiency and feasibility. The basic guidelines for control shall be laid down, and they shall be enforced in order to encourage taxpayers to abide by the law.

(3) In order to improve the efficiency of control procedures and hence to alleviate the administrative burdens of taxpayers, the tax authorities may conduct joint inspections and audits in the cases falling within their competence.

Control Measures

Section 87

(1) The tax authority shall frequently and regularly:

- a) re-audit tax returns (including simplified control),
- b) monitor the redemption of government guarantees,
- c) audit the fulfillment of certain tax obligations,
- d)⁵⁶⁰ gather data and information and investigate the authenticity of economic events,
- e) monitor compliance with duty payment obligations,
- f) re-audit previously audited tax periods

in order to achieve its objectives.

(2) A tax period shall be deemed audited upon the institution of the procedure referred to in Paragraph a) of Subsection (1).

(3)⁵⁶¹ The tax period covered by any re-audit of the tax return submitted under Subsection (2) of Section 31 by a private individual who is engaged in private entrepreneurial activities for the tax year shall not be deemed audited.

Competence in Control Procedures⁵⁶²

Section 88

⁵⁶⁰ Amended: by point 25 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁶¹ Enacted: by Section 315 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁶² Amended by Paragraph a) of Section 86 of Act CIX of 2006.

(1)⁵⁶³

(2)-(4)⁵⁶⁴

(5)⁵⁶⁵ The state tax authority may request assistance from the customs authority by instruction of the director of the state tax and customs authority. The customs authority shall be vested with powers, as decreed by the head of the state tax and customs authority, to participate in the control of tax liabilities relating to taxes and central subsidies falling within the competence of the state tax authority. The customs authority shall be vested with powers - outside the scope of competence of the head of the state tax and customs authority - to participate in the control of tax obligations and information-gathering inspections relating to taxes and central subsidies falling within the competence of the state tax authority. The customs authority shall carry out control and the related procedures in accordance with the provisions of this Act. The customs authority shall impose the tax on non-Community goods that were released for free circulation illegally by way of a resolution adopted in a posteriori tax assessment procedure.

(6)⁵⁶⁶ Goods of a commercial nature held by a person liable for payment of value added tax may be transported only in possession of an authentic document in proof of the goods' origin, such as a consignment note or an invoice. The state tax and customs authority may request the person transporting such goods of commercial nature to reveal the name of the person who is liable for payment of value added tax and on whose behalf the goods are transported, and may check the documents available, if any, in proof of the origin and ownership of the goods by the person who is liable for payment of value added tax, such as a consignment note or invoice.

(6a)⁵⁶⁷ The state tax and customs authority may, based on the statement made by the person transporting such goods as provided for in Subsection (6), request the consignee, the consignor and the carrier affected to disclose:

- a) the description and the quantity of the goods transported;
- b) the description and registration plate number of the means of transport;
- c) the place where the goods were received and the place of unloading;
- d) the EKAER number; and
- e) the legal title under which the property is used, if the place of unloading is other than the registered address, place of business or branch of the person liable for payment of value added tax.

(6b)⁵⁶⁸ Where so justified by the risk factors - such as in particular the nature of the cargo, inconsistency between the consignment and the place of destination, or between the quantity of the goods carried and the type of the motor vehicle, any enforcement procedure in progress, intra-

⁵⁶³ Repealed: by Section 287 of Act LVI of 2009. No longer in force: as of 1. 10. 2009.

⁵⁶⁴ Repealed by Paragraph a) of Section 86 of Act CIX of 2006, effective as of 1 January 2007.

⁵⁶⁵ Established: by Section 267 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁵⁶⁶ Established by Section 209 of Act LXXIV of 2014, effective as of 1 January 2015.

⁵⁶⁷ Enacted by Section 209 of Act LXXIV of 2014, effective as of 1 January 2015. Enters into force as under Section 7 of Act XCII of 2014.

⁵⁶⁸ Enacted by Section 209 of Act LXXIV of 2014, effective as of 1 January 2015.

Community trading carried out without a Community tax number, establishment not notified as a place of unloading -, and if the person liable for payment of value added tax affected by the carriage of the goods refuses to supply the information as provided for in Subsection (6a), the state tax and customs authority shall have powers to affix an official seal on the means of transport, with the exception of live animals and perishable products, so as to ensure that the goods can be identified. The official seal may be affixed on a package or on the cargo area with an official stamp. The state tax and customs authority shall have the right to check the integrity of the official seal in the domestic territory, or shall take measures to have the official seal removed if it is no longer required.

(7)⁵⁶⁹ The customs authority shall have powers to inspect the driver of a long-distance means of public transport who is registered in another Member State of the European Communities as to whether he is engaged in providing local passenger transportation services in Hungary and as to whether the operator is registered in compliance with the obligation of registration.

(8)⁵⁷⁰

Section 88/A⁵⁷¹

(1)⁵⁷² With a view to investigating infringements and any unlawful conduct of taxpayers carrying the potential to substantially jeopardize the interests of the central budget and extra-budgetary funds, and to restore operations within the framework of the law, the subsidiary taxation branches and subsidiary customs agencies of the NAV shall have authority to exercise control where instructed by the head of the state tax and customs authority or the head of the customs authority under his own authority or upon the request of any other authority inside the territory of Hungary for the reasons defined in Subsection (2), and shall have powers to take control of investigations (central control).

(2) The central control referred to in Subsection (1) may be ordered where the facts and evidence available suggest that tax liabilities:

a) are fulfilled under illegal cross-border commercial relations directed to third countries, or under the pretense of legitimate commercial ties;

b) are infringed upon in the course of commercial relations with any one or more taxpayers established in other Member States of the European Communities;

c) are fulfilled by resident taxpayers falling within the scope of jurisdiction of one or more regional branches in violation of the provisions on affiliated companies (settlement prices), by way of bogus contracts or contrary to the principle of due course of the law;

⁵⁶⁹ Established: by Section 129 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁵⁷⁰ Repealed by Paragraph a) of Section 86 of Act CIX of 2006, effective as of 1 January 2007.

⁵⁷¹ Enacted by Section 117 of Act LXI of 2006, effective as of 1 January 2007.

⁵⁷² Established: by Section 130 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 26 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 17 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

d)⁵⁷³ are infringed upon in connection with the implementation of public procurement contracts, by way of unlawful or bogus contracts with intent to evade taxes, or contrary to the principle of due course of the law.

e)⁵⁷⁴ are infringed upon in connection with tax matters of key importance under the customs authority's jurisdiction.

(3)⁵⁷⁵ The subsidiary taxation branches and subsidiary customs agencies of the NAV shall be entitled to conduct control procedures and the ensuing regulatory proceedings in a single proceeding, concurrently involving several taxpayers. The acting body shall send a copy of each of the final resolutions delivered in conclusion of the proceedings to the competent tax authority of concern.

Selection of Taxpayers for Auditing

Section 89

(1)⁵⁷⁶ An audit must be conducted:

a) when a company is ordered to be wound up;

b) when requested by the chairman of the Állami Számvevőszék (*State Audit Office*);

c) when ordered by the minister in charge of taxation;

d) by resolution of the council of representative of a municipal government in respect of taxes falling under the competence of municipal tax authorities.

(2)⁵⁷⁷ The chairman of the State Audit Office and the council of representatives of municipal governments may order an audit when the prevailing facts and circumstances indicate that the tax authority is not exercising control with respect to a taxpayer or group of taxpayers in violation of the principle of non-discrimination or if a control procedure proved to be inconclusive on account of said violation of the principle of non-discrimination.

Section 90

(1)⁵⁷⁸ In addition to statutory control, the state tax authority shall conduct its control operations in accordance with the control guidelines published by its director in compliance with the guidelines set out in this Act and published by 20 February of each year.

(2)⁵⁷⁹

⁵⁷³ Enacted by Section 197 of Act CXXVI of 2007. Amended by Paragraph a) of Subsection (5) of Section 30 of Act LXXXII of 2008.

⁵⁷⁴ Enacted: by paragraph (2) Section 54 of Act CXVI of 2009. In force: as of 1. 01. 2010.

⁵⁷⁵ Amended by Paragraph b) of Section 87 of Act CIX of 2006. Amended: by point 18 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁵⁷⁶ Established: by Section 316 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁷⁷ Established: by Section 268 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁵⁷⁸ Amended: by point 27 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(3)⁵⁸⁰ The control guidelines issued by the director of the state tax authority shall regulate the use of the tax authority's capacity of control and audit, particularly in regard to the latest economic trends, tax policy objectives, changes in the relevant legislation, prevailing management practices and, in terms of tax revenue, those practices that are most harmful and those taxpayers and groups of taxpayers that pose the greatest risk.

(4) The control guidelines shall specify:⁵⁸¹

a) the special objectives for the year;

b)⁵⁸² the types of economic activities (trade, profession or sector) to be controlled, the profitability indices for the various regions and municipalities broken down per trade or activity, and the criteria for the control of taxpayers who fail to reach the profitability limits;

c)⁵⁸³ the proposed ratio among the various types of control procedures, meaning the investigation of rapid financial advancement, audits ordered upon the correction of tax returns to be carried out before disbursement as well as the examination of companies engaged in transformation, merger, division, companies starting up and companies whose tax liability is being terminated or that are dissolving without succession.

(5)⁵⁸⁴ The state tax authority shall maintain an estimation database in support of selection and audit processes. The estimation database contains data compiled on the basis of the findings and interpretation of previous audits, separately in respect of different activities, broken down by field, relating to turnover, staff number and other information underlying tax liability. The state tax authority shall update the estimation database on a yearly basis, taking into account data from tax returns, and data supplied by the Központi Statisztikai Hivatal (*Central Statistics Office*) within the framework of disclosure, or published officially.

(6)⁵⁸⁵ The state tax authority, apart from statutory control procedures and those based on random selection, shall also select taxpayers to be audited through dedicated selection schemes. In the dedicated selection scheme, the state tax authority shall select taxpayers for auditing on the basis of:

a) the tax returns they have filed;

b) data disclosed;

⁵⁷⁹ Repealed: by point 5 paragraph (2) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

⁵⁸⁰ Amended by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by point 29 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁸¹ Amended: by point 30 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁸² Established by Section 15 of Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) of Section 40 of Act LXXXV of 2005.

⁵⁸³ Amended by Subsection (1) of Section 66 of Act XXVII of 2004, Subsection (2) of Section 238 of Act LXI of 2006, Point 15 of Section 225 of Act LXXIV of 2014.

⁵⁸⁴ Established: by Section 317 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁸⁵ Established: by Section 317 of Act CLVI of 2011. In force: as of 1. 01. 2012.

- c) the records containing tax payments and subsidies disbursed;
- d) the findings of previous inspections and audits;
- e) information and data files received from other authorities and/or taxpayers; and
- f) publicly available data and information.

(7)⁵⁸⁶ Each calendar year the state tax authority shall select at least 10 per cent of the business associations founded during that year without predecessor for inspection on the basis of risk analysis. The tax authority shall conduct on-site inspections at the taxpayers selected within ninety days after the tax number is assigned to check the authenticity and credibility of the information supplied by the taxpayer (such as in particular, the registered office, the main office of central business administration, representatives), and compliance with tax liabilities. If during the inspection the tax authority finds any infringement serving grounds for the suspension of the tax number, it shall apply the sanctions described in Section 24/A of this Act. Comprised in the risk analysis conducted under this Subsection, the tax authority shall process and compare the information available concerning the prior economic activities and tax history of the members and executive officers of the business association.⁵⁸⁷

For the purposes of risk analysis, the following factors shall be taken into consideration:

- a) whether any member or executive officer of the taxpayer was previously involved in a business association in the capacity of member or executive officer,
 - aa) that was wound up without succession without settling any public dues shown in the state tax authority's records as outstanding,
 - ab) against whom substantial tax arrears have been assessed by the state tax authority,
 - ac)⁵⁸⁸ that was sanctioned previously by the state tax authority by store closure,
 - ad) whose tax number the state tax authority has suspended or withdrawn pursuant to Section 24/A of this Act;
- b)⁵⁸⁹

The detailed rules for the selection process for the purposes of risk analysis shall be laid down by the director of the state tax authority in the form of instructions.

(8)⁵⁹⁰ The state tax authority shall indicate in the audit reports the audited taxpayer's identification data, the selection method and the immediate reason for the audit.

(9)⁵⁹¹ Subsections (1), (3), (4)-(6) and (8) of this Section shall apply in connection with audits conducted relating to the type of taxes conferred under the customs authority's jurisdiction.

⁵⁸⁶ Enacted by Section 198 of Act CXXVI of 2007, effective as of 1 January 2008.

⁵⁸⁷ Amended: by point 31 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁸⁸ Amended: by point 6 paragraph (2) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁸⁹ Repealed: by paragraph (16) Section 76 of Act CXV of 2009. No longer in force: as of 1. 01. 2015.

⁵⁹⁰ Amended by Subsection (4) of Section 85 of Act CIX of 2006. Numbering amended by Section 198 of Act CXXVI of 2007.

⁵⁹¹ Enacted: by Section 55 of Act CXVI of 2009. In force: as of 1. 01. 2010. Amended: by point 32 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

Request for Correction of Tax Return

Section 91

(1) The state tax authority shall request private individuals whose declared income shown on the tax return is below the prevailing minimum wage in two consecutive years to supply additional information.

(2) Based on the request, the private individual shall supply an itemized statement of the expenditures (costs, expenses, investments) financed from all of the income (revenue) received during the tax year as well as its sources.

(3) In conjunction with its request for additional information to supplement the tax return, the state tax authority shall be entitled to check:

a) information pertaining to co-habitation with other persons or the support of other persons by virtue of law or under contract,

b) the characteristics of community property of spouses or domestic partners, or of the property and/or assets in the taxpayer's use, that are essential for determining the taxpayer's true source(s) and utilization of income or revenues.

(4) The state tax authority shall examine whether the income and other proceeds declared by the private individual are sufficient to cover the expenditures (costs, expenses, investments) indicated in the itemized statement. If the amount of income and other proceeds declared proved to be insufficient or if the private individual fails to provide reliable evidence to verify the contents of his statement when requested to do so by the tax authority, the tax authority shall order a follow-up audit of the private individual's tax return. If no audit is scheduled, the tax authority shall forthwith destroy all data obtained according to Subsection (3) above upon mailing the notice therefor.

Section 91/A⁵⁹²

(1) Where a taxpayer provides a statement in his tax return declaring his intention not to apply the income (profit) minimum specified in Subsection (23) of Section 49/B of the Act on Personal Income Tax and in Subsection (7) of Section 6 of the Act on Corporate Tax and Dividend Tax as his tax base, he shall enclose a tax return supplement prescribed by the state tax authority with his tax return. For legal aspects, the tax return supplement shall be treated as a tax return.

(2) The tax authority shall process the data contained in the tax return supplement, and shall select those taxpayers - relying on a risk assessment program - using a computer-aided mechanism for the purpose of auditing compliance with tax liabilities of taxpayers, where there is reason to believe that the profit they show from business operations reflect the concealment of revenues or unlawful cost accounting practices. Where the tax authority challenges any economic event, the burden of proof to verify that such events are true and that they did actually take place, or that the costs (expenses) were in fact incurred in the interest of business operations, lies with the taxpayer affected. If the conditions set out in Paragraph e) of Subsection (3) of Section 108 of

⁵⁹² Enacted by Section 6 of Act XXXIX of 2007, effective as of 1 July 2007. See also Subsection (3) of Section 9 of Act XXXIX of 2007.

this Act are satisfied in the process of checking compliance with tax liabilities, the tax authority shall conduct a follow-up audit to estimate the tax base and/or the amount of tax liability.

(3) If, according to the tax authority's findings, the company's revenues and the income it provides is unlikely to cover the costs and expenses, including any investments, which are apparently required for the lifestyle of the private entrepreneur or private individual who is the owner of the company in question, the tax authority may order the private individual affected to supplement his tax return in accordance with Section 91.

(4) The tax authority shall make its selection for audit within thirty days following the deadline for filing, or from the date of receipt of the corrected tax return if it was originally filed with errors or was incomplete, or if filed in delay, of which the tax authority shall notify the taxpayer affected in writing. The notification shall not constitute commencement of the audit. The tax authority is required to commence the audit within one year from the time of the selection. Other aspects of the audit shall be governed by the provisions contained in this Chapter.

(5) If the taxpayer's statement is erroneous, deficient or incomplete, he shall notify the tax authority within eight days following registration of the error or discrepancy for the tax authority to make the necessary corrections.

(6) Where Subsection (1) applies to a taxpayer upon the self-audit of his tax return, a tax return supplement shall also be made out and filed attached with the self-audit form. The provisions set out in this Section shall apply to tax return supplements and to selection for audit.

Call for Self-Revision⁵⁹³

Section 91/B⁵⁹⁴

(1) The tax authority may request - by means of call for self-review - any taxable private individual who is not engaged in business activities to carry out a self-audit, if detecting any discrepancy on the taxpayer's part relying on data contained in the taxpayer's tax return and in the tax authority's records.

(2) The call for self-review shall be dispatched by way of electronic means or by post, and it shall contain:

a) the taxpayer's name, home address and tax identification code;
b) the period to be reviewed and the type of tax involved;
c) the tax base calculated based on the data and information supplied by the taxpayers required to file monthly tax returns and contribution declarations, and subject to reporting requirements, the amount of tax, tax refund, tax payable, and the underlying data shown in the tax authority's records, and the amount of discrepancy.

(3) Taxpayers are not obligated to comply with the call for self-review, hence no default penalty may be imposed in the event of their failure to carry out the self-audit.

(4) The taxpayer may not be audited inside of thirty days following the date of delivery of the call for self-review with respect to the period and the type of tax indicated therein.

(5) If the call for self-review is dispatched within the time limit prescribed for payment of central subsidies, the time limit for such payment shall be suspended from the date of the call for

⁵⁹³ Enacted: by Section 269 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁵⁹⁴ Enacted: by Section 269 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

self-review until the results of the self-audit is received, or for maximum thirty days from the date of delivery of the call for self-review.

Deadlines in Control Procedures

Section 92⁵⁹⁵

(1) The time limit for control procedures shall be thirty days, including the first and last day of the procedure.

(2) By way of derogation from Subsection (1), the time limit for control procedures shall be:

a) ninety days in the case of the subsequent verification of tax returns and for re-auditing previously audited tax periods, or one hundred and twenty days in respect of the largest taxpayers in terms of tax payment;

b) one hundred and twenty days in respect of central control;

c) ninety days in the case of inspections in connection with the redemption of government guarantees;

*d)*⁵⁹⁶ the time limit prescribed for inspections preceding the disbursement of central subsidies. If an audit is conducted before the payment of value added tax, for the purposes of the time limit for control, the payment deadline determined on the basis of the statement referred to in Subsection (4a) of Section 37, or in the absence thereof, shall be taken into consideration.

(2a)⁵⁹⁷ In the case of taxpayers undergoing liquidation, the time limit prescribed for inspections preceding the disbursement of central subsidies shall be thirty days, or forty-five days if the amount of value added tax to be refunded exceeds one million forints and the taxpayer made the statement under Subsection (4a) of Section 37, or seventy-five days if the audit preceding the disbursement of central subsidies covers value added tax as well and the taxpayer did not file the statement referred to in Subsection (4a) of Section 37.

(3) The time limit for control procedures shall begin on the day when the letter of authorization is delivered, or failing delivery, when presented.

(4)⁵⁹⁸ If the superior authority, or the court orders the reopening of proceedings in respect of control procedures, the time limit for control procedures in the new proceedings shall begin on the day of dispatch of the notice on the opening of such new proceedings, or on the day of submission of notice if no postal delivery is effected. The new proceedings shall be opened within sixty days from the operative date of the decision or resolution thereof.

(5) In the case of bankruptcy proceedings, the control procedure in respect of the period preceding the time of the opening of bankruptcy proceedings shall be completed within ninety days following the time of the opening of bankruptcy proceedings.

⁵⁹⁵ Established: by Section 318 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁵⁹⁶ Established: by paragraph (1) Section 270 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁵⁹⁷ Enacted: by paragraph (5) Section 4 of Act CXV of 2013. In force: as of 28. 06. 2013.

⁵⁹⁸ Amended: by point 9 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012.

(6)⁵⁹⁹ In the case of liquidation, subsequent verification of final tax returns for closing out the activities, tax returns filed upon the conclusion of liquidation proceedings, and of the tax return(s) filed for the period between the date of the final tax return for closing out the activities and tax returns filed upon the conclusion of liquidation proceedings, and the subsequent verification of periods preceding the final tax return for closing out the activities shall be carried out within sixty days of receipt of the tax returns filed upon the conclusion of liquidation proceedings, or the date of receipt of the individual tax returns if the tax returns filed upon the conclusion of liquidation proceedings are submitted at different times, or within forty-five days in the case of simplified liquidation proceedings.

(7) In connection with dissolution proceedings, subsequent verification of final tax returns for closing out the activities, tax returns filed upon the conclusion of dissolution proceedings, and of the tax return(s) filed for the period between the date of the final tax return for closing out the activities and tax returns filed upon the conclusion of dissolution proceedings, and the subsequent verification of periods preceding the final tax return for closing out the activities shall be carried out within sixty days of receipt of the tax returns filed upon the conclusion of dissolution proceedings, or the date of receipt of the tax return of corporate tax and dividend tax if the tax returns filed upon the conclusion of dissolution proceedings are submitted at different times, or within forty-five days in the case of simplified dissolution proceedings.

(8) Where tax returns filed upon the conclusion of liquidation or dissolution proceedings are amended by self-revision, or corrected or remedied by order under Section 34, the time limit for the conclusion of audits of the tax returns filed upon the conclusion of liquidation or dissolution proceedings shall be calculated from the time such amendment or correction is made, from the operative date of the resolution rendered on correction, or from the date of the court decision adopted upon judicial review of the resolution, or from the time of remedying deficiencies, failing this, from the last day of the time limit prescribed for remedying deficiencies. As regards liquidation proceedings, if new proceedings are opened for the subsequent verification or re-audit of the final tax returns for closing out the activities, or the previous period, they may be concluded past one year from the time of publication of the audit, or, as regards simplified liquidation proceedings, the audit shall be completed within forty-five days from the date of receipt of the tax returns filed upon the conclusion of liquidation, or the date of receipt of the individual tax returns if the tax returns filed upon the conclusion of dissolution proceedings are submitted at different times.

(9) If the taxpayer interferes with the verification or audit by failing to appear or by violating the obligation to cooperate, or in any other way, the duration of such interference, or a maximum period of ninety days shall not be included in the time limit for the conclusion of such proceedings. The tax authority may continue the proceedings during the aforementioned period of interference. Upon becoming aware of the interference, the tax authority shall forthwith order the taxpayer to cease such conduct.

(10) If the tax authority requests to have a guardian ad litem appointed, it shall move to request national legal assistance, or shall appoint an expert from the day of dispatch of the request for the appointment of a guardian ad litem until the operative date of the decision for the appointment of a guardian ad litem, where the duration between the day of dispatch of the request for national legal assistance and the date when the reply is received, or maximum thirty days, or if an expert is appointed, between the operative date of the ruling on the appointment and the date when the

⁵⁹⁹ Established: by Section 163 of Act CC of 2013. In force: as of 1. 01. 2014.

expert's opinion is delivered shall not be included in the time limit for the conclusion of the verification or audit. The tax authority may continue the proceedings during such period of suspension. The tax authority shall notify the taxpayer concerning the opening and the closing date of the suspension.

(11)⁶⁰⁰ If, with a view to ascertaining the relevant facts of a case, the tax authority orders in connection with auditing a taxpayer, the inspection of certain other taxpayers as well (related inquiry), the duration of such related inquiry shall not be included in the time limit for the conclusion of the audit. An ongoing audit of another taxpayer who was or is a party to a contractual relationship with the taxpayer shall be treated as a related inquiry, if the findings of such audit are deemed necessary for ascertaining the relevant facts of the case. The tax authority may continue the proceedings during such period of related inquiry. If based on the data and evidence obtained by the related inquiry the relevant facts of the principal action had been ascertained to the extent affected by the inquiry, the audit may be concluded regardless of the outcome of the related inquiry. The tax authority shall notify the taxpayer concerning the opening and the closing date of the related inquiry. Where an audit is treated as a related inquiry, the date of dispatch of the notice of suspension of the time limit for audit, or if no postal delivery is used, the date of serving the notice shall be construed as the initial day of the related inquiry. If based on the data and evidence obtained by the related inquiry, the audit is concluded before the related inquiry is finished, the date of dispatch of the notice of availability of the data and evidence obtained, or if no postal delivery is used, the date of serving the notice shall be construed as the date of conclusion of the related inquiry.

(12)⁶⁰¹ If the tax authority has requested assistance from a foreign tax authority to ascertain the relevant facts of a tax liability case in accordance with the relevant international treaty or under reciprocity, or tax cooperation regulations of the European Union, the period between the time the notice on the request is dispatched to the taxpayer, or from the day of submission of notice if no postal delivery is effected, until the fifteenth day from the date when the reply of the foreign tax authority is received shall not be included in the time limit prescribed for the control procedure (including procedures for verifying the authenticity of economic events) concerning the tax or central subsidy to which the request pertains. The tax authority may carry on the control procedure during the period while the request made to the foreign tax authority is pending. The tax authority shall notify the taxpayer concerning the request made to the foreign tax authority, and also when the response of the foreign tax authority is received. If the requested foreign tax authority fails to reply within one hundred and eighty days from the date of the request, the inspection may be concluded nonetheless if the relevant facts of the case have elsewhere been ascertained. In that case the one hundred and eightieth day from the day of dispatch of the request to the foreign tax authority shall be construed as the last day of the time limit for control.

(13) The time limit for control may be extended once by maximum ninety days by authorization of the head of the tax authority conducting the control procedure if it is able to show cause. The extended time limit for control may be extended under extraordinary circumstances once by up to ninety days by authorization of the superior authority at the request

⁶⁰⁰ Established: by paragraph (2) Section 270 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶⁰¹ Amended by point 11 Section 40 of Act LXIX of 2012, Point 2 of Subsection (1) of Section 28 of Act XXXIII of 2014, Point 16 of Section 225 of Act LXXIV of 2014.

of the tax authority conducting the control procedure. In cases falling within the jurisdiction of the state tax and customs authority, the time limit that has been extended by the superior authority may be extended under extraordinary circumstances once by up to one hundred and twenty days by the head of the state tax and customs authority under authorization of the superior authority at the justified request of the tax authority conducting the control procedure. In cases falling within the jurisdiction of municipal tax authorities, the time limit that has been extended by the superior authority may be extended under extraordinary circumstances once by up to one hundred and twenty days by the minister in charge of taxation under authorization of the superior authority at the justified request of the tax authority conducting the control procedure.

(14) The time limit for control may be extended by means of a ruling.

(15) Beyond the time limit for control the tax authority may not continue to carry out further control procedures. If no extension is granted, the control procedure shall be concluded within the prescribed time limit and closed in the manner defined by law.

(16) The tax authority shall arrange the examination programs of control procedures so as to abide by the statutory time limits prescribed for control procedures.

Commencement of the Control Procedure

Section 93

(1)⁶⁰² A control procedure shall commence upon delivery of the letter of authorization, or upon conveyance of a copy of the letter of authorization or presentation of the general letter of authorization. Where new proceedings are opened, a new letter of authorization shall not be issued. The letter of authorization may be delivered electronically as well.

(2) If the taxpayer or his authorized representative, proxy or employee refuses to accept the letter of authorization, the control procedure shall commence when a report thereof is made and signed in the presence of two official witnesses.

(3) Control procedures may be carried out by an officer of the tax authority who has official identification and a letter of authorization (hereinafter referred to as “tax inspector”). While in the tax authority’s offices, tax inspectors are not required to carry their official identification when involved in a control procedure.

(4)⁶⁰³ The tax inspector may commence an onsite inspection only in the presence of the taxpayer, his representative or proxy or, in the absence of such, two official witnesses. When the purpose of an inspection is to gather information, it may also commence if one of the taxpayer’s employees or, in the case of sample purchase, covert or otherwise, a salesperson is present, or in the case of sample purchases made at taxpayers providing electronic commercial services, or at sale-to-order vendors of goods, a person involved in the delivery of the goods ordered is present.

(5)⁶⁰⁴ When making a sample purchase, the authorization to conduct the inspection shall be verified upon conclusion of the sample purchase, following which the salesperson shall refund the purchase price upon taking the goods back. If making a sample purchase at a taxpayer

⁶⁰² Established: by Section 164 of Act CC of 2013. In force: as of 1. 07. 2014.

⁶⁰³ Established: by paragraph (2) Section 319 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁰⁴ Established: by paragraph (2) Section 319 of Act CLVI of 2011. In force: as of 1. 01. 2012.

providing electronic commercial services or at a sale-to-order vendor of goods, and a document related to the sales transaction is not enclosed with the product delivered, the tax inspector shall be entitled to open the packaging of the goods and ascertain that the vendor placed the sales document inside the packaging. The person involved in the delivery of the product ordered shall serve as an official witness for the purposes of the inspection. The tax authority shall be liable to return the product only upon the vendor having refunded the purchase price upon receipt of notice requesting a refund. If the vendor refuses to take the product back and to refund the purchase price, the purchase price shall be treated as a procedural expense, that shall be borne by the vendor, and/or the product shall be sold by the tax authority in accordance with the provisions on the enforcement of tax debts, or destroyed if cannot be sold.

(5a)⁶⁰⁵ In the case of covert sample purchases, the tax inspector's authorization to conduct the inspection shall not be verified upon conclusion of the sample purchase if no infringement is found, for it shall be verified by way of the report delivered to the taxpayer. If the tax inspector finds any infringement, the provisions of Subsection (5) shall apply.

(6) The letter of authorization shall contain the name of the tax inspector carrying out the inspection as well as the name of the taxpayer to whom it pertains, the type of tax liability, the period to be inspected, and the type of control procedure to be carried out.

(7)⁶⁰⁶ The tax authority may issue a general letter of authorization to a tax inspector authorizing him to conduct inspections concerning certain tax liabilities and gather information accompanied by another tax inspector who does not have a letter of authorization. The general letter of authorization shall contain the name of the tax inspector and the period of validity of the letter of authorization.

(8)⁶⁰⁷ The tax inspector of the state tax and customs authority holding a general letter of authorization shall have powers to conduct inspections without any territorial restrictions.

Control Proceedings

Section 94

(1) Control proceedings shall be conducted on site or in the offices of the tax authority before the right to assess taxes and central subsidies lapses.

(2) Onsite inspections shall be conducted during business hours (working hours) at a taxpayer working in self-employment or between 08:00 and 20:00 hours at other persons. Different times may be arranged at the taxpayer's request. Such inspections shall include the taxpayer's assets and documents stored or deposited outside its registered office and/or place of business.

(3) Inspection in the offices of the tax authority shall be conducted during office hours. Office hours shall be scheduled so as to allow taxpayers to be heard after their working hours.

Section 95

⁶⁰⁵ Enacted: by paragraph (2) Section 319 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁰⁶ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁶⁰⁷ Amended by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by point 33 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(1)⁶⁰⁸ In the course of its inspection, the tax authority shall examine and review the documents, receipts, books, records (including those in electronic format), the software and computer systems the taxpayer uses for keeping books and accounting records and for processing accounting documents, calculations and other facts, data and circumstances required for determining the base and amount of taxes and central subsidies.

(2)⁶⁰⁹ Where any invoice (simplified invoice), or document that is necessary for the conduct of the control procedure, or any contract or other document underlying the economic event to which the invoice (simplified invoice), or document pertains is made out in a foreign language, other than English, German or French, and if the relevant facts of the taxation case cannot be ascertained otherwise, the taxpayer shall supply a certified Hungarian translation of the invoice (simplified invoice), or document, or an official Hungarian translation of the contract or other document underlying the economic event to which the invoice or document pertains, when so requested by the tax authority. If the taxpayer prepares the records prescribed by the legislation laying down provisions for the obligation to keep records relating to the determination of fair market value, or the underlying documents in a language other than Hungarian, English, German or French, and if the relevant facts of the taxation case cannot be ascertained otherwise, the taxpayer shall supply an official Hungarian translation of such records and documents, or specific parts of them within the prescribed deadline at the tax authority's request. The period between the date of dispatch of the request or from the day of submission of the request if no postal delivery is effected, until the time of compliance, or until the last day of the prescribed time limit in the event of non-compliance shall not be included in the time limit set for the control procedure. The tax authority may carry on the control procedure during the period of suspension.

(3)⁶¹⁰ Taxpayers shall render all documents and records, including those stored in electronic format, available to the tax authority in the format requested by the tax authority, and shall allow access to study all facts, circumstances and other particulars that are necessary for the inspection. Taxpayers and their employees shall provide any information required by the tax authority that is necessary for the inspection. The taxpayer may not be compelled to supply records or prepare summary statements (calculations) that are not prescribed by law.

(4)⁶¹¹ If a taxpayer's documents are incomplete or unorganized and/or his records are inaccurate or inadequate as a result of which they cannot be used to determine the taxpayer's obligations, the tax authority shall order the taxpayer to make the necessary corrections and arrangements and resolve any discrepancies within the prescribed deadline to bring his documents and records into compliance with the relevant legislation. The period between the date

⁶⁰⁸ Established: by Section 165 of Act CC of 2013. In force: as of 1. 01. 2014.

⁶⁰⁹ Established: by paragraph (1) Section 320 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 12 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012. Amended: by point 19 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶¹⁰ Established by Section 12 of Act XXVII of 2004. Numbering amended by Section 121 of Act CXIX of 2005.

⁶¹¹ Established: by paragraph (2) Section 320 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 13 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012. Amended: by point 20 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

of dispatch or submission of the request until the time of compliance, or until the last day of the prescribed time limit in the event of non-compliance, shall not be included in the time limit set for the control procedure. The tax authority may carry on the control procedure during the period of suspension.

(5)⁶¹² The tax authority may procure the services of experts for its inspections.

(5a)⁶¹³ During the control procedure the state tax and customs authority may contact the body competent for the assessment of research and development activities to serve as an expert concerning:⁶¹⁴

a) the classification of the taxpayer's activities from the perspective of research and development, and/or

b) the chargeability of costs incurred in connection with research and development activities, to the research and development activities [Paragraphs a)-b) heretofore and hereinafter referred to collectively as "procedure for the classification of research and development activities"].

(6)⁶¹⁵ If the municipal tax authority lacks a tax inspector with sufficient expertise in inspecting taxpayers required to use double-entry bookkeeping, the municipal tax authority shall be entitled to contract the services of an independent certified auditor, tax adviser, tax consultant or certified tax consultant (hereinafter referred to as "appointed auditor"). The appointed auditor shall be authorized to inspect all those documents necessary for auditing the taxpayer.

Section 96

(1)⁶¹⁶ If there is reasonable suspicion that documents, books, records, registers, electronic data and information and other material relating to taxes to be reviewed might be destroyed, they shall be impounded and documented, showing an itemized list of all documents for reasons of identification, and, where necessary, copies shall be left behind, and if there is suspicion that the circumstances of the business activities might be altered, the scene shall be recorded in the condition it was found.

(2)⁶¹⁷

(3)⁶¹⁸ Under other circumstances, documents may be impounded for inspection on official premises; in this case, however, the tax authority shall only be authorized to keep them until the audit is concluded.

⁶¹² Numbering amended by Section 121 of Act CXIX of 2005.

⁶¹³ Enacted: by paragraph (3) Section 320 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶¹⁴ Amended: by point 21 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶¹⁵ Numbering amended by Section 121 of Act CXIX of 2005. Amended: by subparagraph a) paragraph (1) Section 96 of Act CXVI of 2009. In force: as of 17. 11. 2009.

⁶¹⁶ Established: by Section 272 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶¹⁷ Repealed: by point 7 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

⁶¹⁸ Amended: by point 13 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

(4)⁶¹⁹

The Tax Authority's Rights and Obligations in Control Procedures

Section 97

(1) Before commencing the inspection, the tax inspector must willingly identify himself and produce evidence of his authorization in the manner prescribed in this Act, and he shall inform the taxpayer concerning the purpose and estimated duration of the inspection.

(2) The tax inspector shall exercise his powers of inspection in a manner so as to cause the least amount of impediment in the taxpayer's business operations.

(3) In the course of inspection, the tax inspector shall examine the facts, circumstances and data and shall notify the taxpayer, his representative, proxy or employee concerning his findings. When declining to admit evidence furnished by the taxpayer, the tax inspector shall state his reasons verbally and record such reasons in the inspection report.

(3a)⁶²⁰ If, during the inspection, the tax authority detects connections, facts or circumstances which are inter-related and are affecting several taxpayers, and which suggests any attempt to circumvent the provisions of tax regulations, the parties concerned may be informed thereof.

(4) The tax authority shall ascertain the relevant facts of the case and prove its findings at the conclusion of the inspection, unless the burden of proof is conferred upon the taxpayer by law.

(5)⁶²¹ Documents, expert opinions, statements made by the taxpayer, his representative or employee and also those made by other taxpayers, testimonial evidence, onsite inspections, sample purchases, covert or otherwise, trial production, checking inventory and data provided by other taxpayers, findings of other related inspections, the contents of disclosed data, data from the records of other authorities or electronic data and information made available to the public shall, in particular, be construed as admissible proof and evidence.

(6) In the course of ascertaining the relevant facts of the case, the tax authority shall also investigate facts in support of the taxpayer. Any fact or circumstance, apart from estimation procedures, that is not supported by evidence cannot be used against the taxpayer.

Section 98

(1) In the course of inspections, the tax inspector shall have powers:

- a) to enter any room that is necessary for inspecting business, manufacturing and other taxable operations, property or income;
- b) to check vehicles and their cargo, and premises and locations that are connected to the taxpayer's business operations;
- c) to examine documents, articles and work procedures;
- d) to request information from the taxpayer, his representative or employees and interview other persons;

⁶¹⁹ Repealed: by subparagraph a) Section 45 of Act CCVIII of 2012. No longer in force: as of 1. 01. 2013.

⁶²⁰ Enacted by Section 210 of Act LXXIV of 2014, effective as of 1 January 2015.

⁶²¹ Amended: by point 35 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

e) to establish the identity and position or relation of persons participating in the taxable activities;

f)⁶²² to perform sample purchases, covert or otherwise, and take inventory;

g) to order trial production;

h) to investigate other taxpayers in contractual relationship with the taxpayer to the extent necessary;

i) to gather evidence in other ways as it may be necessary to ascertain the relevant facts of the case.

j)⁶²³ to take samples.

(2) If the taxpayer inspected carries out his entrepreneurial activities on the real property of another person, the owner of such property shall perforce tolerate the tax authority's inspection of his property.

(3)⁶²⁴ The tax inspector shall be entitled to conduct his inspection in the residence of a private individual who is not engaged in business activities if the tax liability is related to the residence as an asset, if the income of the taxpayer is derived from the utilization of the residence or if there is reasonable suspicion that the residence is used for unauthorized entrepreneurial activities.

(4)⁶²⁵ The conditions for the taking of samples under Paragraph *j*) of Subsection (1) shall be provided for by the taxpayer affected. The taxpayer shall have the right, and - when so instructed by the tax authority - the obligation, to attend the sampling procedure, or shall have a representative present. The taxpayer shall be entitled, or at the tax authority's request, shall be liable to carry out the sampling procedure by himself in due observation of the relevant regulations and under the supervision of the tax authority. The tax authority shall record the taking of samples in a report. The costs incurred by the taxpayer in connection with the taking of samples shall in all cases be borne by the taxpayer irrespective of the outcome of the procedure, whereas other costs of the sampling procedure and the costs of laboratory and other tests shall be borne by the taxpayer if the tax authority finds, based on the sample, that there has been an infringement, or by the tax authority in other cases. If the sample is not destroyed during laboratory and other tests, and the taxpayer did not request in the sampling report to have such samples returned, the tax authority shall have the option to destroy such samples or to order the taxpayer to have them removed at his own expense.

Taxpayers' Rights and Obligations in Control Procedures

Section 99

(1) When inspected, the taxpayer shall be required to cooperate with the tax authority and shall ensure the proper conditions for the inspection.

⁶²² Amended: by point 36 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶²³ Enacted: by paragraph (1) Section 273 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶²⁴ Amended: by paragraph (14) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

⁶²⁵ Established: by Section 166 of Act CC of 2013. In force: as of 1. 01. 2014.

(1a)⁶²⁶ In the event of liquidation or dissolution, the liquidator or receiver, respectively, shall discharge the obligations of the taxpayer as mentioned in Subsection (1), or in the event of involuntary de-registration the person registered in the register of companies as the authorized signatory, or - if dissolution proceedings took place previously - the former receiver shall discharge the obligations of the taxpayer as mentioned in Subsection (1), and shall exercise the rights of such taxpayer as of the opening of the liquidation, dissolution or involuntary de-registration proceedings.

(2) When the taxpayer is entitled to a tax exemption or tax allowance, it shall be duly verified by the relevant documents or in some other suitable way.

Section 100

(1) The taxpayer shall be entitled:

- a) to confirm the identity and authorization of the inspecting officer,
- b) to be present at any and all acts of the inspector,
- c) to have an attorney present.

(2)⁶²⁷ If a private individual taxpayer is unable to exercise his rights - unless the inspection concerns specific tax liabilities or information gathering and with the exception of simplified control procedures and investigations of the authenticity of economic events - he may request postponement on one occasion of the control procedure or suspension of the inspection until his ability is restored, not to exceed sixty days. The duration of suspension shall not be included in the duration of control.

(3) The taxpayer shall be entitled to review the documents drafted in the course of an inspection, request information concerning the findings of the inspection, comment on such findings, present evidence, read the inspection report and make written comments within fifteen days of receipt of the report.

(4)⁶²⁸ If the tax authority attaches the findings from the inspection of another taxpayer, or the information and evidence obtained during any related inquiry, to support the results of an inspection, the report and the resolution on such inspection, or the information and evidence obtained during said related inquiry shall be conveyed to the taxpayer to the extent to which he is concerned.

(5)⁶²⁹ If an inspection extends beyond the prescribed deadline for reasons attributable to the tax authority in the taxpayer's opinion, the taxpayer may lodge a protest with the supervisory agency after the time limit has expired. The supervisory agency shall weigh the taxpayer's opinion in its decision adopted by way of a ruling whether to dismiss the complaint, extend the deadline or order the acting tax authority to declare the case closed.

⁶²⁶ Established: by Section 167 of Act CC of 2013. In force: as of 1. 01. 2014.

⁶²⁷ Amended: by point 37 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶²⁸ Established: by Section 274 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶²⁹ Amended by Subsection (2) of Section 66 of Act XXVI of 2005, and by Subsection (3) of Section 41 of Act LXXXV of 2005. Amended: by point 13 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

Special Measures Employed by the Tax Authority in Control Procedures

Section 101

(1) The tax authority shall have powers to order a private individual to produce proof of identity if such private individual is presumed to be involved or appears to be participating in activities subject to tax liability under the given circumstances.

(2) A person required to identify himself shall produce authentic proof of his identity. A personal identification card shall be construed as the principal means of identification; however, any document providing conclusive evidence of the identity of the person may be accepted. The tax authority may accept a statement of verification provided by another person present whose identity has been properly established.

(3) In the event of refusal to produce proof of identification, the tax authority may request the assistance of the police to enforce compliance.

(4) The identity check may only last for the time it takes to establish identity. The person whose identity is being checked shall be informed of the reason therefor.

Section 102

(1)⁶³⁰ If a taxpayer, his representative or employee, or any person who served as the taxpayer's representative or employee during the period inspected, or a witness, fails to meet his obligation to attend in person in spite of being lawfully subpoenaed, and upon his failure to show cause for his absence, the head of the competent tax authority may order the arrest of such person. The arrest warrant shall be approved by the public prosecutor's office.

(2)⁶³¹ In the case defined in Subsection (3), a professional staff member of the NAV may attend the procedural acts carried out by the tax inspector, however, he may not carry out any act for the control procedure.

(3)⁶³² If there is no other way to ensure the smooth application of the control procedure, the tax authority may request the assistance of the police in accordance with the provisions set out in the Act on the Police, or may invoke the professional staff member of the NAV attending to take action in accordance with the Act on the Nemzeti Adó- és Vámhivatal with a view to continuing the procedure without further disruptions.

Section 103⁶³³

⁶³⁰ Established: by Section 132 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 38 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶³¹ Established: by Section 323 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶³² Established: by Section 323 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 22 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶³³ Established by Section 211 of Act CI of 2004, effective as of 1 January 2005.

(1)⁶³⁴ If, on the basis of information obtained from the statements and records of the taxpayer, his representative, proxy, employee or other identified and reliable source, it is reasonably presumed that the taxpayer is concealing any physical evidence of importance pertaining to tax liability, declaration, invoicing, document storage, recording (bookkeeping) obligations, or is attempting to cover up the true circumstances of his operations, a tax inspector of the state tax and customs authority shall be entitled to search and inspect any site, premises or motor vehicle that may be presumed to be involved in the business operations as well as the cargo of any such vehicle. This provision may be applied in respect of the search of a residential property if any part of the property is used for business activities.

(2)⁶³⁵ The search warrant shall be issued by the tax authority carrying out the inspection. The search shall be approved by the public prosecutor in advance, unless there is reason to believe that any delay is likely to result in detrimental consequences in terms of the objective of the search. The tax authority shall subsequently notify the competent public prosecutor of any search conducted without the prior approval of the public prosecutor, with the search warrant and a copy of the report made on the search attached. The offices of notaries public, lawyers, tax experts, certified tax experts, tax consultants and those providing bookkeeping services may be searched only in possession of the public prosecutor's prior consent. The search warrant shall contain an indication, where possible, of the articles which are sought for the purpose of use as physical evidence.

(3)⁶³⁶ Prior to beginning the search, the tax authority shall present the search warrant to the taxpayer, his representative or proxy, or employer, whoever is available, and - if the search is intended to seek out a specific or known physical evidence - demand that the said physical evidence be handed over. If the taxpayer, his representative or proxy, or employer produces the physical evidence as demanded, the search shall not be continued, unless there is reason to believe that the continued search is likely to produce other articles that may also be used as physical evidence.

(4)⁶³⁷ The tax authority carrying out the inspection shall be entitled, by virtue of a ruling, to seize the objects found in the course of a search and construed as physical evidence, with the exception of perishable foodstuffs and live animals if there is reason to believe that they might be concealed, destroyed or sold thereafter. Cultural goods listed in the certificate specified in the Act on the Special Protection of Borrowed Cultural Goods may not be seized during the period of special protection.

(5) Measures shall be taken for the taxpayer to be present during the search of a vehicle and, where applicable, its cargo and at the scene or premises as well as during any confiscation

⁶³⁴ Amended by Subsection (2) of Section 66 of Act XXVI of 2005, and by Section 411 of Act CXXVI of 2007. Amended: by point 14 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁶³⁵ Established by Subsection (1) of Section 37 of Act XXVI of 2005, effective as of 10 May 2005. Amended by Subsection (4) of Section 40 and Subsection (3) of Section 41 of Act LXXXV of 2005, and by Subsection (4) of Section 85 of Act CIX of 2006.

⁶³⁶ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁶³⁷ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005. Amended: by paragraph (12) Section 10 of Act XCV of 2012. In force: as of 13. 07. 2012.

procedure and the inspection of cargo. If the taxpayer waives his right to be present or is unable to be present and fails to provide for appropriate representation, the tax authority shall carry out the search and/or the confiscation procedure or inspection of cargo in the presence of two official witnesses.

(6) Any instruments, materials or goods may be confiscated as physical evidence if such are not included in the taxpayer's records as prescribed by the relevant legislation.

(7) The tax authority shall file a report on any search, cargo inspection and confiscation procedure. Such report shall contain the details required for the identification of the confiscated objects, the action carried out, the conclusions and findings of the procedure, and the data necessary for the identification of the official witnesses.

(8) The tax authority shall deposit confiscated articles in its safe custody, or if this would entail unreasonably high costs, it shall leave the object in the custody of the taxpayer subject to a prohibition of use and alienation.

(9) The taxpayer or his representative may have access to review the documents confiscated from him; he may request the tax authority to produce copies thereof.

(10) When the reason for confiscation no longer exists, the confiscated articles shall be released and, unless otherwise provided for by law, returned to the person from whom they were seized. Any article that cannot be returned because it is refused by the taxpayer in question shall be sold in accordance with the provisions on the enforcement of tax debts, or destroyed if cannot be sold.

(11)⁶³⁸ The taxpayer concerned may lodge a complaint against the rulings and measures adopted under Subsections (1)-(4), with the exception of search warrants conducted with the prior approval of the competent public prosecutor, on the grounds of infringement within eight days of the date on which the measure in question was taken or the ruling was adopted. The superior authority of the tax authority shall judge such complaints within fifteen days of submission. The complaint shall have no suspensory effect on the enforcement of the measure.

Conclusion of Control Procedures

Section 104

(1) The tax authority shall record its findings in a report. If any of the findings pertains to the employment of workers participating in the company's activities, the report shall also indicate the identification data of the private individuals concerned. The procedure shall be deemed concluded upon delivery of the report. If the report is to be delivered by mail, it shall be deemed concluded on the day of postage.

(2) If the tax authority files criminal charges, it shall be recorded in a separate report; this report shall not be delivered to the taxpayer in question.

(3)⁶³⁹ The tax authority shall disclose the findings of the inspection to the taxpayer, or in the case of inspections conducted with a view to gathering information, to the employee or salesperson present. If the tax authority finds no evidence of any wrongdoing, it shall be so stated in a report, a copy of which may be given to the employee or salesperson attending in the case of

⁶³⁸ Established by Subsection (2) of Section 37 of Act XXVI of 2005, effective as of 10 May 2005. Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁶³⁹ Established: by Section 30 of Act LXIX of 2012. In force: as of 20. 06. 2012.

inspections conducted for the purpose of data gathering. In connection with covert sample purchases - if the tax inspector finds no evidence of any wrongdoing - the tax authority shall not disclose the findings of the inspection to the employee or salesperson present. If the sample purchase is made at a taxpayer providing electronic commercial services or a sale-to-order vendor of goods, the tax authority shall have the report containing the findings of the control procedure delivered to the taxpayer affected in all cases. If an inspection cannot be concluded on account of the taxpayer's or his representative's failure to be present at the disclosure of findings or refusal to accept the report, the report shall be delivered by service of process.

(4)⁶⁴⁰ When justified by the comments of the taxpayer, the inspection may be continued for another fifteen days from the date on which the comment is delivered or, if made verbally, from the date when recorded (supplementary control). The control may be continued within thirty days from the date when it was concluded, for a period of fifteen days from the date of occurrence of the reason therefor, if the relevant facts of the case have to be clarified before adopting the resolution (supplementary control). The tax authority shall inform the taxpayer without delay concerning the supplementary control, indicating the date of the opening of the supplementary control. The time limit for supplementary control may be extended once in justified cases by up to fifteen days by authorization of the head of the tax authority conducting the control procedure. The time limit for supplementary control may be extended under extraordinary circumstances once by up to fifteen days by authorization of the superior authority at the request of the tax authority conducting the control procedure. The findings of supplementary control shall be recorded in a supplementary protocol.

(4a)⁶⁴¹ An inspection may also be conducted as part of an official taxation proceeding if the relevant facts of the case have to be clarified before adopting the resolution. The tax authority shall inform the taxpayer without delay concerning the control procedure, indicating the date of the opening of the control procedure. The time limit for the control procedure is fifteen days from the date of receipt of notice, and it may not be extended. The tax authority shall inform the taxpayer concerning the conclusion of the inspection conducted as part of an official taxation proceeding, with the report attached. The taxpayer may present his views in connection with the report on the inspection conducted as part of an official taxation proceeding within eight days following the date of delivery (service). The duration of the inspection conducted as part of an official taxation proceeding, and the duration between the time of delivery (service) of the report and the time of receipt of the taxpayer's comments, or in the absence of any comments the eight-day period made available following the date of delivery (service) of the report shall not be included in the time limit prescribed for the official proceeding.

(5) The tax authority shall transfer a case for which it has no competence to the proper authority.

Section 105

In the case of a subsequent, follow-up or oversight inspection and/or an inspection pertaining to the redemption of government guarantee, the tax authority shall issue a resolution concerning its findings, regardless of the results of the inspection. In other cases, an official taxation proceeding

⁶⁴⁰ Established: by Section 324 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁴¹ Enacted: by Section 324 of Act CLVI of 2011. In force: as of 1. 01. 2012.

shall only be initiated if the tax authority prescribes the performance of some obligation or imposes certain legal consequences.

*Section 105/A*⁶⁴²

Resolutions adopted in connection with the audit of any legal person, unincorporated business association or private entrepreneur, and which are declared final and executable irrespective of any appeal need not be published.

Subsequent Audit of Tax Returns

Section 106

(1)⁶⁴³ The tax authority may check the taxpayer's compliance with his tax assessment and declaration obligations, broken down by tax, subsidy and period, or for a specific period in respect of several types of taxes and subsidies. Any tax undeclared prior to the beginning of the inspection shall be considered outstanding, whether it is payable by or due to the taxpayer.

(2) The tax authority shall be entitled to check the taxpayer's request for a central subsidy or tax refund pertaining to a specific period that has already been audited before the subsidies are disbursed or the refund is paid, if the inspection included the base and the amount of the central subsidy or tax in question.

(3)⁶⁴⁴ If during the inspection carried out before disbursement the tax authority finds that the taxpayer is entitled only to a part of the central subsidies or tax refund requested, the tax authority may decide to disburse such partial sum based on the report pertaining to such partial sum, and shall continue the inspection concerning the amount remaining. No comments shall be accepted regarding the report drawn up containing the partial sum, the taxpayer shall be able to make his views known upon receipt of the report containing the findings of the inspection carried out before disbursement in respect of the full amount to which the request pertains.

Section 107

(1)⁶⁴⁵ The tax authority may check a taxpayer's compliance with tax obligations by cross-referencing the available data and the tax return submitted (self-assessment, tax assessment by the employer, tax assessment by the tax authority on the basis of data supplied) (simplified control procedure).

⁶⁴² Enacted: by paragraph (4) Section 284 of Act LVI of 2009. In force: as of 1. 10. 2009. Shall apply to proceedings opened subsequently and to reopened cases.

⁶⁴³ Amended: by Section 96 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by Section 13 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁶⁴⁴ Enacted: by Section 325 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁴⁵ Established by Section 61 of Act CXXXI of 2006, effective as of 1 January 2007. See Section 204 of Act CXXXI of 2006.

(2) Tax liability may be determined by a simplified control procedure if the information in the tax authority's possession proves noncompliance with the tax return filing obligation.

(3)⁶⁴⁶ If on the basis of an inspection the tax authority concludes that the tax return is in conformity with the relevant legislation, it shall adopt a resolution to that effect. If the data indicated in the tax return differ from the records of data supplied, the tax authority shall call upon the taxpayer concerned to find the reason for the difference.

(4)⁶⁴⁷ If the declared base of taxes or central subsidies, the tax exemption, tax allowance, the amount of tax assessed or central subsidies were not claimed in conformity with the provisions of the relevant legislation, the tax authority shall notify the taxpayer regarding the facts stated and the tax difference by delivering the relevant report, to which the taxpayer may respond within fifteen days with the documents in proof of what is contained in the report attached.

Assessment by Estimation

Section 108

(1) Assessment by estimation shall constitute a method of verification that plausibly infers the actual base of taxes and central subsidies in accordance with law.

(2) The burden of proof to verify that the conditions for employing assessment by estimation exist lies with the tax authority, and that the data, facts and circumstances underlying the estimation, as well as the methods used in the course of estimation, render the tax base plausible and verisimilar.

(3) Assessment by estimation may be employed:

- a) when establishing the base for property acquisition duties;
- b) if the tax base or the base of a central subsidy cannot be determined;
- c) if - on the basis of the data, facts, or circumstances that are available to the tax authority and, owing to their number or content, considered material - it can be reasonably presumed that the taxpayer's documents are inappropriate for determining the actual tax base or the base of central subsidies; or
- d) if a private individual has filed a false or incomplete tax return or statement, or failed to file a formal statement;
- e)⁶⁴⁸ if the taxpayer is unable to verify that any economic event that was challenged by the tax authority in the course of an audit opened according to Section 91/A of this Act is true and that it did actually take place, or that the costs (expenses) were in fact incurred in the interest of business operations.

⁶⁴⁶ Last sentence enacted by Subsection (1) of Section 16 of Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) of Section 40 of Act LXXXV of 2005. Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

⁶⁴⁷ Established by Subsection (2) of Section 16 of Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) of Section 40 of Act LXXXV of 2005.

⁶⁴⁸ Enacted by Section 7 of Act XXXIX of 2007, effective as of 1 July 2007. See also Subsection (3) of Section 9 of Act XXXIX of 2007.

(4)⁶⁴⁹ For the purposes of Paragraph c) of Subsection (3), repeated failure of the obligation to issue invoices (simplified invoices) or cash receipts within the same tax year, the sale of goods of unverified origin and the employment of non-registered persons, furthermore, significant deviation between the documents and statements that relate to the activities and profit of the taxpayer and the guidelines and standards drawn up by experts on the subject of profitability, labor charges and material requirements shall, in particular, be construed as material facts, data or circumstances. When estimating a tax base, the available facts, circumstances, evidence and statements that are important for determining the tax base shall be taken into account and weighed as a whole.

(5) Given knowledge of a part of the revenue or expenditures, the tax base may be estimated by obtaining accounting documents, data and statements; by inspection, trial production, inventory or by other appropriate methods.

(6)⁶⁵⁰ The tax base shall be determined by estimation if it cannot be determined in the manner described in Subsection (5) due to the tax authority's lacking data, documents and other evidence pertaining to revenue and expenditures for reasons beyond the taxpayer's control. The purpose of estimation is to determine the tax base within reasonable limits by considering the circumstances of the case, meaning the earnings and incomes of taxpayers engaged in similar activities under similar conditions during the same period or, in the case of private individual taxpayers, the earnings and incomes of those performing similar activities under similar circumstances within the framework of employment.

(7)⁶⁵¹ If a taxpayer fails to notify his taxable gainful activity to the tax authority and the tax base cannot be established as prescribed in Subsection (5), the tax authority shall assess the tax base in accordance with Subsection (6), on the presumption of twelve months of operation.

(8)⁶⁵² If a taxpayer employs any unregistered employee, the tax authority shall establish the amount of unpaid taxes and contributions on the prevailing minimum wage times two, for the period(s) previous to the date of the tax authority's statement on the finding of unregistered employment, or on the presumption of at least three months employment. If the tax authority finds within the term of limitation the same taxpayer at fault of employing any unregistered employee repeatedly, the amount of unpaid taxes and contributions shall be determined for the period between the time of the opening of the previous inspection and the time of the opening of the inspection pending, factored by the average number of unregistered employees employed as found by the inspections, calculated at least on the prevailing minimum wage times two, by presumption.

⁶⁴⁹ Established by Section 17 of Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) of Section 40 of Act LXXXV of 2005. Amended: by point 39 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁵⁰ Established by Subsection (1) of Section 119 of Act LXI of 2006, effective as of 17 July 2006. Applies to control proceedings opened subsequent to 15 September 2006.

⁶⁵¹ Established: by Section 133 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁶⁵² Established: by Section 326 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(9)⁶⁵³ The taxpayer may verify any deviation from the tax base or central subsidies established by estimation by producing credible and reliable evidence. If the taxpayer produces contractual relations or other transactions involving other taxpayers as evidence, the tax authority shall forthwith order the opening of related inspections at the other taxpayer implicated - if the taxpayer's statement is not supported by his own tax return, or the tax return of the other taxpayer in question, nor by any previous inspection of the taxpayer, and if this Act does not contain any provision elsewhere to preclude the inspection - and shall employ the method of assessment by estimation in the related inspection if the applicable conditions are satisfied.

Section 109

(1)⁶⁵⁴ If, according to the findings of the tax authority, the total amount of the taxpayer's tax-exempt and declared income, and any non-declarable income received is not consistent with the taxpayer's enrichment or lifestyle, the tax authority shall determine the tax base of such person by estimation. In this case - taking also into consideration known and taxed income - the tax authority shall estimate the amount of income that would have been necessary for the private individual to afford such enrichment and lifestyle.

(2) The tax authority shall add the tax base, determined as prescribed in Subsection (1), to the aggregate income for the year for which the concealment of income had been established. If the source of enrichment was undeclared income earned during more than one year, the tax authority shall equally divide the income among the years affected and shall establish the taxes by the rates prescribed by the tax regulations in effect for the year to which such aggregate income pertains.

(3)⁶⁵⁵ The taxpayer may verify any deviations from the tax base established by estimation by producing credible and reliable evidence. If according to the taxpayer the source of his enrichment originates from before the expiration of the term of limitation of the right to tax assessment, the source of enrichment and the acquisition itself and its time may be verified based upon authentic records, final resolution of a court of law or another authority, or on any other authentic instruments made out before the expiration of the term of limitation of the right to tax assessment, and on the taxpayer's tax returns which are not affected by any final decision of a court of law or a resolution of another authority, payment account statements and securities accounts statements; the tax authority may conduct an inspection concerning any periods from before the expiration of the term of limitation of the right to tax assessment with respect to these data only. Other aspects of these proceedings shall be governed by the provisions of this Chapter.

⁶⁵³ Enacted by Subsection (2) of Section 119 of Act LXI of 2006. Numbering amended by Section 199 of Act CXXVI of 2007.

⁶⁵⁴ Amended by Section 411 of Act CXXVI of 2007.

⁶⁵⁵ Established by Section 120 of Act LXI of 2006, effective as of 17 July 2006. Applies to control proceedings where the source of enrichment indicated in the taxpayers statement originates subsequent to 15 September 2006. Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

(4)⁶⁵⁶ In the application of Subsection (3) of this Section:

a) the concept ‘authentic records’ shall cover the real estate register, the land tenure register, the lien register, the register of motor vehicles, register of vessels and watercraft, register of aircraft, the register of companies, other records deemed authentic by Hungarian law, and the records deemed authentic by the law of the country where established;

b)⁶⁵⁷ ‘acquisition’ means the acquisition of the right of disposition and/or use and/or utilization and/or possession of the source of enrichment, or any credit made to the payment account, or securities account.

Section 110

Where assessment by estimation is employed to determine the amount of value added tax, the state tax authority shall, in the absence of accounting documents, determine:

a) the amount of tax payable on the basis of the actual selling price,

b) the amount of tax deductible on the basis of the actual purchase price,

or, in the absence of such, of the price calculated according to the market value or pricing regulations or on the basis of the customary market price and the applicable tax rate. The tax authority shall determine the amount of deductible tax by estimation if the lack of documents is attributable to natural disaster or to unavoidable reasons beyond the taxpayer’s control.

Procedural Fees

Section 111

The court and the competent authority shall check the documents that were submitted to or received by such court or authority to determine whether the duties and fees prescribed by the Duties Act have been paid.

Section 112

(1)⁶⁵⁸ The state tax authority shall conduct regular inspections concerning the fulfillment of the duty obligations prescribed in the relevant legislation on duties as well as the payment of fees payable by duty stamps or by cash to the revenue account of persons that are engaged in transactions subject to duty or fee payment obligations.

(2)⁶⁵⁹ The competent authority shall investigate whether the duty or fee has been duly paid in respect of the documents submitted to or received by such authority, independently of the control activities of the state tax authority.

⁶⁵⁶ Enacted by Section 120 of Act LXI of 2006, effective as of 17 July 2006. Applies to control proceedings where the source of enrichment indicated in the taxpayers statement originates subsequent to 15 September 2006.

⁶⁵⁷ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

⁶⁵⁸ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁶⁵⁹ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

Section 113

(1) If no duty has been paid or it was not paid in due time or in the proper manner or amount, or if property acquisition has not been reported for dutiable purposes, a protocol shall be drafted.

(2) A protocol shall also be drafted if a default in connection with the duty (fee) has been established in the course of financial control.

(3)⁶⁶⁰ No protocol may be drafted if property acquisition for dutiable purposes was reported to the real estate supervisory authority or the state tax authority after the deadline.

Section 114

(1) A protocol shall be prepared on the prescribed form. If a duty payment notice has been issued, this fact shall also be indicated.

(2) If a protocol pertains to property acquisition subject to a percentage duty or a procedural action, the copy of the document shall also be entered in the form or the copy of the document shall be attached to the form.

(3) The completion of a protocol shall be indicated on the document for which it was issued.

(4)⁶⁶¹ The protocol shall be sent to the state tax authority along with any addenda for dutiable purposes.

Re-audit

Section 115

(1) Tax and central subsidies pertaining to an audited period may be re-audited:

a) if the tax authority of the first instance intends to inspect the findings of the previous audit (follow-up audit);

b)⁶⁶² at the request of the taxpayer if there is new evidence with any potential to alter the findings of the previous audit, provided that such new facts or evidence did not previously arise, nor have such new facts or evidence could not have been at the taxpayer's disposal if acting in good faith, and it was not known and could not have been known to the taxpayer if acting in good faith;

c)⁶⁶³ if the re-audit is likely to result in eligibility for benefits relying on the data and information in the tax authority's possession;

d) as part of an oversight inspection.

(2)⁶⁶⁴ Under Paragraph b) of Subsection (1) a re-audit may be ordered by the tax authority of the first instance or by the tax authority of the second instance if the previous resolution was

⁶⁶⁰ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁶⁶¹ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁶⁶² Established: by Section 134 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁶⁶³ Established: by Section 134 of Act CXXII of 2010. In force: as of 1. 01. 2011.

reviewed by a superior authority. The tax authority shall order the re-examination by way of a ruling.

(3) The re-audit referred to in Paragraphs a)-c) of Subsection (1) shall be carried out by the tax authority of the first instance.

(4)⁶⁶⁵ No re-audit may be conducted if the tax authority's resolution adopted under the previous procedure has been reviewed by a court.

(5)⁶⁶⁶

Oversight Inspection

Section 116

(1)⁶⁶⁷ Within the term of limitation of the right of tax assessment, the tax authority may re-examine an audited period, and may reopen the examination of an application for the redemption of government guarantees under the conditions prescribed in this Act, if:

a) ordered by the minister in charge of taxation or the chairman of the Állami Számvevőszék (*State Audit Office*) - or by resolution of the council of a municipal government with respect to local taxes - and if the same period has already been audited by the tax authority of the first instance;

b) ordered by the head of the state tax and customs authority, where the superior tax authority is to check the previous procedure from a legal and professional standpoint;

*c)*⁶⁶⁸ any new fact, information, and/or evidence that is likely to have an influence on tax assessment - that was not previously available - is subsequently introduced to the tax authority, and the head of the state tax and customs authority orders a re-examination. New fact or circumstance means any new fact or data that is likely to have an impact on tax assessment, received from a foreign tax authority after one hundred and eighty days, provided that the tax authority concluded the control procedure in the absence of the foreign tax authority's reply;

d) in connection with the redemption of government guarantees, in the event of any new facts and circumstance emerging since the last inspection, on the strength of which the head of the state tax and customs authority orders the new investigation.

⁶⁶⁴ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005, and by Subsection (4) of Section 85 of Act CIX of 2006.

⁶⁶⁵ Established: by paragraph (1) Section 327 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁶⁶ Repealed: by subparagraph c) paragraph (3) Section 59 of Act V of 2012. No longer in force: as of 1. 03. 2012.

⁶⁶⁷ Established: by paragraph (1) Section 135 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁶⁶⁸ Established: by Section 328 of Act CLVI of 2011. Amended by Point 17 of Section 225 of Act LXXIV of 2014.

(2)⁶⁶⁹ The oversight inspection referred to in Subsection (1) above may only be conducted by a tax inspector of the superior tax authority or, with respect to local taxes, by a committee appointed by the council of the municipal government concerned.

(3)⁶⁷⁰ The re-audit referred to in Paragraphs c)-d) of Subsection (1) may not be launched more than six months after the occurrence of the circumstances for which it was ordered.

(4)⁶⁷¹ If the superior tax authority or the committee appointed by the municipal government conducting an oversight inspection reveals any deviation from the facts, classification, circumstances and data resolved by the previous audit and such deviation concerns the tax payment liability, the tax authority conducting the oversight inspection or the committee appointed by the council of the municipal government shall overrule the previous resolution or, in the absence of such, pass a resolution in the first instance.

(5)⁶⁷² An appeal, addressed to the head of the state tax and customs authority or the competent government agency may be lodged against the findings of an oversight inspection at the body conducting the oversight inspection, or it may be submitted to the chairman of the committee appointed by the council of the municipal government.

(6)⁶⁷³ The decision of the director of the state tax and customs authority or the decision of the government agency may be contested in court on the grounds of an infringement of the law.

Inspection in Connection with the Redemption of Government Guarantee

Section 117

(1) The tax authority shall examine applications for the redemption of government guarantees (surety facilities) for compliance with the criteria prescribed by the relevant legislation.

(2) Where the tax authority is auditing the person (credit institution) drawing against the guarantee or surety, the original beneficiary may, when necessary, be included in the audit.

(3) If the conduct of a credit institution fails to conform to requirements, the tax authority shall reject its application for the redemption of government guarantees.

(4)⁶⁷⁴ The state tax authority shall examine the aforesaid applications in accordance with the provisions of this Chapter, with the exception that the day when the application is lodged shall be

⁶⁶⁹ Amended by Subsection (2) of Section 193 of Act CXIX of 2005.

⁶⁷⁰ Amended by Subsection (2) of Section 238 of Act LXI of 2006.

⁶⁷¹ Amended by Paragraph g) of Subsection (1) of Section 225 of Act LXXXI of 2008.

⁶⁷² Established: by paragraph (2) Section 135 of Act CXXII of 2010. In force: as of 2. 01. 2011. Amended: by subparagraph e) paragraph (1) Section 56 of Act XCIII of 2012. In force: as of 6. 07. 2012.

⁶⁷³ Amended by Subsection (4) of Section 85 of Act CIX of 2006, and by Subsection (7) of Section 26 of Act LXXXII of 2008. Amended: by subparagraph s) Section 84 of Act XLIII of 2010. In force: as of 1. 09. 2010. Amended: by point 15 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by Section 81 of Act CXXVI of 2010. In force: as of 1. 01. 2011. Amended: by subparagraph f) paragraph (1) Section 56 of Act XCIII of 2012. In force: as of 6. 07. 2012.

construed as the date of opening of the audit. No letter of authorization shall be issued in these proceedings, and a report shall be drawn up only if the tax authority refuses the application. If the tax authority satisfies the application in full, the resolution may not be appealed.

Monitoring Compliance with Tax Obligations

Section 118

(1) The tax authority shall monitor compliance with tax obligations, first and foremost by inspecting the documents that can be found at the taxpayer, to determine whether the obligations are discharged in due time and in a manner suitable for the assessment, declaration and payment of taxes.

(2) The monitoring referred to in Subsection (1) is primarily aimed to check compliance with the provisions pertaining to declarations, tax returns, data disclosure, records, invoicing, filing, bookkeeping, and the deduction and collection of taxes and tax advances.

(3) Where there is any nonconformity or discrepancy, the tax authority shall order the person affected to make the necessary corrections within the prescribed time limit in its resolution disclosing the findings of the inspection.

(4) In the closing statement, the tax authority may impose a default penalty when applicable.

(5) Based on the findings of the inspection of tax obligations, the tax authority may order a follow-up audit of the tax return to which the inspection pertains.

Data Gathering

Section 119

(1)⁶⁷⁵ The tax authority shall have powers to gather data and information and conduct on-site inspections to verify the authenticity of the data, facts and information contained in its own and in the taxpayer's records and in the taxpayer's tax return before the closing of the tax period to which they pertain. Data gathering and on-site inspections may be carried out in the interest of creation, expansion and updating of the estimation database as well.

(2) In the application of Subsection (1), the tax authority shall check:

a)⁶⁷⁶ compliance with the obligation to issue invoices and cash receipts by way of sample purchases, covert or otherwise;

b) stocks of merchandise, the origin and records of materials and semi-finished goods by way of taking inventory;

c) the general circumstances of business operations by drawing up a report on customers, prevailing turnover trends, tangible assets used for operations and the persons participating in such business operations;

⁶⁷⁴ Enacted by Section 114 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁶⁷⁵ Established: by Section 329 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁷⁶ Amended: by point 40 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

d) the employment relations of persons participating in business operations and compliance with the obligation of registration of such persons as prescribed in social security regulations;

e) the statistical number of the taxpayer's employees on which tax assessment is based;

f)⁶⁷⁷ the authenticity of notified facts, data and circumstances.

g)⁶⁷⁸ the production, storage, transport and use of goods, and the activities performed in connection with such goods.

h)⁶⁷⁹ the software and computer systems the taxpayer uses for keeping books and accounting records and for processing accounting documents, as well as calculations.

(3)⁶⁸⁰ If, on the basis of the facts, data and circumstances supported by the data gathered, there is reasonable doubt concerning the authenticity of the data and information contained in the taxpayer's documents and records, or if they are refuted thereupon, or if the tax authority's findings reveal any repeat offense concerning the obligation to issue cash receipts, or the use or sale of goods, materials and semi-finished goods of unverified origin, or the employment of non-registered persons; the tax authority shall re-examine the tax return already audited.

(4)⁶⁸¹ The tax inspector of the state tax authority holding a general letter of authorization shall have powers to conduct on-site inspections for gathering data with the assistance of a person holding a degree in secondary education or higher, if able to satisfy the employment criteria for government officials as laid down in the Act on Public Service Officials and if having entered into a fixed-term contract with the tax authority (hereinafter referred to as "assistant tax inspector"). The rules governing conflict of interest and exclusion of tax inspectors shall also apply to assistant tax inspectors.

(5)⁶⁸² The assistant tax inspector shall be entitled to enter, together with the tax inspector, any room that is necessary for inspecting business, manufacturing and other taxable operations, and any premises used for the storage of materials and semi-finished goods and stocks of merchandise.

(6)⁶⁸³

Procedures for Verifying the Authenticity of Economic Events⁶⁸⁴

Section 119/A⁶⁸⁵

⁶⁷⁷ Enacted by Section 122 of Act LXI of 2006, effective as of 15 September 2006.

⁶⁷⁸ Enacted: by Section 275 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013. Amended: by point 14 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014. The change does not effect the English version.

⁶⁷⁹ Enacted: by Section 168 of Act CC of 2013. In force: as of 1. 01. 2014.

⁶⁸⁰ Amended: by point 41 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁸¹ Established: by Section 45 of Act V of 2012. In force: as of 1. 03. 2012.

⁶⁸² Enacted by Section 214 of Act CI of 2004, effective as of 1 January 2005.

⁶⁸³ Repealed: by Section 13 of Act LVII of 2010. No longer in force: as of 29. 06. 2010.

⁶⁸⁴ Enacted: by Section 330 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(1) The tax authority shall have powers to inspect taxpayers and private individuals not treated as taxpayers with a view to verifying the authenticity of economic events contracted for the assessment and control of the tax liability, the tax base, tax allowances, the tax amount or central subsidies of another taxpayer who was or is a party to a contractual relationship with such taxpayers and private individuals.

(2) The tax authority shall carry out the procedure referred to in Subsection (1) also if the state tax authority investigates the authenticity of economic events so as to determine the sum involved in an alleged criminal offense on the basis of the information and evidence gathered by the investigating arm of the NAV.

(3) An investigation concerning the authenticity of economic events shall cover the data, facts, circumstances, documents and records connected to the economic events in question, such as the circumstances surrounding sales and purchase transactions, the personnel and infringement conditions of the economic events, and the genuineness of the documents intended to verify that the economic events did in fact take place.

(4) The tax authority shall provide a copy of the report on the investigation under Subsection (2) to the investigating arm of the NAV, having supplied the information and evidence on which the state tax authority's investigation is based.

(5) Based on the findings of the investigation concerning the authenticity of economic events the tax authority may order the subsequent audit of the tax returns of taxpayers involved, including private individuals not treated as taxpayers, as well.

(6) An investigation concerning the authenticity of economic events may be conducted, furthermore, if subsequent audit of the tax returns of taxpayers involved, including private individuals not treated as taxpayers, is pending covering the periods investigated.

(7) The tax authority shall be entitled to use the information obtained by the investigation when auditing another taxpayer, including private individuals not treated as taxpayers, who was or is a party to a contractual relationship with the taxpayer.

(8) Based on the findings of the investigation, the tax authority may order the taxpayer to make the necessary corrections and arrangements and resolve any discrepancies within the prescribed deadline to bring his documents, records and tax returns into compliance with the relevant legislation. In the event of the taxpayer's failure to comply in due time, the tax authority shall impose the default penalty under Subsection (20b) of Section 172.

OFFICIAL PROCEEDINGS

Section 120

(1) An official proceeding shall, in particular, be instituted for the following reasons:

a) to determine the tax base, the tax (tax advances), tax exemption, tax allowances, and tax liability;

b) to examine eligibility for central subsidies, evaluation of requests for tax refund, disbursement of central subsidies;

c) to establish any infringement revealed by an audit and the legal consequences;

d) granting permission to depart from a payment obligation prescribed by law.

⁶⁸⁵ Enacted: by Section 330 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(2) Official proceedings shall be launched ex officio or upon a taxpayer's request, report or declaration.

(3) An official proceeding is launched upon request pertaining to:

- a)⁶⁸⁶ books and records (including the issue of VPID codes);
- b) authorization of deferred payment or payment by installment;
- c) tax abatement;
- d) special cases of tax assessment;
- e) provisional tax assessment.

(4) An official proceeding is launched ex officio pertaining to:

- a)⁶⁸⁷ books and records (including the issue of VPID codes);
- b) tax assessed by the tax authority on the basis of data supplied by the taxpayer or notification or declaration (levying, imposition of duty);
- c) adoption of a resolution containing the findings of an audit.

(5)⁶⁸⁸ Suspension of any official proceeding that has been launched ex officio shall not be effected at the taxpayer's request.

(6)⁶⁸⁹ Non-payment of administrative service charges shall not exclude the conduct of the administrative proceedings.

(7)⁶⁹⁰ The tax authority's failure to adopt a resolution in an official proceeding within the prescribed time limit shall not invoke an entitlement upon the taxpayer to exercise the requested right.

(8)⁶⁹¹ In tax matters the provisions of the Act on the General Rules of Administrative Proceedings and Services pertaining to requests shall apply subject to the exception that:

a) the taxpayer may not be requested to verify any data - apart from those required for establishing his identity - that must be available in the records of any authority, court or the Magyar Országos Közjegyzői Kamara (*Hungarian Association of Notaries Public*) maintained by virtue of law, or if the tax authority has direct access to such records so as to obtain them, where such data disclosures shall be free of charge,

b)⁶⁹² the taxpayer - unless otherwise provided for by the relevant legislation - shall not have the option to request the tax authority to contact another body with a data disclosure request other than those mentioned in Paragraph a).

⁶⁸⁶ Amended: by point 43 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁸⁷ Amended: by point 44 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁸⁸ Enacted by Section 18 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently.

⁶⁸⁹ Enacted by Section 18 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently.

⁶⁹⁰ Enacted by Section 115 Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁶⁹¹ Established: by Section 285 of Act LVI of 2009. In force: as of 1. 01. 2010. Shall apply to proceedings opened subsequently and to reopened cases.

(9)⁶⁹³ If the taxpayer submits during the official proceeding a petition for cost exemption, it shall be decided by the tax authority of the first instance, with the proviso that the decision shall be without prejudice to the proceeding in progress.

Section 121

Where an audit was conducted before an official proceeding, the tax authority shall proceed on the basis of the findings of the audit or gather evidence that may be necessary for the audit in order to substantiate the case.

*Section 122*⁶⁹⁴

Where it is necessary to interview a person in connection with an official proceeding, the interview shall be conducted at the official premises located closest to the taxpayer's registered address, place of business or residence, or in the tax authority's main offices. This provision shall also apply in control procedures.

*Section 123*⁶⁹⁵

The tax authority shall close out tax matters by way of resolution, and shall decide other issues during the process by ruling. The merits of a tax matter shall include all decisions concerning the rights and obligations of the taxpayer or the person liable for the tax payable. If the official taxation proceeding pertains to books and records - including requests for subsidies and for transfer between accounts -, the tax authority shall adopt a resolution only for rejection of the taxpayer's request, unless this Act provides otherwise. A payment warrant shall also function as a resolution.

Section 124

(1)⁶⁹⁶ A tax authority document dispatched to the address of the taxpayer or his representative notified to the tax authority, or to the address of the agent for service of process of foreign nationals having no place of residence in Hungary shall be considered delivered:

a) on the day of attempted delivery - save where Paragraph *b)* applies - if the consignment is returned to the tax authority marked "undeliverable", or

⁶⁹² Amended: by point 8 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁶⁹³ Enacted: by Section 276 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁶⁹⁴ Established by Section 38 of Act XXVI of 2005, effective as of 10 May 2005.

⁶⁹⁵ Established by Section 19 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently.

⁶⁹⁶ Established: by paragraph (1) Section 31 of Act LXIX of 2012. In force: as of 1. 01. 2013.

b) on the fifth working day following the second attempt of delivery, if the postal service has returned the official tax document to the tax authority marked “unclaimed” in accordance with the regulations applicable thereto.

(1a)⁶⁹⁷ With the exception set out in Subsection (9), the tax authority is not required to notify the taxpayer concerning the presumption of service.

(2)⁶⁹⁸ Furthermore, a tax authority document shall be considered served on the day of attempted delivery by service or process if the taxpayer or the taxpayer’s authorized representative refused to accept it.

(3)⁶⁹⁹

(4) Where, as prescribed by law, a payment obligation pertains to several taxpayers, the tax authority shall deliver its resolution on the assessment of tax to the common representative of such taxpayers or, in the absence of such, to each taxpayer separately.

(5)⁷⁰⁰ In connection with taxes, official tax documents delivered by way of electronic means shall be considered served on the day of receipt, if receipt is confirmed by the central electronic services network. Official tax documents delivered by way of electronic means shall be considered served on the working day following the fifth day when the document was redeposited into the dedicated hosting service.

(6)⁷⁰¹ If a taxpayer has more than one authorized representatives, the tax authority shall have the documents delivered to the person the taxpayer has designated in writing to receive the document on his behalf, or in the absence of such designation, the tax authority shall deliver documents to the authorized representative the taxpayer has indicated.

(7)⁷⁰² In addition to the authorized representative, tax authority documents may be delivered to the taxpayer on whose behalf the authorized representative is acting. In this case the document shall be dispatched to the taxpayer and the authorized representative on the same day, or shall be placed in the dedicated storage space of the customer port of entry. If the document is considered delivered to the taxpayer and the authorized representative both, the legal ramifications of delivery shall take effect at the time of first delivery, or at the time of first confirmation in the case of electronic service of process.

(7a)⁷⁰³ Where an official tax document is addressed to the authorized representative, it shall also indicate the taxpayer’s name (corporate name), and the authorized representative’s name (corporate name) and function as such.

⁶⁹⁷ Enacted: by paragraph (1) Section 31 of Act LXIX of 2012. In force: as of 1. 01. 2013.

⁶⁹⁸ Established: by paragraph (1) Section 31 of Act LXIX of 2012. In force: as of 1. 01. 2013.

⁶⁹⁹ Repealed: by point 16 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

⁷⁰⁰ Established: by paragraph (1) Section 169 of Act CC of 2013. In force: as of 1. 07. 2014.

⁷⁰¹ Enacted: by paragraph (2) Section 136 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁷⁰² Established: by Section 277 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁰³ Enacted: by paragraph (2) Section 169 of Act CC of 2013. In force: as of 1. 01. 2014.

(8)⁷⁰⁴ After the date of presumption of service under Subsection (1), except where presumption of service applies in consequence of refusal to accept the consignment, the state tax authority shall - upon gaining knowledge of the presumption of service - publish on its website for a period of fifteen days the taxpayer's tax identification code if a natural person, or the tax number of other taxpayers, the reference number of the official tax document affected by the presumption of service, the date when published on its website and the phone number where the taxpayer may receive information on collecting the official tax document. Within fifteen days following publication on the state tax authority's website, the taxpayer may submit a petition to challenge a presumption of service even if the time limit for submission of a petition to challenge a presumption of service has already expired, or if less than fifteen days remaining from such time limit.

(9)⁷⁰⁵ At the time of publication on the website, the state tax authority shall notify as regards the information published according to Subsection (8):

a) the taxpayers having access to the central electronic services network (customer port of entry),

b) if the taxpayer is a legal person or unincorporated business association, the representative authorized according the relevant regulations, if having a customer port of entry,

c) the taxpayer's agent in charge of the case affected by the presumption of service, if having a customer port of entry.

Section 124/A⁷⁰⁶

(1)⁷⁰⁷ A taxpayer other than a private individual may file a petition to challenge a presumption of service if the process has been served in violation of the statutory provisions on the service of official documents. A taxable private individual or any other person involved in the proceedings may file a petition to challenge a presumption of service if he was unable to accept the official document through no fault of his own. This provision shall also apply if delivery takes place by way of electronic means.

(2)⁷⁰⁸ A taxpayer or any other person involved in the proceedings may file a petition to challenge a presumption of service within fifteen days from the date of service, or within six months from the date of service beyond which no further appeal may be lodged. If the taxpayer gains knowledge of his liability that has become enforceable in consequence of the presumption of service from the payment order dispatched by the tax authority prior to the opening of the

⁷⁰⁴ Enacted: by paragraph (2) Section 31 of Act LXIX of 2012. In force: as of 1. 01. 2013.

⁷⁰⁵ Enacted: by paragraph (2) Section 31 of Act LXIX of 2012. In force: as of 1. 01. 2013.

⁷⁰⁶ Enacted by Subsection (2) of Section 6 of Act LXV of 2004, effective as of 15 July 2004. As regards application see also Paragraph a) of Subsection (2) of Section 17 of Act LXV of 2004.

⁷⁰⁷ Established: by Section 332 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁷⁰⁸ Last sentence enacted by Section 39 of Act XXVI of 2005, amended by Subsection (2) of Section 193 of Act CXIX of 2005. Amended: by point 45 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

enforcement procedure, a petition to challenge the presumption of service may be filed within fifteen days from the time of receipt of the payment order or the time of learning of the enforcement procedure, irrespective of the six-month period running from the date of service. No petition may be filed to challenge a presumption of service in judicial enforcement proceedings, with the exception of rulings ordering withholding, the resolutions adopted under Section 153, the resolutions issued to auction buyers requesting payment of the purchase price differential, and rulings concerning the costs of enforcement procedures.

(3) The petition shall contain evidence to demonstrate the alleged infringement in the service of process or to demonstrate that the taxpayer is not at fault.

(4)⁷⁰⁹ The petition shall be lodged with the tax authority from which the document presumed served originates, and it shall be adjudged by way of a ruling. A petition submitted beyond the proper deadline shall not be accepted.

(5) The petition shall have no effect in terms of carrying out the proceedings or the enforcement procedure. The tax authority may, upon request or ex officio, suspend the procedure for enforcement until final judgment if the evidence produced in the petition is likely to be sufficient.

(6) If the tax authority approves the petition, the measures taken following the service contested by the taxpayer or the proceedings have to be repeated to the extent necessary from the date of the presumption of service.

Section 124/B⁷¹⁰

The tax authority shall adopt a resolution concerning the self-audit of a taxpayer within fifteen days from the date of submission without conducting an inquiry if the sole reason for presenting the self-audit is claiming that the relevant legislation prescribing the tax liability in question is contrary to the Fundamental Law or any binding legislation of the European Union to any binding legislation of the European Union, or a municipal decree is contrary to another legislation, provided that the decision of the Constitutional Court, the Curia or the Court of Justice of the European Communities adopted on the subject was not promulgated at the time the self-audit was submitted or the self-audit fails to comply with what is contained in the published decision. The resolution adopted in connection with the self-audit may be appealed according to the general provisions of this Act and shall be subject to judicial review.

Section 124/C⁷¹¹

(1)⁷¹² If the Constitutional Court, the Curia or the Court of Justice of the European Union finds a legislation prescribing any tax liability unconstitutional, a municipal decree unlawful, or

⁷⁰⁹ Established by Section 20 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently.

⁷¹⁰ Enacted by Section 123 of Act LXI of 2006, effective as of 17 July 2006. Applies to proceedings opened subsequently. Amended: by point 9 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁷¹¹ Enacted by Section 200 of Act CXXVI of 2007, effective as of 1 January 2008.

⁷¹² Amended: by point 10 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

infringing upon any binding legislation of the European Union with retroactive effect to the time of promulgation of the decision and, in consequence, the taxpayer becomes eligible for a tax refund, the tax authority of the first instance shall pay the refund upon the taxpayer's request in accordance with the provisions of this Section, subject to the exceptions set out in the decision.

(2)⁷¹³ The taxpayer affected may submit the application in writing to the tax authority within 180 days of the date of publication or delivery of the relevant decision of the Constitutional Court, the Curia or the Court of Justice of the European Union. No petition for continuation shall be accepted upon the taxpayer's failure to meet the above deadline. The tax authority shall refuse the application by way of a resolution if the decision was published or delivered following the expiration of the term of limitation of the right to tax assessment.

(3) The application, in addition to the information the tax authority requires for the identification of the taxpayer, shall indicate the amount of tax paid before the submission of the application, to which the refund pertains, and the enforcement order underlying the said payment of tax, reference to the relevant decision of the Constitutional Court, the Curia or the Court of Justice of the European Union, and a statement declaring that:⁷¹⁴

a) the taxpayer did not charge the tax amount to which the refund pertains to others before the submission of the application;

b) the tax was not refunded before the submission of the application to the taxpayer or anybody else by virtue of official or court proceedings, and that such proceedings are not pending at the time of submission of the application, or the taxpayer is able to verify to the tax authority the termination of such proceedings within ninety days of the time of submission of the application.

(4) On the strength of the taxpayer's statement, the tax authority shall suspend the refund procedure pending receipt of proof of the termination of the proceedings referred to in Paragraph b) of Subsection (3), or for maximum ninety days, by way of a ruling. If the taxpayer is unable to verify termination of the proceedings during the period of suspension, and fails to request a deadline extension, the tax authority shall adopt a ruling to terminate the refund procedure. In the event of non-compliance with any other conditions set out in Paragraphs a) and b) of Subsection (3), the tax authority shall dismiss the application by a formal resolution. In connection with what is contained in the enforcement order, the tax authority shall not carry out any acts of enforcement between the time of submission of the application and the binding conclusion of the proceedings, or in connection with a resolution for ordering the refund, following the operative date of such resolution, until the resolution is annulled or abolished by final decision.

(5) The tax authority shall rely on the facts contained in the enforcement order based on which the tax refund was paid up, or gather evidence that may be necessary for the audit in order to substantiate the case, with the exception that evidence relating to the shifting of tax may be gathered in connection with any person who is considered a probable subject of having charged the tax to which the refund pertains.

(6) If the refund application of the taxpayer is found substantiated, the tax authority shall remit payment of the refund with interest equivalent to the central bank base rate from the day of payment of the tax until the operative date of the resolution ordering the refund. The amount of refund shall become due on the operative date of the resolution ordering the payment of refund,

⁷¹³ Amended: by point 10 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.
Amended: by paragraph (6) Section 88 of Act CLXVI of 2011. In force: as of 1. 01. 2012.

⁷¹⁴ Amended: by point 10 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

and shall be transferred within thirty days of the said due date. The refunds governed in this Section - with the exception set out in Subsection (6) of Section 37 - shall be subject to the provisions pertaining to the disbursement of central subsidies.

*Section 124/D*⁷¹⁵

(1) In connection with exercising the right to claiming any refund of deductible value added tax, the provisions of Section 124/C shall apply subject to the exceptions set out in this Section.

(2)⁷¹⁶ The taxpayer shall claim the right of deduction referred to in Subsection (1) by way of self-audit of the declaration(s) filed for the tax period(s) covering the time of commencement of the right of deduction within 180 days of the date of publication or delivery of the relevant decision of the Constitutional Court or the Court of Justice of the European Union. No application for continuation shall be accepted upon the taxpayer's failure to meet the above-specified deadline.

(3) If the taxpayer becomes eligible for a tax refund upon the correction of his declaration by way of self-audit for showing a reduction in the amount of tax payable or - in consequence of VAT liability of the taxable person turns out negative according to the relevant provisions of the VAT Act in effect at the time of origin of the right of deduction - an increase in the amount of value added tax refundable, the tax authority shall pay interest at the central bank base rate on the amount of tax refundable from the due date of payment obligations as specified in the self-audited declaration(s), or from the time of eligibility for refund - or from the time of payment of the tax, whichever is later - until the day of submission of the self-audit. The refund shall be subject to the provisions pertaining to the disbursement of central subsidies and shall be due and payable within thirty days from the time of submission of the self-audit.

(4) The self-audit submitted according to Subsection (2) shall be treated in respect of the audited period to which it pertains as an application for re-audit under Paragraph *b*) of Subsection (1) of Section 115.

(5) Having the tax amount charged to others under Paragraph *a*) of Subsection (3) of Section 124/C shall also include where the taxpayer has received the subsidy - in accordance with the prohibition of deduction - covering the value added tax as well, or if received additional government subsidies for financing the non-deductible value added tax.

(6) The tax deducted according to Subsection (2) shall be shown as revenues for the period in question as of the day of submission of the declaration of self-audit, and in respect of the interest paid according to Subsection (3) as of the time when credited to the taxpayer's bank account. Companies and other organizations using double-entry bookkeeping under Act C of 2000 on Accounting shall have the option to enter the amount of tax claimed as other income for the relevant tax period under accrued and deferred assets (up to the amount of the book value of the assets concerned). Such amount shall be terminated from the deferred income account when the original cost of the asset, or the commensurate portion of such cost is claimed under expenses.

Official Assessment of Taxes on the Basis of Disclosure or Declaration

⁷¹⁵ Enacted: by Section 23 of Act XXXV of 2009. In force: as of 15. 05. 2009.

⁷¹⁶ Amended: by point 10 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

Section 125

(1)⁷¹⁷ The following shall be assessed by the customs authority by way of a resolution (taxation by levy):

- a) tax in connection with the importation of goods, with the exception of value added tax;
- b)⁷¹⁸ value added tax on imported goods in the case of any person who is not liable for payment of value added tax under the Act on Value Added Tax, taxpayers claiming individual tax exemption, taxpayers engaged exclusively in activities in the public interest or in activities exempted under special arrangements, taxpayers engaged in agricultural activities under special legal status, persons liable for payment of value added tax without the customs authority's authorization, and taxpayers taxed under the simplified entrepreneurial taxation system;
- c) registration fees;
- d)⁷¹⁹ value added tax in connection with the acquisition of a passenger car or motorcycle that is subject to motor vehicle registration duty which are treated as new means of transport in any Member State of the European Communities if the buyer is a private individual or organization who (that) is not liable for payment of value added tax, a taxable legal person that is not liable for payment of value added tax, a taxpayer engaged exclusively in activities without entitlement to tax deduction, a taxpayer claiming individual tax exemption or engaged in agricultural activities under special legal status, or a taxpayer taxed under the simplified entrepreneurial taxation system.

(2)⁷²⁰ The tax authority shall assess the local tax, with the exception of local business taxes and tourism taxes to be collected directly, as well as the taxes payable to municipal governments pursuant to other acts with the exception of personal income taxes from the leasing and rental of land (taxation by levy).

(3)⁷²¹ Property acquisition duties and the procedural duties levied according to the Duties Act shall be established by the state tax authority (taxation by assessment). The time limit for adopting a resolution in connection with proceedings for the levying of property acquisition duties is sixty days.

(4) Taxes are levied and imposed on the basis of the taxpayer's tax return, declaration, disclosure and supply of data.

⁷¹⁷ Established by Section 13 of Act XXVII of 2004, effective as of the operative date of the Act promulgating the treaty on the accession of the Republic of Hungary to the European Union.

⁷¹⁸ Established by Section 40 of Act XXVI of 2005. Amended by Subsection (2) of Section 263 of Act CXXVII of 2007.

⁷¹⁹ Established by Section 122 of Act CXIX of 2005, effective as of 1 January 2006. Applies to tax assessment proceedings opened subsequently.

⁷²⁰ Amended: by point 2 paragraph (2) Section 36 of Act XC of 2010, Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

⁷²¹ Established: by Section 137 of Act CXXII of 2010. In force: as of 1. 01. 2011.

(5) The tax authority shall adopt its resolution on the amount of tax payable, the method and time of payment and, if so prescribed by law, on the tax base, tax exemption or tax allowances on the basis of the information supplied in the tax return (disclosure).

(6) In respect of incomplete, false and erroneous tax returns (disclosures), the tax authority shall order the taxpayer concerned to make the necessary corrections within a deadline of maximum fifteen days.

(6a)⁷²² As regards the taxes provided for in Section 1/A, Chapter II and Point 1 of Chapter III of Act C of 1990 on Local Taxes (hereinafter referred to as “LTA”), municipal tax authorities shall have powers to make corrections in, and supplement the tax returns submitted by taxpayers relying on data obtained from public registers, and also by way of the data disclosures under Point G.) 1 of Schedule No. 3 to this Act, or if a taxpayer failed to submit a tax return, the tax authority shall have powers to levy the tax pursuant to this Section in the absence of a tax return (hereinafter referred to as “tax assessment by the tax authority”). Tax assessment by the tax authority does not relieve the taxpayer of his obligation to file a tax return.

(7)⁷²³ If the above-specified corrections are not made within the deadline specified or if they are otherwise required for reasons of clarification, the tax authority shall suspend the tax assessment procedure, simultaneously notify the taxpayer thereof, and shall conduct an inspection in order to clarify the facts.

Section 126

(1) If a tax is based upon market value and it is not indicated or disclosed, or if the tax authority finds the indicated or disclosed market value to be incorrect, the tax authority shall proceed to determine the market value by on-site assessment, by applying comparative value and, in possession of the taxpayer’s declaration, by estimation (with the involvement of an independent expert if necessary).

(2) For the purpose of establishing market value, the tax authority shall take into account the following values of comparison, along with other determinant factors:

a) in the case of acquisition of real estate property, the determinant factors covering at least a two-year period of real estate transactions in the community in question or a smaller isolated unit of a large community or a region of any unincorporated area that is considered contiguous for economic reasons; in particular such factors are the figures of real estate transactions showing increasing or decreasing trends or the absolute lack of sales of real estate properties, the details of value of the community or region differing from the aforementioned, and the figures of the sale of a real estate property within the nearest proximity in space and time to the real estate property being the subject of tax liability that can be taken into account for establishing the market value. Real estate properties of the same designated purpose shall be recognized for comparison. If there is no similar real estate property for comparison in the community, real estate transaction figures from similar communities in the region may be used for establishing the market value;

b) in the case of acquisition of movable tangible property, the commercial or market price of movable tangible assets of the same designated purpose.

⁷²² Enacted by Section 282 of Act XCIX of 2014, effective as of 1 January 2015.

⁷²³ Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

Section 127

(1) When a resolution is issued on the basis of the information supplied in the tax return (disclosure), a follow-up audit may be conducted within the term of limitation of the right of tax assessment. The tax authority may pass a resolution on establishing a tax difference if its findings differ from the data and information contained in the tax return (disclosure).

(2) When any tax exemption or tax allowance is granted for a specific term in violation of the law, the tax authority shall stipulate the legitimate tax liability for future purposes in a new resolution.

(3) In the event of the cessation of the conditions pertaining to conditional tax exemptions or tax allowances, the relevant taxes shall be payable as of the original due date.

Section 127/A⁷²⁴

If the taxpayer submits an application for duty allowance or duty exemption specified in the Duties Act after the delivery of the resolution on the duty, but before it becomes enforceable, the resolution shall not enter into force with respect to any application submitted for the first time and shall not be treated as an instrument permitting enforcement. As to whether duty allowance or duty exemption applies shall be determined by the state tax authority in the duty procedure, by supplementing the existing resolution of the first instance. The supplemented resolution of the first instance shall be effective on the operative date of the supplementing resolution.

Posteriori Tax Assessment

Section 128

(1) The tax authority shall retrospectively establish any tax difference revealed by an audit. The tax authority may be compelled by law to assess taxes in other cases as well. The deadline for adopting a resolution in connection with posteriori tax assessment is sixty days; the initial date of such procedure shall be the day when the relevant report or supplementary protocol is handed over or delivered.

(2) No tax shall be assessed retrospectively if the amount of tax or central subsidy need not be corrected by way of self-audit.

Section 128/A⁷²⁵

(1) In connection with dissolution proceedings, no comments shall be accepted regarding the report drawn up containing the findings of the tax authority's audit of the dissolved company's final tax return and the tax return prepared by the receiver, and the declaration(s) filed for the period covering the duration between the two tax returns, and of the inspection of the period

⁷²⁴ Enacted: by Section 333 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 14 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012.

⁷²⁵ Enacted by Section 201 of Act CXXVI of 2007, effective as of 1 January 2008.

immediately preceding the period for which the final tax return for closing out the activities were filed.⁷²⁶

(2) The deadline for adopting a resolution based upon the report specified in Subsection (1) is thirty days.⁷²⁷

(3) The resolution described in Subsection (2) may be appealed within eight days following the date of delivery of the resolution. The deadline for lodging the appeal is five days.⁷²⁸

(4)⁷²⁹ The time limit for adopting a decision in connection with the appeal referred to in Subsection (3) is fifteen days.

(5)⁷³⁰ If the competent court of registry notifies the state tax authority on the receipt of an application from a nonresident company for the termination of its Hungarian branch, or in the course of its judicial oversight proceedings of the opening of winding up proceedings in respect of any company, or that no liquidation or dissolution proceedings may be applied regarding the company form in question, the state tax authority - relying on its own and on the customs authority's records - shall forthwith inform the court of registry of any taxation proceedings that may be in progress involving the taxpayer in question, and as to whether it plans to conduct an audit or to open enforcement proceedings based on the aforesaid notification. If the state tax and customs authority proceeds to audit the taxpayer upon receipt of the court of registry's notification, it shall be conducted according to the rules of inspection in dissolution proceedings, and shall be concluded within sixty days of the time of notice. In this case the provisions of this Section shall apply to such regulatory proceedings, however, the case may not be reopened.

(5a)⁷³¹ If the competent court of registry notifies the state tax authority on the receipt of an application from a nonresident company for the termination of its Hungarian branch, or in the course of its judicial oversight proceedings of the opening of winding up proceedings in respect of any company, or that no liquidation or dissolution proceedings may be applied regarding the company form in question, the state tax authority - relying on its own and on the customs authority's records - shall forthwith inform the court of registry by way of electronic means of any taxation proceedings that may be in progress involving the taxpayer in question, and as to whether it plans to conduct an audit or to open enforcement proceedings based on the aforesaid notification. If the state tax and customs authority proceeds to audit the taxpayer upon receipt of the court of registry's notification, it shall be conducted according to the rules of inspection in dissolution proceedings, and shall be concluded within sixty days of the time of notice. In this case the provisions of this Section shall apply to such regulatory proceedings, however, the case may not be reopened. The provisions of this Subsection shall also apply to the dissolution of foundations and association *ex officio*.

⁷²⁶ Applies to official proceedings opened subsequent to 1 January 2008.

⁷²⁷ Applies to official proceedings opened subsequent to 1 January 2008.

⁷²⁸ Applies to official proceedings opened subsequent to 1 January 2008.

⁷²⁹ Established: by Section 138 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁷³⁰ Established: by Section 138 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁷³¹ Enacted: by paragraph (8) Section 117 of Act CLXXXI of 2011. In force: as of 1. 07. 2014.

(6)⁷³² The state tax authority shall forthwith inform the court of registry by way of electronic means concerning the final and binding conclusion of any proceedings of the tax authority conducted according to this Section against the taxpayer in question, and in the case of dissolution proceedings, of any outstanding public dues the taxpayer may have according to the records of the state tax and customs authority.

(7)⁷³³ If the company undergoing dissolution decides to terminate the dissolution proceedings and to continue operations, the general rules of procedure shall apply following the announcement of the decision, provided that the report containing the findings of the inspection has not yet been delivered.

Section 129

(1) Under posteriori tax assessment, the tax authority shall issue a resolution:

a)⁷³⁴ for establishing the base and amount of the tax or central subsidy, declared or undeclared and revealed as a difference by the audit separately for each type of tax and subsidy and for each tax period, the tax difference, difference of a claim that can be carried over to the next period and the difference in the amount of central subsidy, and for establishing the legal consequences of any infringement of tax obligations;

b) order the taxpayer to pay the outstanding amount of taxes as determined, along with the legal consequences, where any overpayment on the taxpayer's account for a specific type of tax may be taken into consideration;

c)⁷³⁵

d) for ordering the elimination of discrepancies in the accounting or records system found by the audit within the prescribed deadline, as well as any irregularities that may have an impact on the control of taxable activities.

(2)-(3)⁷³⁶

(4)⁷³⁷ If a taxpayer other than a private individual fails to make his opinion know within the time limit prescribed by this Act upon being notified of the contents of and upon receipt of the report of an audit, it is sufficient to refer to the relevant paragraphs of such report in the explanation of the resolution. This provision shall not apply if the tax base or the base of central subsidy is established by the tax authority by estimation.

⁷³² Established: by Section 138 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁷³³ Enacted: by Section 334 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁷³⁴ Established by Section 283 of Act XCIX of 2014, effective as of 1 January 2015.

⁷³⁵ Repealed: by point 9 Section 171 of Act CXXII of 2010. No longer in force: as of 1. 01. 2011.

⁷³⁶ Enacted: by Section 39 of Act LXXVIII of 2009. In force: as of 1. 01. 2010. Repealed: by point 2 of Constitutional Court Resolution No. 8/2010 (I. 28.). No longer in force: as of 1. 01. 2010.

⁷³⁷ Numbering amended: by Section 39 of Act LXXVIII of 2009. In force: as of 1. 01. 2010.

*Section 130*⁷³⁸

Special Cases of Tax Assessment

Section 131

(1) If tax liability terminates due to the taxpayer's death, the tax authority shall establish the tax by way of a resolution.

(2) The tax authority may assess the tax during the course of the year upon the request of the heir or the spouse of the taxpayer living in the same household at the time of death, if the applicant furnishes the documents necessary for the assessment of tax.

(3)⁷³⁹ In the event of a taxpayer's death the tax authority shall adopt a special resolution and send it to the heir, upon gaining knowledge of his person, requesting payment for the deceased taxpayer's outstanding debt in the percentage of his share in the succession, and shall provide for the transfer of any central subsidy or tax refund that was due to the deceased taxpayer to the heir subject to the same percentage. The above-specified debt, and the central subsidy and tax refund shall be due and payable within thirty days from the operative date of the special resolution. The tax authority shall have the right to withhold any sum that is due to the heir to the extent necessary to cover any liability of the heir. In the event of non-payment of debt, enforcement may cover only the succession property, and the proceeds thereof, with the proviso that if the succession property, or the proceeds thereof, are no longer controlled by the heir, enforcement may be extended to other assets of the heir up to his share in the succession. Where there are several heirs, the heirs shall be ordered to cover the debt in the proportion of their share in the succession. If, in the event of a taxpayer's death, the estate becomes the property of the State for there are no other heirs, the tax authority shall - without adopting a resolution - ex officio cancel the debt falling upon the State, as the heir, as well as any central subsidy or tax refund that is due to the State, acting as the heir.

(4)⁷⁴⁰ The tax authority shall also assess the tax by resolution during the course of the year if it is requested by a taxpayer who intends to emigrate from the country, provided that such taxpayer presents his immigration visa issued by a foreign country to the tax authority and furnishes the certificate necessary for tax assessment.

(5)⁷⁴¹ The tax authority shall establish the taxes of a taxpayer with no domestic residence, place of abode, headquarters or business location by resolution on the basis of the declaration made by the taxpayer if the taxpayer leaves the country before the end of the tax year with the intention of not returning during the same tax year for the purpose of taxable or gainful activities. When leaving the country the tax authority must be notified thirty days in advance, and the documents necessary to determine the tax shall be enclosed with the notification. If lodging the notice and

⁷³⁸ Repealed: by point 8 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

⁷³⁹ Established: by Section 170 of Act CC of 2013. In force: as of 1. 01. 2014.

⁷⁴⁰ Numbering amended by Section 41 of Act XXVI of 2005.

⁷⁴¹ Established: by Section 59 of Act CXVI of 2009. In force: as of 1. 01. 2010.

the enclosure of documents as per the above is not possible within the prescribed time limit, this obligation shall be satisfied collectively within fifteen days of the time when they become possible.

(6)⁷⁴² The tax authority shall establish the tax and tax advance by resolution if a private individual disputes the tax assessed by the payer or employer, or if there is a dispute between the payer (employer) and the private individual concerning the amount of tax advance.

Provisional Tax Assessment

*Section 132*⁷⁴³

(1)⁷⁴⁴ Upon the taxpayer's request, the minister in charge of taxation shall determine - in connection with any specific question or questions contained in the application relating to tax liability or lack thereof - whether any tax liability applies relating to any future transaction or transaction not recognized as an anticipated future transaction on the basis of the detailed information supplied by the taxpayer. A request for establishing the fair market value may not be presented as a request for provisional tax assessment. A request relating to a future transaction or a transaction not recognized as an anticipated future transaction may not be submitted in a single application. The minister in charge of taxation shall, in the case of a transaction that is considered continuous and recognized as an anticipated future transaction, establish tax liability or lack thereof only in connection with value added tax.

(1a)⁷⁴⁵ In respect of any transaction that is not recognized as an anticipated future transaction at the time the application is submitted, provisional tax assessment may be requested only in connection with corporate tax, personal income tax, small business tax and local business tax, and the application must be submitted for the specific type of tax in question, and before the tax return for the relevant tax period is submitted, at the latest by the deadline for submission. No application for continuation shall be accepted upon missing the deadline.

(2)⁷⁴⁶ The taxpayer (applicant) may ask in the request for provisional tax assessment related to a future transaction for extending the validity of the provisional tax assessment - having regard to the parts where corporate taxes are concerned - for the tax years provided for in Subsection (2b) irrespective of any future changes in the relevant legislation (hereinafter referred to as "extended provisional tax assessment") if:

⁷⁴² Established by Section 62 of Act CXXXI of 2006, effective as of 1 January 2007. See Section 204 of Act CXXXI of 2006. .

⁷⁴³ Established: by Section 335 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁷⁴⁴ Established by paragraph (1) Section 171 of Act CC of 2013. Amended by Point 18 of Section 225 of Act LXXIV of 2014.

⁷⁴⁵ Enacted: by paragraph (2) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁴⁶ Established by paragraph (3) Section 279 of Act CLXXVIII of 2012. Amended by Point 19 of Section 225 of Act LXXIV of 2014.

a) the taxpayer's average number of employees in the tax year preceding the given tax year is at least 200, or

b) the taxpayer's balance sheet total in the tax year preceding the given tax year, or the estimated balance sheet total if the taxpayer is founded during that tax year without predecessor, is at least one billion forints.

(2a)⁷⁴⁷ If the taxpayer failed to meet the conditions set out in Paragraph *a)* or *b)* of Subsection (2), or the actual balance sheet total of a taxpayer founded during that year without predecessor does not reach the estimated balance sheet total indicated at the beginning of the procedure, the extended provisional tax assessment shall apply - as of the time when it was issued - only in consideration of future changes in the relevant legislation. In this case the fee paid in connection with the request made for extended provisional tax assessment shall not be refunded.

(2b)⁷⁴⁸ In the application for extended provisional tax assessment the taxpayer shall indicate that he is requesting confirmation of the applicability of extended provisional tax assessment:

a) for the tax year when the application is submitted, and for the following two tax years, or

b) for the three tax years subsequent to the date of submission of the application.

(3)⁷⁴⁹ Provisional tax assessment shall be binding on the tax authority only for the case in question and under unaltered conditions. In the event of any future changes in the legislation concerned with provisional tax assessment or any changes in international legal commitments or in the facts (content changes) as of the date of entry into force, or such changes taking effect, provisional tax assessment cannot be applied.

(3a)⁷⁵⁰ Save where Subsection (2a) applies, the applicability of extended provisional tax assessment shall not be affected by future changes in the relevant legislation, for it is affected only by changes in the facts. The legal force of a resolution adopted in a provisional tax assessment procedure - with the exception of extended provisional tax assessment - shall cover the period ending on the last day of the fifth tax year following the date of delivery of the resolution, which may be extended once, by another two years, in the procedure specified in Section 132/A.

(4)⁷⁵¹ The time limit for adopting a decision shall be ninety days from the time of submission of the application, ninety days from the time of remedying deficiencies, where applicable, and it may be extended once by sixty days. The taxpayer may request in the application to have his application processed in the urgent procedure, where the administrative time limit shall be sixty days, including from the time of remedying deficiencies, where applicable, and it may be extended once by thirty days. If the taxpayer changes the question(s) or makes further questions, or makes changes in the facts, the administrative time limit shall be calculated from the date of delivery of the change or additional information to the minister in charge of taxation. A request

⁷⁴⁷ Enacted: by paragraph (4) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁴⁸ Enacted by Subsection (1) of Section 211 of Act LXXIV of 2014, effective as of 1 January 2015.

⁷⁴⁹ Established by Subsection (2) of Section 211 of Act LXXIV of 2014, effective as of 1 January 2015.

⁷⁵⁰ Enacted by Subsection (2) of Section 211 of Act LXXIV of 2014, effective as of 1 January 2015.

⁷⁵¹ Established by paragraph (2) Section 171 of Act CC of 2013. Amended by Point 1 of Subsection (2) of Section 28 of Act XXXIII of 2014, Point 20 of Section 225 of Act LXXIV of 2014.

for provisional tax assessment may be withdrawn before a decision in the first instance is adopted.

(5)⁷⁵² The application shall be submitted on the form prescribed by the relevant legislation. The taxpayer's formal statement shall be enclosed with the application stating that to the best of his knowledge there are - and never have been - neither investigation, official taxation or court proceedings in progress against this or a similar petition.

(5a)⁷⁵³ Where provisional tax assessment involves the classification of research and development activities as well, a copy of the resolution on preliminary classification adopted by the authority competent for the assessment of research and development activities shall be attached as well.

(6)⁷⁵⁴ The application shall be subject to a fee, payable in the following rates:

a) 5 million forints, or 8 million forints if the application is decided in the urgent procedure;
b) 8 million forints in the case of applications for extended provisional tax assessment, or 11 million forints if the application for extended provisional tax assessment is decided in the urgent procedure.

(6a)⁷⁵⁵ If the taxpayer's application for provisional tax assessment also contains a request for extended provisional tax assessment, the fee applicable shall be determined under the provisions governing the fees payable for applications for extended provisional tax assessment.

(7)⁷⁵⁶ The application must be refused if:

a) the taxpayer fails to meet the conditions set out in Subsections (1)-(5a) and (14) of this Section;

b) there are reasonable grounds to believe that the facts presented are intended to cover up another contract, deal or act, or they are contrary to the principle of due course of the law;

c) there are administrative or court proceedings in progress in connection with the transaction to which the transaction pertains;

d) the application fails to disclose facts that are deemed important for the purposes of tax assessment even after being remedied;

e) provisional tax assessment requires an interpretation of foreign laws.

(7a)⁷⁵⁷ If the proceedings are refused without considering the merits or if terminated, or if the application is refused, the minister in charge of taxation shall refund 85 per cent of the fee paid to the taxpayer (applicant) without delay after the decision becomes effective. If the urgent procedure runs beyond the prescribed deadline, the minister in charge of taxation shall refund the difference between the fee paid and the fee payable in the absence of the urgent procedure to the taxpayer (applicant) without delay after the decision becomes effective.

⁷⁵² Established: by paragraph (5) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁵³ Enacted: by paragraph (6) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁵⁴ Established: by paragraph (3) Section 171 of Act CC of 2013. In force: as of 1. 01. 2014.

⁷⁵⁵ Enacted: by paragraph (8) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁵⁶ Established: by paragraph (8) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁵⁷ Enacted: by paragraph (10) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(7b)⁷⁵⁸ Before the application is submitted the taxpayer may request face-to-face consultation, where the taxpayer and the minister in charge of taxation may discuss the conditions of the procedure, such as the time limit, the amount of the fee payable, the remedies available, the scope and effect of provisional tax assessment, or any other procedural matter. During such consultations the taxpayer shall have the opportunity to present the deal to which the proposed application pertains, the underlying facts, and the proposed concrete question(s) relating to the tax liability or the lack thereof. The taxpayer and the minister in charge of taxation shall not be bound by the outcome of the prior negotiations in the provisional tax assessment procedure. The consultation shall be recorded in minutes. The consultation shall be subject to a fee in the amount of 500,000 forints for each consultation.

(8)⁷⁵⁹ The fee and the cost of the appeal shall be paid in full, respectively, before the application or the appeal against the decision adopted in connection with the application is submitted. In the event of failure to do so the minister in charge of taxation shall call upon the taxpayer (applicant) to pay the fee in full within the prescribed eight-day time limit. In the event of the taxpayer's failure to pay the fee in full, despite having been asked to do so, within the prescribed deadline, the minister in charge of taxation shall terminate the proceedings.

(9)⁷⁶⁰ The resolutions adopted in a provisional tax assessment procedure, or ruling that may be appealed independently under Subsection (3) of Section 136 may not be appealed, however, judicial review may be requested.

(10)⁷⁶¹ In connection with any transaction to which the application for provisional tax assessment pertains, an inspection may not be conducted between the time of submission of the application and the fifteenth day following the operative date of the resolution adopted in the procedure for provisional tax assessment. This provision shall apply in the case of provisional tax assessment relating to a transaction not recognized as an anticipated future transaction only in relation to the taxpayer having submitted the application. The time limit for the payment of budget support requested in the tax return submitted in relation to a transaction not recognized as an anticipated future transaction shall not begin before the sixteenth day following the effective date of the resolution on provisional tax assessment.

(11)⁷⁶² If the state tax authority has to be contacted before reaching a decision, the state tax authority shall comply with such request within fifteen days. The duration of such requests shall not be included in the time limit prescribed for provisional tax assessment procedures. The minister in charge of taxation shall forward the application pertaining to the transaction not recognized as an anticipated future transaction to the state tax authority within eight days of the day of submission. The minister in charge of taxation shall send the decision adopted in conclusion of the proceedings opened upon request, together with the notice on the operative date of the decision, to the state tax authority within eight days from the operative date of the decision.

⁷⁵⁸ Enacted: by paragraph (4) Section 171 of Act CC of 2013. Amended by Point 21 of Section 225 of Act LXXIV of 2014.

⁷⁵⁹ Established: by paragraph (11) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁶⁰ Established: by paragraph (5) Section 171 of Act CC of 2013. In force: as of 1. 01. 2014.

⁷⁶¹ Established: by paragraph (12) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁶² Established: by paragraph (12) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

(12)⁷⁶³ The minister in charge of taxation shall issue the provisional tax assessment in accordance with the regulations in effect at the time the application is submitted. If after the application is submitted, and before the resolution is delivered, the relevant legislation pertaining to provisional tax assessment is amended, in the case of extended provisional tax assessment, the resolution shall cover the tax - other than corporate tax - assessed in accordance with the regulations in effect at the time the application was submitted, and also with regulations in effect when the resolution was delivered.

(13)⁷⁶⁴ Upon the taxpayer's request, the minister in charge of taxation shall establish the conformity of the calculation method to be used by the taxpayer for sharing the value added tax charged based on the facts set out in the application. A single application may not contain a request for a calculation method to be applied for a specific transaction (including future transactions and those not recognized as an anticipated future transaction) and one to be applied for sharing the value added tax charged. As regards these applications the provisions on provisional tax assessment shall apply *mutatis mutandis*.

(14)⁷⁶⁵ Nonresident persons shall present their request for provisional tax assessment through their resident representatives only.

Determining the Applicability of Provisional Tax Assessment and the Extension of Legal Force⁷⁶⁶

Section 132/A⁷⁶⁷

(1)⁷⁶⁸ The minister in charge of taxation shall, upon request, declare:

a) the resolution adopted in provisional tax assessment (for the purposes of this Subsection hereinafter referred to as "resolution") applicable, if any amendment of the relevant regulations entering into effect after the operative date of the resolution or any changes in international legal commitments or in the facts, current and otherwise, have no bearing on the operative part of the resolution as to merits; or

b) the extension of the legal force of the resolution, other than extended provisional tax assessment, on one occasion, for an additional two tax years, if no changes in the facts, in international legal commitments or in the relevant regulations provided for in Paragraph *a*) took place;

⁷⁶³ Enacted by paragraph (13) Section 279 of Act CLXXVIII of 2012. Amended by Point 4 of Subsection (1) of Section 226 of Act LXXIV of 2014.

⁷⁶⁴ Established by Subsection (3) of Section 211 of Act LXXIV of 2014, effective as of 1 January 2015.

⁷⁶⁵ Enacted: by paragraph (13) Section 279 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁶⁶ Established by Section 212 of Act LXXIV of 2014, effective as of 1 January 2015.

⁷⁶⁷ Established: by Section 280 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁶⁸ Established by Section 212 of Act LXXIV of 2014, effective as of 1 January 2015.

c) applicability and the extension of the legal force of the resolution by an additional two tax years if the application covers Paragraph *a*) and *b*) alike.

(2) The resolution adopted under Subsection (1) shall be binding upon the tax authority.

(3) Unless otherwise provided for in this Section, the rules of procedure applicable to provisional tax assessment shall also apply to the minister in charge of taxation as regards the procedure above-specified.

(4)⁷⁶⁹

Establishing Fair Market Value⁷⁷⁰

Section 132/B⁷⁷¹

(1)⁷⁷² The state tax authority shall declare by resolution, upon request, the procedure for determining the fair market value to be used in a future transaction to be concluded between affiliated companies, the facts and circumstances based on which it is determined, and, if possible, the fair market price or price range (fair market value).

(2)⁷⁷³ The resolution shall be considered valid in bilateral and multilateral proceedings upon the agreement of the state tax authority and the competent foreign authorities.

(3) Before lodging the application the applicant may request prior consultation for the applicant and the competent authority to discuss in advance the conditions under which to conduct the proceedings, to make arrangements for the timetable and disposition of discussions, and any possible ways for cooperation. The outcome of such prior negotiations shall not be binding upon the applicant or upon the competent authority in the proceedings for determining fair market value.

(4) Proceedings for establishing fair market value may be unilateral, bilateral or multilateral. Where the laws of another country relating to income taxes also apply to the transaction in question, the affiliated company shall indicate in the application its intention to use unilateral, bilateral or multilateral proceedings for establishing fair market value.

(5)⁷⁷⁴ In connection with an application for bilateral or multilateral proceedings, the taxpayer shall attach the English translation of the application. At the tax authority's request, the taxpayer shall enclose the English translation of the documentary sections that may be required for

⁷⁶⁹ Repealed by Point 5 of Subsection (1) of Section 226 of Act LXXIV of 2014, effective as of 1 January 2015.

⁷⁷⁰ Enacted by Section 64 of Act CXXXI of 2006, effective as of 1 January 2007.

⁷⁷¹ Enacted by Section 64 of Act CXXXI of 2006, effective as of 1 January 2007. Numbering amended: by Section 61 of Act CXVI of 2009. In force: as of 24. 11. 2009.

⁷⁷² Amended: by point 16 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011. The change does not effect the English version.

⁷⁷³ Established: by paragraph (1) Section 60 of Act CXVI of 2009. In force: as of 17. 11. 2009.

⁷⁷⁴ Established: by paragraph (2) Section 60 of Act CXVI of 2009. In force: as of 17. 11. 2009.

carrying out the bilateral or multilateral proceedings. In connection with an application for bilateral or multilateral proceedings, the state tax authority shall contact the competent authority of the other State with a view to entering into an agreement with the competent authority of the other State and to obtaining the information necessary for the evaluation of the application pursuant to the provisions on mutual cooperation or similar proceedings prescribed in the conventions on double taxation.

(6)⁷⁷⁵ With the exception of taxpayers in which the State has majority control directly or indirectly, taxpayers who are not subject to the obligation to keep records (simplified records) as prescribed in the legislation laying down provisions for the obligation to keep records relating to the determination of fair market value may not submit an application for establishing fair market value.

(7) The resolution shall be valid for a specific term, minimum three and maximum five years. The validity period of the resolution may be extended on one occasion, for an additional three years at the request of the affiliated companies on whose behalf the fair market value is determined. The validity period of the resolution may not be extended if the facts underlying the original resolution have changed to such an extent, whereby a new resolution would be required for determining the fair market value. The application for the extension of the resolution's validity period shall be submitted at least six months before the resolution expires. The procedure opened upon the application for the extension shall be subject to the same regulations that apply to the evaluation of the original applications.

(8)⁷⁷⁶ Applications shall be submitted to the state tax authority in three copies, containing information similar to the records prescribed by the legislation laying down provisions for the obligation to keep records relating to the determination of fair market value. Applications shall have attached a statement from the applicant guaranteeing that the information conveyed in the application is true and correct.

(9)⁷⁷⁷ The proceedings for establishing fair market value shall be subject to a fee of:

a) minimum five hundred thousand and maximum five million forints for unilateral proceedings, where fair market value is established by the method of comparative prices, by the method of resale prices or by the cost and income method;

b)⁷⁷⁸ minimum two and maximum seven million forints for unilateral proceedings, where fair market value is established by any method other than what is contained in Paragraph a);

c) minimum three and maximum eight million forints for bilateral proceedings;

d) minimum five and maximum ten million forints for multilateral proceedings.

If fair market price (price range) cannot be determined as a specific sum, the fee shall equal the fee minimum, depending on the type of proceedings.

⁷⁷⁵ Established: by paragraph (2) Section 31 of Act XCVI of 2011. In force: as of 15. 07. 2011.

⁷⁷⁶ Established: by paragraph (3) Section 31 of Act XCVI of 2011. In force: as of 15. 07. 2011. Amended: by point 4 paragraph (1) Section 294 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁷⁷ Established: by Section 98 of Act LXXVII of 2009. In force: as of 9. 07. 2009. Shall apply to requests submitted after the time of this Act entering into force.

⁷⁷⁸ Amended: by point 16 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

(10)⁷⁷⁹ The fee specified in Subsection (9) shall be paid before the opening of the proceedings. The fee for proceedings for extension or amendment shall be fifty per cent of the fee paid in the original proceedings. If the application is rejected, seventy-five per cent of the fee paid shall be refunded. The fee shall be one per cent of the fair market value or of the mean value of the lower and upper limits determined if the resolution containing the fair market value indicates the fair market value as a specific sum. If the fee calculated by the one per cent rate exceeds the minimum amount calculated according to Subsection (9), the taxpayer shall be required to pay the difference when so requested by the tax authority, before the resolution communicating the fair market value is delivered. The state tax authority shall deliver the resolution to the taxpayer within eight days upon receipt of the difference. In the event of failure to pay the difference, the state tax authority shall reject the application for establishing fair market value, in which case the provision for refund shall not apply.

(11) The application must be rejected if:

- a) the applicant's statement concerning the relevant facts of the case is false;
- b) the information the applicant has supplied is incomplete, and the missing information was not supplied within the prescribed deadline, leaving the data for determining the fair market value insufficient;
- c) there are reasonable grounds to believe that the facts presented are intended to cover up another contract, deal or act;
- d) the applicant did not pay the fee in full within thirty days of being so requested;
- e) the facts contained in the application pertain to a deal already completed;
- f) in connection with bilateral or multilateral proceedings, the competent foreign authority did not make available the data and information necessary for the application and the taxpayer did not request unilateral proceeding instead;
- g) the costs of the proceedings to be borne by the competent authority exceed the amount of the fee, and the taxpayer refused to pay the extra costs at the authority's request;
- h) an attempt for consultation with the competent foreign authority in connection with an agreement for establishing fair market value failed, unless the taxpayer had requested an unilateral proceeding instead;
- i)⁷⁸⁰ Hungary does not have an agreement for the elimination of double taxation with the foreign State in question, or the agreement does not contain provisions for mutual cooperation or similar proceedings;
- j) completion of the proceeding is pending on new legislation or on the amendment of existing ones;
- k) the taxpayer has requested unilateral proceedings in the stead of bilateral or multilateral proceedings, and in the course of the proceedings opened according to this request the competent authority of the foreign State rejected the request made by the state tax authority for the exchange of information or suggests mutual consultation proceedings in reply to the request for the exchange of information, except if the taxpayer changes his request for unilateral proceedings for bilateral or multilateral proceedings.

(12) In the absence of consent on the part of the competent authority of the other State, the tax authority shall conduct the bilateral or multilateral proceedings at the taxpayer's request

⁷⁷⁹ Established by Section 203 of Act CXXVI of 2007, effective as of 1 January 2008.

⁷⁸⁰ Amended: by point 11 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

unilaterally only if the information available to the state tax authority is sufficient for the purposes of establishing fair market value.

(13) The resolution shall be binding upon the tax authority with retroactive effect from the date when the application was submitted, provided that the facts remain the same, except if, following the effective date of the resolution, there is any evidence that:

- a) the application contains any false information;
- b) the affiliated companies have departed from the resolution in determining the fair market value;
- c) the facts and circumstances applied in the process of determining fair market value have changed considerably from the facts contained in the resolution to such an extent as to be considered doubtful from the standpoint of the reliability of the fair market value;
- d) the relevant legislation underlying the application have been amended, unless the resolution is also amended accordingly;
- e) the critical conditions established in connection with the fair market value are not satisfied and the affiliated companies involved in the proceedings did not move for having the resolution amended;
- f)⁷⁸¹

(14) The resolution shall cease to apply as of the date of termination of the binding clause.

Section 132/C⁷⁸²

(1) The state tax authority shall amend the resolution within the validity period prescribed therein, at the request of the taxpayer. The resolution may be amended if any new circumstance that is deemed material for the purposes of the case arises, if it was not known previously due to the mala fide conduct of affiliated companies other than those being parties to the proceeding, or if the circumstances underlying the resolution have changed significantly from the standpoint of reliability of the fair market value. The procedure opened upon the application for the amendment shall be subject to the same regulations that apply to the evaluation of the original applications.

(2) The state tax authority shall have powers to check the data and information contained in the application and in the supporting documents, analyses, studies, statements, calculations and executive summaries in due observation of the regulations governing such examinations, to the extent and in the manner required for adopting the resolution (authenticity check). The period affected by the authenticity check conducted by the state tax authority shall not be deemed audited upon the conclusion of the procedure.

(3) In connection with a fair market value to which the application for establishing fair market value pertains an inspection may not be conducted between the time of submission of the application and the sixtieth day following the operative date of the resolution establishing fair market value, if the affiliated companies have already concluded the contract or other transaction that was indicated in the application. Within sixty days following the operative date of the resolution the taxpayer may conduct self-audit in accordance with the resolution if the contract or

⁷⁸¹ Repealed: by point 2 paragraph (1) Section 138 of Act CXVI of 2009. No longer in force: as of 17. 11. 2009.

⁷⁸² Enacted by Section 64 of Act CXXXI of 2006, effective as of 1 January 2007. Numbering amended: by Section 61 of Act CXVI of 2009. In force: as of 24. 11. 2009.

other transaction was executed following submission of the application for establishing fair market value.

(4) Any ruling in the first instance for the rejection of applications for determining fair market value, for the amendment of the resolution, or for the extension of the validity period of the resolution may be appealed independently.

(5) The administrative time limit for these proceedings is one hundred and twenty days, which may be extended on two occasions by sixty days. The administrative time limit shall not include the time of discussions with the competent foreign authority, nor the authenticity check conducted by the tax authority or the time elapsed for supplying missing information. If in consequence, any new circumstance that is deemed significant for the purposes of the case arises, or critical conditions and other factors and circumstances underlying the resolution have changed significantly from the standpoint of reliability of the fair market value, which are likely to have a material impact on the fair market value, the administrative time limit shall discontinue and it shall restart at the time of occurrence of the underlying event. The state tax authority shall notify the applicant accordingly.

Authorization of Deferred Payment and Payment by Installment

Section 133

(1) Deferred payment and installment payment (hereinafter referred to collectively as “payment facilities”) may be granted upon the request of the taxpayer or the person obliged to pay tax for a tax registered by the tax authority. Payment allowance may be granted if the payment difficulty

a) cannot be attributed to the applicant or if he has taken reasonable measures to prevent it as is expected in the given situation and, furthermore,

b) is of a temporary nature, that is to say that payment of the tax at a later time is evident.

(2) The decision for granting authorization and the conditions shall be based upon the reasons and circumstances behind the payment difficulty.

(3) No payment facilities shall be authorized

a) for advances on the income tax of private individuals and for income tax that has been deducted,

b) for local tax collected,

c) for contributions deducted by the payer from a private individual.

(4) In respect of private individuals, payment facilities may be granted the provisions of Paragraph a) of Subsection (1) notwithstanding, if the applicant is able to provide some form of evidence demonstrating that payment of the tax at that particular time or in its entirety would constitute unreasonable hardship on his family, given his income, financial and social circumstances.

(5) In connection with the submission of an application for and in respect of the granting of payment facilities, the following surcharges shall be attached and announced in a resolution where Paragraphs a) and c) apply:

a) in respect of an application submitted by a private individual before the due date, the surcharge shall be equal to the central bank base rate in effect on the date of submission and charged up to the date of the resolution of the first instance on the application;

b) in respect of an application filed by a legal person, another organization or a private individual after the due date, default interest up to the date when the resolution on the application

becomes definitive or up to the date of the resolution of the first instance if payment facilities are granted;

c) when authorization is granted, for the period of payment facilities, from the date of the resolution of the first instance in an amount equal to the central bank base rate in effect on the day on which the application is submitted.

(6) The imposition of surcharges may be dismissed under special and equitable circumstances. The provisions on default interest shall be applied in regard to other aspects of the surcharges described in Paragraphs a) and c) of Subsection (5).

(7) Deferred payment and installment payment may be authorized under other conditions where permitted by law; the granting of such may only be precluded by an act.

(8) The tax authority may render its authorization for deferred payment or installment payment subject to specific conditions set out in its resolution.

(9) In the operative part of the resolution the taxpayer shall be advised on the fact that his failure to meet the conditions of the allowance or pay the installments as due shall render the facilities void and the debt shall become payable in full together with all of the associated charges.

(10)⁷⁸³ Payment facilities shall not be granted to taxpayers participating in a group taxation arrangement under the Act on Value Added Tax, during the life of the group taxation arrangement.

Section 133/A⁷⁸⁴

(1)⁷⁸⁵ Private individuals not engaged in entrepreneurial activities, if not required to pay value added tax shall have the option to install a statement in their personal income tax return - before the deadline prescribed for filing the tax return - to effect payment of the personal income tax up to 150,000 forints within the framework of free payment facilities, in equal monthly installments over a period of six months from the due date. The first installment shall be paid by the due date prescribed for the payment of the personal income tax by the relevant legislation. The deadline for the statement aforementioned shall apply with prejudice.

(2) In the event of the taxpayer's default in payment of any installment, the payment facilities shall be withdrawn, and the debt shall become due and payable in full. In this case the tax authority shall charge default interest on the amount of debt remaining effective as of the original due date.

Section 133/B⁷⁸⁶

⁷⁸³ Enacted: by Section 337 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁷⁸⁴ Enacted by Section 118 of Act LXXXI of 2008, effective as of 1 January 2009. See also Section 264 and Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁷⁸⁵ Established: by Section 338 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 23 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁷⁸⁶ Repealed: by Section 13 of Act LVII of 2010. No longer in force: as of 29. 06. 2010.

Tax Abatement

Section 134

(1)⁷⁸⁷ Upon the request of a private individual, the tax authority may reduce or cancel the tax debts, fines or surcharge debts of such individual if payment thereof seriously endangers the livelihood of the taxpayer and those of his close relatives living in the same household.

(2)⁷⁸⁸ The tax authority may neither cancel nor reduce the tax of other persons over and above the provisions of Subsection (1).

(3) The tax authority may reduce (cancel) a surcharge or penalty under special and equitable circumstances particularly if payment thereof would make it impossible for the affected private individual, legal person or organization to conduct business operations. The tax authority may make any reduction contingent upon the payment of part (or all) of the unpaid tax.

(4)⁷⁸⁹ Tax reduction shall not be granted to taxpayers participating in a group taxation arrangement under the Act on Value Added Tax, during the life of the group taxation arrangement.

(5)⁷⁹⁰

*Section 134/A*⁷⁹¹

Amendment and Withdrawal of a Resolution (Ruling)⁷⁹²

Section 135

(1)⁷⁹³ If the tax authority finds that its resolution (ruling) is in violation of the law before it is reviewed by a superior authority or by the court, the tax authority shall amend or withdraw such resolution (ruling) within one year from the date it became operative to the detriment of the taxpayer or within the term of limitation for the right of tax assessment if it is to the advantage of the taxpayer affected. The tax authority shall also amend or withdraw its resolution (ruling) within the term of limitation for the right of tax assessment or refund if so prescribed by law.

⁷⁸⁷ Amended: by Resolution No. 73/2009 (VII.10.) AB of the Constitutionality Court. In force: as of 10. 07. 2009.

⁷⁸⁸ Amended: by point 17 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 4 Section 41 of Act LXIX of 2012. In force: as of 20. 06. 2012.

⁷⁸⁹ Established: by Section 339 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁷⁹⁰ Repealed: by subparagraph b) Section 54 of Act CXCIV of 2011. No longer in force: as of 1. 01. 2012.

⁷⁹¹ Repealed: by Section 13 of Act LVII of 2010. No longer in force: as of 29. 06. 2010.

⁷⁹² Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁷⁹³ Amended by Subsection (2) of Section 315 of Act CI of 2004, and by Subsection (3) of Section 41 of Act LXXXV of 2005.

(2) Limitation of the amendment to the detriment of the taxpayer as described in Subsection (1) shall not be applicable if:

a)⁷⁹⁴ by virtue of a final court ruling in a criminal case the taxpayer in question has been found guilty of fraud, budget fraud, tax fraud or employment related tax fraud in connection with the fulfillment of his tax obligations;

b)⁷⁹⁵ an officer of the tax authority that passed the resolution (ruling) has breached his duty in violation of the penal code so as to influence the passing of the resolution (ruling), as established in a final court ruling in conclusion of a criminal proceeding;

c) the taxpayer has acted in bad faith.

(3) The burden of proof regarding bad faith lies with the tax authority.

(4)⁷⁹⁶ Where a resolution (ruling) of the tax authority was passed in violation of law and, in consequence, the taxpayer becomes eligible for a tax refund, the tax authority shall pay interest on such amount equivalent to the rate of default interest unless the error in tax assessment occurred in consequence of a reason within the taxpayer's control, or of the person subject to compulsory data disclosure.

Appeal

Section 136⁷⁹⁷

(1) Taxpayers shall have the right to appeal resolutions of the first instance. Any party to whom the resolution pertains shall also have the right to appeal.

(2)⁷⁹⁸ A ruling adopted during the proceeding conducted before the resolution was adopted may only be contested in the appeal lodged against the resolution, unless it may be appealed separately pursuant to this Act.

(3) An independent appeal may be lodged against a ruling adopted in the first instance:

a) for suspension of the proceedings;

b) for termination of the proceedings;

c) for rejection of an application outright, without investigation;

d) for dismissal of the application for continuation in connection with missing a deadline for filing the tax return, notification or appeal;

e) for limiting the right of access to documents for review;

f) for rejecting the taxpayer's request for re-audit;

⁷⁹⁴ Amended under Paragraph i) of Subsection (3) of Section 29 of Act XCI of 2005. Amended: by paragraph (7) Section 10 of Act LXIII of 2011. In force: as of 1. 01. 2012.

⁷⁹⁵ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁷⁹⁶ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005, and by Point 14 of Section 248 of Act LXXXI of 2008.

⁷⁹⁷ Established by Section 23 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently.

⁷⁹⁸ Amended: by point 18 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

- g) concerning the exercise of the right of withholding;
- h) in judgment of a demurrer of enforcement;
- i) for imposing an administrative penalty;
- j)⁷⁹⁹ refusing to grant exemption from procedural charges; and
- k) for rejection of a petition to challenge a presumption of service.

(4) The appeal shall be lodged within fifteen days from the date on which the resolution (ruling) was communicated or within thirty days with respect to posteriori tax assessment.

(5) The person entitled to appeal may waive his right to do so within the time limit in which an appeal must be filed. The waiver of the right to appeal may not be withdrawn.

(6)⁸⁰⁰ An appeal that is lodged beyond the deadline or that is filed by a person without proper entitlement, and an appeal lodged against a ruling that cannot be contested by a separate appeal shall be dismissed by the tax authority of the first instance without any examination of its merits.

Section 136/A⁸⁰¹

(1) By way of derogation from Subsection (4) of Section 136, an appeal may be submitted within eight days of the date of delivery of the resolution on the refusal to issue a tax number, or on the refusal of the request submitted under Subsection (4) of Section 24/C and Subsection (3) of Section 24/D (hereinafter referred to as “resolution”). No application for continuation shall be accepted upon missing the deadline.

(2) By way of derogation from Subsection (2) of Section 137, the appeal against the resolution shall be introduced to the superior authority with all documents attached within five days following the date when received.

(3) The deadline for adopting a resolution in connection with an appeal lodged against a resolution is fifteen days.

(4) No petition may be submitted for requesting supervisory action in connection with the resolution.

Section 136/B⁸⁰²

(1) The person liable for the tax payable may lodge an appeal against tax authority’s resolution adopted in the first instance under Paragraph *f*) of Subsection (2) of Section 35 declaring his guarantee obligation contesting the decision issued during liquidation proceedings underlying his guarantee obligation for posteriori tax assessment concerning a liquidated taxpayer, if such decision was not the subject of judicial review. The person liable for the tax payable shall have this right also if the right of tax assessment relating to the liquidated taxpayer has already lapsed.

(2) The tax authority - at the time of delivering the resolution of the first instance adopted pursuant to Paragraph *f*) of Subsection (2) of Section 35 - shall also deliver to the person liable

⁷⁹⁹ Established: by paragraph (1) Section 281 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁸⁰⁰ Established: by paragraph (2) Section 281 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁸⁰¹ Enacted: by Section 340 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸⁰² Enacted: by Section 172 of Act CC of 2013. In force: as of 1. 01. 2014.

for payment of tax the decision of the first and - if a resolution in the second instance has also been adopted - second instance against the liquidated taxpayer for posteriori tax assessment in the liquidation proceedings, together with the report containing the findings of the subsequent audit.

(3)⁸⁰³ If the person liable for the tax payable challenges the tax authority's resolution underlying his guarantee obligation for posteriori tax assessment in an appeal lodged as provided for in Subsection (1), the tax authority of the second instance hearing the appeal shall first decide as to the legality of the posteriori tax assessment. If the supreme body declares part or all of the posteriori tax assessment unlawful, it shall restrict or cancel the right of enforcement of tax debts in terms of the unlawful tax assessment against the person liable for the tax payable, who submitted the appeal. The tax authority of the second instance shall decide as to the legality of the posteriori tax assessment, restrict the right of enforcement and order payment of the tax in a single resolution. The deadline for adopting a resolution is sixty days from the date of delivery of the documents to the tax authority of the second instance.

Section 137⁸⁰⁴

(1) The appeal shall be submitted to the tax authority that adopted the resolution (ruling) appealed. The appeal shall be considered as being lodged within the prescribed deadline, if submitted within the prescribed deadline at a body other than the body of competence and jurisdiction. New facts and evidence may also be presented in the appeal.

(2) The appeal shall be forwarded to the superior authority with all documents attached within fifteen days following the date when received, unless the tax authority has withdrawn the appealed resolution (ruling) or made the requested amendment or correction. In the appeal process the tax authority of the first instance shall convey its opinion concerning the appeal to the extent required for reaching a decision.

Section 138

(1)⁸⁰⁵ The superior authority shall review the appealed resolution (ruling) and the process leading to it, irrespective of who filed the appeal and for what reason. The deadline for adopting a resolution in connection with an appeal lodged against a resolution in connection with posteriori tax assessment is sixty days from the date of delivery of the documents to the superior authority. An appeal against a resolution shall be decided by resolution, where an appeal against a ruling shall be decided by ruling. The superior tax authority shall investigate the matter after which it shall sustain, amend or annul the original resolution (ruling).

⁸⁰³ Established by Section 213 of Act LXXIV of 2014, effective as of 1 January 2015.

⁸⁰⁴ Established by Section 24 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently.

⁸⁰⁵ Established by Section 25 of Act LXXXV of 2005, effective as of 1 November 2005. Applies to proceedings opened subsequently. Amended: by point 46 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(2)⁸⁰⁶ The superior authority may annul the resolution (ruling) and order the administrative agency of the first instance to reopen the case; if the available data and information is insufficient to adopt a resolution (ruling) or if further evidence is required, the superior authority shall proceed to obtain evidence on its own accord.

Section 139⁸⁰⁷

The resolution (ruling) on the appeal shall be delivered to the appealing party through the tax authority and to all others to whom the resolution (ruling) of the first instance was delivered.

Reopening a Case

Section 140

(1)⁸⁰⁸ If any part of a resolution that has been appealed is found unlawful as a result of which a new proceeding has to be conducted, the superior authority hearing the appeal case shall instruct the agency of original jurisdiction to conduct a new proceeding only with respect to the said unlawful sections (measures) and shall sustain or overturn the resolution (ruling) concerning the remaining sections, where it is suitable for the case in question.

(2)⁸⁰⁹ Where a new proceeding is ordered, the superior authority shall indicate - by way of a resolution (ruling) - the circumstances to be investigated in the new proceeding, or the type of tax, central subsidy and the tax period to be covered by the new proceeding. In the new proceeding ordered by the superior authority of the tax authority or by the court, the tax authority's investigation shall be limited to the circumstances on the basis of which it was ordered, and the related facts.

(3)⁸¹⁰

Supervisory Measures

Section 141

(1)⁸¹¹ The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall take supervisory measure upon request or *ex officio* if the

⁸⁰⁶ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁸⁰⁷ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁸⁰⁸ Established by Subsection (1) of Section 216 of Act CI of 2004, effective as of 1 January 2005. Amended: by point 47 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸⁰⁹ Amended: by point 12 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸¹⁰ Repealed by Subsection (1) of Section 66 of Act XXVI of 2005, effective as of 10 May 2005.

⁸¹¹ Established: by Section 282 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013. Amended: by point 15 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

resolution or ruling (action) that may be appealed independently of the acting tax authority infringes upon the relevant legislation or if no resolution or ruling (action) that may be appealed independently has been adopted (taken) in violation of the law. The minister in charge of taxation or the minister appointed for the supervision of the NAV shall proceed upon request if the government official directing the competent government agency or the President of the NAV, acting as the superior authority, has already adopted a decision in the case.

(2)⁸¹² The tax authority shall forward the documents within fifteen days from the date of receipt of the request from the superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV. The administrative time limit for any request for a supervisory measure in connection with posteriori tax assessment is sixty days from the date following the day of receipt of the documents by the supervisory agency, unless the acting agency dismissed the request for a supervisory measure without substantive investigation.

(3)⁸¹³ The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall amend or annul the unlawful resolution (action) or ruling that may be appealed independently and shall order a new procedure to be conducted if it is deemed necessary, or shall instruct the tax authority of the first instance to conduct the procedure. The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall order the supervisory measure in a resolution (ruling).

(4)⁸¹⁴ In the course of a supervisory measure no new decision may be adopted for changing the tax liability, the tax base, the tax amount, the base, or the amount of central subsidy to the detriment of the taxpayer. If the superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV is of the opinion that the reviewed decision (measure) was overly lenient, the unlawful decision (measure) shall be annulled and new proceedings shall be ordered.

(5)⁸¹⁵ The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall dismiss a request for a supervisory measure without further investigation if the decision of the competent tax authority has already been reviewed by the court. The minister in charge of taxation or the minister appointed for the supervision of the NAV shall dismiss a request for a supervisory measure without further investigation if the procedural

⁸¹² Enacted by Section 26 of Act LXXXV of 2005. Amended by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by point 20 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 48 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸¹³ Established by Section 123 of Act CXIX of 2005. Amended by Subsection (4) of Section 85 of Act CIX of 2006, and by Point 15 of Section 248 of Act LXXXI of 2008. Amended: by point 21 Section 154 and point 10 Section 171 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸¹⁴ Enacted by Section 119 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by point 22 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸¹⁵ Established by paragraph (2) Section 341 of Act CLVI of 2011. Amended by point 15 Section 40 of Act LXIX of 2012, point 24 Section 293 of Act CLXXVIII of 2012, Point 2 of Subsection (2) of Section 28 of Act XXXIII of 2014, Point 22 of Section 225 of Act LXXIV of 2014.

fees are not paid at the time of submission of the request. If the taxpayer submits also a petition for cost exemption with the request for a supervisory measure, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall suspend the proceedings opened upon the request for a supervisory measure until the final decision on cost exemption is made. The minister in charge of taxation or the minister appointed for the supervision of the NAV shall refuse the request for supervisory measure without examination as to merits if the taxpayer fails to provide at the time when the request is submitted for representation prescribed in this Act. The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV may dismiss a request for a supervisory measure without further investigation if the court review was requested by the taxpayer. The superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall not order the supervisory measure if no infringement has been established. If a request for supervisory measure is dismissed without any investigation on the merits, or if no supervisory measure is taken, the tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV shall notify the concerned taxpayer without adopting a resolution (ruling).

*Section 141/A*⁸¹⁶

Prohibition of Aggravation in Official Taxation Proceedings

Section 142

(1) If a resolution has been adopted in conclusion of a previous audit, no new resolution changing the tax liability, the tax base, the tax amount, the base and the amount of central subsidy to the detriment of the taxpayer may be adopted more than one year following the time when the audit was concluded, or if the audit has been concluded without the opening of an official proceeding. Furthermore, a new resolution cannot be adopted if the resolution adopted in the original proceeding is overturned by the superior tax authority and a new proceeding is ordered or if the tax authority of the first instance has withdrawn the resolution.

(2) The provisions set out in Subsection (1) shall not be applied:

- a)⁸¹⁷ in cases of budget fraud, tax fraud, employment related tax fraud or fraud committed in connection with compliance with tax obligations as established by a definitive court decision;
- b) if a new procedure has been ordered by the court;
- c)⁸¹⁸ if the audit was ordered by ruling of the minister in charge of taxation or the chairman of the State Audit Office or, with respect to local taxes, the council of a municipal government;

⁸¹⁶ Repealed: by point 3 Section 190 of Act CC of 2013. No longer in force: as of 1. 01. 2014.

⁸¹⁷ Amended by Paragraph i) of Subsection (3) of Section 29 of Act XCI of 2005. Amended: by paragraph (7) Section 10 of Act LXIII of 2011. In force: as of 1. 01. 2012.

⁸¹⁸ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005, Subsection (2) of Section 193 of Act CXIX of 2005, and by Subsection (4) of Section 85 of Act CIX of 2006.

d)⁸¹⁹ if the tax authority carries out the audit with a view to satisfying the request made by the social security administration or performed under priority arrangement, and the re-audit is likely to result in eligibility for benefits;

e)⁸²⁰ any new fact, information, and/or evidence that is likely to have an influence on tax assessment is subsequently introduced to the tax authority and the director of the state tax and customs authority orders a re-examination.

Judicial Review of Resolutions Passed by the Tax Authority

Section 143

(1)⁸²¹ The court may, at the request of the taxpayer, reverse or abolish a final judgment on the merits taken by the tax authority of the second instance - with the exception of the resolutions for granting payment facilities and for ordering the annulment of the resolution of the first instance - if it is in violation of the law, and if necessary it shall order the tax authority to conduct new proceedings. The resolution of the tax authority of the second instance shall not be subject to judicial review.

(2)⁸²²

ENFORCEMENT PROCEEDINGS

Section 144⁸²³

Unless otherwise provided for by this Act, an officer of the tax authority shall proceed in accordance with the provisions of Act LIII of 1994 on Judicial Enforcement (hereinafter referred to as “JEA”) in connection with actions taken in the course of an enforcement procedure. Tax administrators shall be vested with all of the powers conferred upon a court bailiff under the JEA with a view to ensuring the effective enforcement. If a taxpayer jeopardizes the outcome of the enforcement procedure by intimidating or threatening the bailiff, or if attempts to prevent the enforcement action, the tax authority may request the assistance of the police in accordance with the provisions set out in the Act on the Police, or may invoke the professional staff member of the NAV attending to take action in accordance with the Act on the Nemzeti Adó- és Vámhivatal with a view to continuing the procedure without further disruptions. The provisions of the JEA shall be observed, with the exceptions set out in this Act, with regard to obtaining and processing data in connection with enforcement procedures.

⁸¹⁹ Amended: by point 17 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸²⁰ Amended by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by point 23 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸²¹ Established by Section 204 of Act CXXVI of 2007, effective as of 1 January 2008.

⁸²² Repealed by Section 443 of Act CXXVI of 2007, effective as of 1 January 2008.

⁸²³ Established: by Section 283 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

Enforcement Orders

Section 145

- (1)⁸²⁴ In tax administration proceedings, the following shall function as enforcement orders:
- a)* definitive official resolution (ruling) on a payment obligation;
 - b)* tax return containing the amount of tax (tax advance) payable under self-assessment;
 - c)* the request for recovery of a claim in recovery procedures;
 - d)* tax assessment notice communicated by the tax authority to the taxpayer;
 - e)*⁸²⁵ court rulings establishing duties on court proceedings, and court requests and notices submitted relating to duties on court proceedings;
 - f)* notifications on health services contribution obligations.
- (2) No special measure (sequestration, certificate of enforcement, etc.) is required for such documents to become executable.
- (3) Any surcharges and interest charged on a tax debt shall be collectible on the strength of the enforcement order on such tax debt.

Competent Authorities

Section 146

- (1)⁸²⁶ Enforcement shall be carried out by the tax authority of the first instance, excluding bodies of the customs authority of original jurisdiction.
- (1a)⁸²⁷ By way of derogation from Subsection (1), the customs authority's bodies of the first instance shall have authority to seize movable tangible property up to the amount of debts owed to the state tax and customs authority.
- (1b)⁸²⁸ In the procedure under Subsection (1a), the employee acting in the name of the customs authority shall be subject to the provisions pertaining to court bailiffs.
- (2)⁸²⁹ On the basis of a request lodged by the creditor of any outstanding public dues enforced as taxes:
- a)*⁸³⁰ in respect of private individuals, the municipal government responsible for the place where the domestic residence or place of abode, the usual place of stay or, in the absence of such,

⁸²⁴ Established: by Section 342 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸²⁵ Established: by Section 173 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸²⁶ Established: by Section 142 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸²⁷ Enacted: by Section 174 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸²⁸ Enacted: by Section 174 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸²⁹ Established: by paragraph (1) Section 101 of Act LXXVII of 2009. In force: as of 9. 07. 2009. Shall also apply to proceedings in progress.

⁸³⁰ Amended: by point 16 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

the last know Hungarian home address of such person, or registered office in the case of private entrepreneurs, is located,

b) in respect of legal persons and other organizations, the competent state tax authority shall have jurisdiction unless the collection of particular public dues is referred to the competence of another agency by law.

In respect of nonresident private individuals, the notary of the City of Budapest shall function as the competent municipal tax authority, if the competent municipal tax authority cannot be determined based on the sequence of the criteria for jurisdiction referred to under Paragraph *a*).

(3)⁸³¹ In connection with the enforcement of debts upon request owed to municipal governments, the enforcement procedure shall be carried out by the state tax authority of competent jurisdiction according to the general provisions on jurisdiction.

(4)⁸³² The state tax authority may also effect enforcement by way of an independent court bailiff - chosen according to the case distribution rules - of the competent district court according to the home address of the judgment debtor or to the place where the judgment debtor's assets that may be levied in execution are located. In this case, the court bailiff shall proceed in accordance with the provisions of this Act with the exception that his competence shall be governed under Subsections (3)-(5) of Section 232 of the JEA, and shall apply the provisions of the JEA relating to the auction of movable and real estate property by way of electronic means.

(5)⁸³³ If the same movable or real estate property is seized by several tax authorities, the one first seizing the property in question shall be entitled and required to continue the procedure and to liquidate the property. In the event of simultaneous seizure, the enforcement procedure shall be carried forward according to the agreement of the tax authorities concerned. Where seizure is carried out simultaneously with other tax authorities, the enforcement procedure shall be carried out by the state tax authority.

(6)⁸³⁴ If the tax authority is informed of the cessation of jurisdiction after the commencement of the enforcement procedure, such change in jurisdiction shall have no bearing on the procedures already carried out.

*Section 147*⁸³⁵

⁸³¹ Enacted: by Section 8 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁸³² Established by Section 15 of Act XXVII of 2004. Amended by Paragraph a) of Section 86 of Act CIX of 2006. Second sentence established by Subsection (1) of Section 40 of Act XXXIX of 2008, effective as of 1 January 2009. Also applies to enforcement proceedings in progress. Numbering amended: by Section 8 of Act LVII of 2010. In force: as of 29. 06. 2010. Amended: by subparagraph b) Section 42 of Act CCXI of 2012. In force: as of 1. 01. 2013.

⁸³³ Amended: by paragraph (1) Section 101 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Numbering amended: by Section 8 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁸³⁴ Numbering amended: by Section 8 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁸³⁵ Established by Section 124 of Act CXIX of 2005, effective as of 1 January 2006.

(1)⁸³⁶ Actions for the enforcement (collection) of tax obligations of nonresident individuals abroad, as well as resident individuals spending over 183 consecutive days abroad (hereinafter collectively referred to as “judgment debtor”), and any outstanding public dues they may have that can be enforced (recovered) in the manner of taxation shall be carried out by the winner of the public procurement procedure arranged and conducted by the minister in charge of taxation, with the exception of the payment obligations falling under the scope of the agreement between Member States of the European Communities on recovery assistance.

(2)⁸³⁷ The winner of the public procurement procedure, with a view to enforce tax liabilities and outstanding public dues that can be enforced (recovered) in the manner of taxes, shall be allowed access to information classified as tax secrets, to the extent required. To this end, the tax authority shall make available the documents underlying the enforcement procedure to the winning tenderer until the conclusion of the procedure.

(3)⁸³⁸ For carrying out the actions described in Subsection (1), the winner of the tender shall be entitled to receive the consideration stipulated by agreement, not to exceed eight percent of the taxes collected.

(4)⁸³⁹ The tax authority shall submit the resolution on a payment obligation or the enforcement order (hereinafter referred to as “request”) quarterly to the winner of the tender. The tax authority shall forthwith notify the winner of the tender concerning any changes that may have occurred following conveyance of the request. Until such time as the winner of the tender notifies the tax authority of having abandoned the procedure, the domestic assets of the judgment debtor may not be subject to any acts of enforcement. If the winner of the tender fails to convey notice of having carried out the procedure within six months of receipt of the request, the tax authority shall have a lien registered on the judgment debtor’s real property.

(5)⁸⁴⁰ It is not necessary to employ the winner of the tender if the judgment debtor is in the domestic territory at the time of enforcement of his payment obligation and there is no other impediment in the way of enforcing said payment obligation, nor if the judgment debtor has a local representative vested with power of attorney in accordance with this Act.

Assets Levied in Execution

Section 148

Any and all of the assets of a nonresident company that are located in the domestic territory may be seized in the course of enforcing the collection of a tax debt originating in connection with activities carried out through a branch.

⁸³⁶ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁸³⁷ Enacted by Section 205 of Act CXXVI of 2007, effective as of 1 January 2008.

⁸³⁸ Numbering amended by Section 205 of Act CXXVI of 2007.

⁸³⁹ Established by Section 65 of Act CXXXI of 2006. Numbering amended by Section 205 of Act CXXVI of 2007. Amended: by point 11 Section 171 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸⁴⁰ Numbering amended by Section 205 of Act CXXVI of 2007.

Time of Procedures⁸⁴¹

Section 148/A⁸⁴²

(1) Acts of enforcement may be performed within the framework of on-site proceedings on working days, between 6.00 AM and 10.00 PM.

(2) The bailiff shall be entitled to carry out enforcement measures any time, irrespective of the time limit provided for in Subsection (1), if so authorized in writing by the head of the tax authority ordering enforcement. With the exception of the case mentioned in Section 95 of the JEA, the bailiff shall have the right to seize movable property in transport at any time, without specific authorization.

Precautionary Measures

Section 149

(1)⁸⁴³ If there is any reason to believe that the enforcement of a claim is in jeopardy, the tax authority shall order securing action for money claims - as a protective measure - by way of a ruling.

(2) A precautionary measure may be ordered if:

a)⁸⁴⁴ the tax authority's resolution (ruling) establishing the payment obligation is not yet executable,

b)⁸⁴⁵ the tax authority's resolution (ruling) is executable, but the settlement deadline prescribed therein has not yet expired.

(3)⁸⁴⁶ Precautionary measures shall be ordered by the tax authority that has issued the resolution (ruling) establishing the payment obligation.

(4)⁸⁴⁷ The implementation of rulings ordering protective measures shall be subject to the provisions applicable to judicial enforcement proceedings, with the exception that the seizure of a motor vehicle as a protective measure shall be executed by entering the seizure of the motor vehicle in the seizure report or, if possible, by seizure of the motor vehicle's title of ownership.

⁸⁴¹ Enacted: by Section 175 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁴² Enacted: by Section 175 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁴³ Established: by paragraph (1) Section 102 of Act LXXVII of 2009. In force: as of 9. 07. 2009.

⁸⁴⁴ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁸⁴⁵ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁸⁴⁶ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁸⁴⁷ Established: by paragraph (2) Section 102 of Act LXXVII of 2009. In force: as of 9. 07. 2009. Shall also apply to proceedings in progress. Amended: by paragraph (13) Section 10 of Act XCV of 2012. In force: as of 13. 07. 2012.

Rulings ordering protective measures may not be executed with respect to cultural goods listed in the certificate specified in the Act on the Special Protection of Borrowed Cultural Goods, during the period of special protection.

(5)⁸⁴⁸ A ruling ordering a precautionary measure may be contested by filing a demurrer of enforcement, which shall, however, have no suspensory effect concerning the precautionary measure.

(6)⁸⁴⁹ The precautionary measures carried out upon the ruling ordering the enforcement procedure need not be repeated after the commencement of the enforcement proceedings. If the resolution (ruling) ordering the enforcement proceeding is annulled, the precautionary measure must be terminated.

(7)⁸⁵⁰ Any seizure effected under the implementation of the ruling ordering the precautionary measure shall be carried over to the enforcement proceedings.

Opening of Enforcement Proceeding

Section 150

(1)⁸⁵¹ The tax authority may invite a taxpayer and the person liable for the tax payable under Subsection (2) of Section 35 (hereinafter referred to collectively as “debtor”) to settle their tax debt, and it shall initiate the enforcement of such debt in the event of non-compliance. An enforcement proceeding shall commence upon the implementation of acts of enforcement.

(2)⁸⁵² Where the seizure of movable property or the attachment of a claim is implemented on the basis of an enforcement order, the tax authority shall be entitled to include debts and expenses that became enforceable after the seizure (extension), and shall notify the taxpayer thereof.

(3)⁸⁵³ In order to enforce the recovery of tax debts, the tax authority establishing or recording the tax debt shall take action on the basis of the enforcement order.

Transfer of Funds Between Accounts in Connection with Enforcement Procedures⁸⁵⁴

Section 150/A⁸⁵⁵

⁸⁴⁸ Established by Section 125 of Act LXI of 2006, effective as of 1 January 2007.

⁸⁴⁹ Established by Section 125 of Act LXI of 2006, effective as of 1 January 2007.

⁸⁵⁰ Established by Section 125 of Act LXI of 2006, effective as of 1 January 2007.

⁸⁵¹ Amended by Subsection (2) of Section 41 of Act LXXXV of 2005.

⁸⁵² Established: by Section 176 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁵³ Amended: by point 12 Section 171 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸⁵⁴ Enacted by Section 121 of Act LXXXI of 2008, effective as of 1 January 2009.

⁸⁵⁵ Established: by Section 343 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(1) Where the records of the tax authority show any overpayment on the taxpayer's tax account, in addition to any outstanding public dues enforced as taxes and procedural costs, for which the taxpayer in question is liable, the tax authority may - as an enforcement measure - transfer the amount of overpayment to the extent required to satisfy the sums owed according to its records, and shall notify the taxpayer accordingly. Where the aforementioned sum is transferred to satisfy outstanding public dues enforced as taxes, the tax authority shall notify the taxpayer thereof by way of a ruling.

(2)⁸⁵⁶ If the amount of overpayment shown in the state tax and customs authority's records is insufficient to cover all debts of the taxpayer, the state tax and customs authority shall - in the first place - apply it to cover the personal income tax advance of the private individual after taking out the enforcement costs, the income tax deducted, or the contributions the payer has deducted from the private individual in the order of due dates of the taxes and, in respect of taxes with identical due dates, in the proportion of the debts. The sum that remains thereafter shall be distributed proportionately among the rest of the debts in the order of due dates of the debts and, in respect of debts with identical due dates, in the proportion of the debts, and any sum that remains thereafter shall be distributed proportionately among the rest of the claims, in the proportion of the debts. Upon having transferred the amount of overpayment to offset a debt, such debt shall be deemed satisfied on the day when credited.

Right of Withholding

Section 151

(1)⁸⁵⁷ With the application for central subsidies (tax refund), the taxpayer shall supply a statement to the competent municipal tax authority on the prescribed form to declare any overdue liabilities and the amount of such liabilities owed to other tax authorities at the time of filing such statement. The municipal tax authority may, upon review, withhold the central subsidies (tax refund) due to the taxpayer up to the aggregate amount of delinquent taxes and outstanding public dues enforced as taxes that are specified in the taxpayer's statement or in the inquiry of another tax authority and which are due and payable to other tax authorities, as a consequence of which such liabilities shall be considered paid.

(2)⁸⁵⁸ The state tax and customs authority may, upon review, withhold the central subsidies (tax refund) due to the taxpayer up to the aggregate amount of delinquent taxes and outstanding public dues enforced as taxes that are specified in the inquiry of a municipal tax authority and which are due and payable to municipal tax authorities, as a consequence of which such liabilities shall be considered paid.

⁸⁵⁶ Amended: by point 25 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁸⁵⁷ Established: by paragraph (1) Section 143 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸⁵⁸ Established: by paragraph (1) Section 143 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 18 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(3)⁸⁵⁹ The tax authority shall notify the taxpayer of exercising withholding in a ruling. If the withholding concerns the liabilities indicated in the taxpayer's statement, the tax authority shall notify the taxpayer of exercising withholding in writing, without adopting a ruling.

(4)⁸⁶⁰ The tax authority may refrain from exercising its right of withholding at the request of the taxpayer if non-payment of central subsidies (tax refund) would jeopardize his business activities, or - in the case of private individuals - if non-payment of subsidies would seriously endanger the livelihood of the taxpayer and those of his close relatives living in the same household.

(5)⁸⁶¹ From the amount withheld on the basis of the statement, the tax authority shall transfer payment for the taxpayer's overdue liabilities to the appropriate party within the legal deadline prescribed for disbursement or within fifteen days of the operative date of the ruling if acting upon a request.

(6)⁸⁶² If the central subsidy (tax refund) requested at the state tax authority is insufficient to cover all of the taxpayer's liabilities, the state tax authority, or the customs authority shall apply such to first satisfy the claims shown in its own files in a chronological order of due dates, or according to the amount of debts of the same due date. If any sum remains after settlement on the account of the state tax authority it shall be applied to satisfy the claims shown in the customs authority's records and the sum that remains on the account of the customs authority shall be applied to satisfy the claims shown in the state tax authority's records in a chronological order of due dates, or according to the amount of debts of the same due date. Any sum that remains thereafter shall be distributed proportionately among the rest of the claims.

(7)⁸⁶³ If the central subsidy (tax refund) requested at a municipal tax authority is insufficient to cover all of the taxpayer's liabilities, the municipal tax authority shall apply such to first satisfy the claims shown in its own files in a chronological order of due dates, or according to the amount of debts of the same due date while distributing the remainder proportionately among the rest of the claims.

Garnishment of Wages and Attachment of Payment Accounts⁸⁶⁴

Section 152

⁸⁵⁹ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁸⁶⁰ Established: by paragraph (2) Section 143 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸⁶¹ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁸⁶² Established: by paragraph (3) Section 143 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 26 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013. The change does not effect the English version.

⁸⁶³ Enacted: by paragraph (3) Section 143 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸⁶⁴ Established: by paragraph (3) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

(1)⁸⁶⁵ Payment service providers carrying payment accounts shall carry out the tax authority's official transfer order concerning an account without the enforcement order being attached.

(2)⁸⁶⁶ If the tax authority issues an official transfer order based on an enforcement order that contains false information, without an enforcement order or with an enforcement order attached, but before the due date, it shall pay interest - the same as default interest - from the day on which the official transfer order was carried out until the day on which the unlawfully collected tax and central subsidies are repaid.

(3)⁸⁶⁷ If a taxpayer made any payment of tax before the official transfer order was issued, but after the due date of the tax, the tax authority shall repay such sum collected without legal grounds within eight days from the date when the taxpayer's payment account is debited by the credit institution, without any interest.

(4)⁸⁶⁸ If the payment cannot be identified for reasons attributable to the taxpayer, the time limit shall commence from the time when the payment is identified. In the case of taxpayers required to open a current account, a payment shall be treated as identifiable if the taxpayer transferred the payment from a registered payment account or with his tax number indicated, or in the case of taxpayers not required to open a current account, a payment shall be treated as identifiable if the taxpayer has indicated his tax number (tax identification code).

Section 153

In the event of the tax authority's attachment on any receivable (payment) owed to a debtor, the funds in a bank account or a claim and if the employer, payer, credit institution or another person fails to comply with the tax authority's notice for withholding, transfer or payment or complies with such contrary to the relevant legislation, the tax authority shall issue a resolution to order such person to pay the tax debt in question up to the amount that had not been withheld, transferred or paid. In the event of failure to comply within the prescribed deadline, the tax authority shall proceed to collect (attach) the debt according to the provisions applicable.

Attachment of Movable Tangible Assets and Real Estate Property

Section 154⁸⁶⁹

⁸⁶⁵ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

⁸⁶⁶ Established by Section 123 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

⁸⁶⁷ Enacted: by Section 144 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 17 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁶⁸ Enacted: by Section 144 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁸⁶⁹ Established by Section 124 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

(1)⁸⁷⁰ Where an enforcement proceeding concerns the motor vehicle of a taxpayer that is used in his business operations, the tax administrator shall execute the order by entering the seizure of the motor vehicle in the seizure report. The motor vehicle's title of ownership shall be seized, if possible. If the taxpayer in question fails to pay his tax debt within six months, the tax administrator shall seize the motor vehicle's certificate of registration as well.

(2)⁸⁷¹ The tax authority shall take action for having a motor vehicle seized under Section 103 of the JEA removed from registration at the time of posting the auction notice at the latest.

Section 155

(1)⁸⁷² Attachment of real estate property may take place in respect of a total tax debt of over 500,000 forints. For a tax debt of less than 500,000 forints, attachment may also be ordered if the debt is in proportion to the value of the real property involved.

(2) A residential property occupied by the debtor and his family, if it does not exceed the reasonable housing requirement defined by the relevant legislation, may only be sold in an attachment proceeding if other forms of enforcement have failed.

(3)⁸⁷³ The tax authority or a bailiff acting on behalf of the tax authority shall - in connection with the attachment of real property - contact the real estate supervisory authority, upon which the real estate supervisory authority shall enter the right of enforcement in the real estate register without delay. A demurrer of enforcement lodged against the measure taken for the registration of the right of enforcement shall have no suspensory effect on the procedure carried out by the real estate supervisory authority pursuant to the request.

(4)⁸⁷⁴ If attachment of a real estate property cannot be executed on the basis of Subsection (1), the tax authority shall have the right to put a lien on the taxpayer's real estate property up to the amount of the tax debt. The tax authority or a bailiff acting on behalf of the tax authority shall contact the real estate supervisory authority for the registration of the lien, upon which the real estate supervisory authority shall enter the lien in the real estate register without delay. A demurrer of enforcement lodged against the measure taken for the registration of the lien shall have no suspensory effect on the procedure carried out by the real estate supervisory authority pursuant to the request.

*Section 155/A*⁸⁷⁵

⁸⁷⁰ Numbering amended: by Section 344 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸⁷¹ Enacted: by Section 344 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸⁷² Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁸⁷³ Established by Section 28 of Act LXXXV of 2005. Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁸⁷⁴ Established by Section 28 of Act LXXXV of 2005. Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁸⁷⁵ Established: by Section 33 of Act LXIX of 2012. In force: as of 20. 06. 2012.

(1) In the enforcement of outstanding public dues enforced as taxes carried out upon the termination of the contract of a natural person for a loan granted under State guarantee facilities, no attachment of real estate property may be initiated, and any procedure in progress for the attachment of real estate property may not be continued in respect of any residential property that was offered for purchase by the State under the Act on the Protection of the Homes of Natural Persons Defaulting on Their Obligations Stemming from Loan Contracts.

(2) The state tax authority shall proceed in accordance with Subsection (1) hereof if the person known as the obligor of the outstanding public dues enforced as taxes is able to provide credible evidence of having offered the residential property for purchase by the State.

(3)⁸⁷⁶ The state tax authority may contact the body holding the State guarantee for the purpose of making a written statement in order to verify the credibility of the evidence supplied under Subsection (2).

(4) The state tax authority shall be entitled to implement or continue the procedure for the attachment of real estate property if receiving notice that the body holding the State guarantee refused to consent for having the residential property purchased by the State, or the Nemzeti Eszközkezelő Zrt. declined to accept the purchase offer made for the residential property in question.

(5) The body holding the State guarantee shall promptly notify the state tax authority of its refusal to consent for having the residential property purchased by the State, and the Nemzeti Eszközkezelő Zrt. of its refusal to accept the purchase offer made for the residential property in question with respect to the outstanding public dues enforced as taxes incurred in connection with the calling of said State guarantee, or on the purchase of such residential property, where applicable.

Section 156

(1)⁸⁷⁷ If the tax authority has executed the attachment of movable tangible properties and real estate property concurrently, the real estate property may only be sold if the attachment of movable tangible property is unsuccessful or it appears that the debt cannot be liquidated from it. The sale of any attached movable properties and real estate property:

a) shall normally be carried out by auction, electronic auction or public bidding (hereinafter referred to as “auction”), or

b) shall be carried out without an auction.

(2)⁸⁷⁸ The legal consequences pertaining to the publication of a bidding announcement or an auction notice shall become effective upon the posting of such for at least fifteen days on the bulletin board of the tax authority. Bidding announcements and auction notices pertaining to residential properties for which the competent municipal government is granted rights of pre-emption under specific other legislation shall be posted for at least thirty days on the bulletin

⁸⁷⁶ Established: by Section 15 of Act LIII of 2013. In force: as of 17. 05. 2013.

⁸⁷⁷ Established by Subsection (1) of Section 125 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁸⁷⁸ Established: by paragraph (1) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009. Amended: by point 4 Section 190 of Act CC of 2013. In force: as of 1. 01. 2014.

board of the tax authority. Auction notices shall be posted until the fifth day before the auction. The tax authority shall display bidding announcements and auction notices on its official website and shall send them to the municipal government holding the rights of pre-emption. The tax authority shall display electronic auction notices on its official website only, in the Electronic Auction Page, subject to the legal consequences relating to publication.

(3)⁸⁷⁹ In connection with the seizure of movable tangible property and real estate property, the tax administrator may revise the appraised value if the auction is unsuccessful or if at least three months have passed between the appraisal and the auction itself due to any discontinuance or suspension of the attachment proceeding, or due to the lodging of an action of replevin. The tax administrator shall revise the appraised value before publication of a tender or an auction notice also if the market value of the movable tangible property and real estate property has changed significantly between the time of appraisal and the time of publication of the tender or auction notice.

(4)⁸⁸⁰ The tax authority shall order auction buyers by way of resolution to pay the purchase price differential described in Subsection (2) of Section 125 and Subsection (7) of Section 132/G of the JEA. A binding resolution declaring the payment obligation of an auction buyer shall be treated as an enforcement order in tax administration proceedings.

(5)⁸⁸¹ In connection with the auction of movable property, the tax authority shall not apply the second part of Paragraph *c*) of Section 120, Subsection (4) of Section 122, Section 123, Sections 132/B-132/F, Subsections (1)-(6) of Section 132/G, Subsection (4) of Section 133, and Section 226/A of the JEA.

(6)⁸⁸² In connection with the auction of real estate property, the tax authority shall proceed according to the provisions of the JEA subject to the following exceptions:

a)⁸⁸³ Section 123, Paragraph *j*) of Subsection (1) of Section 143 and the passage “on the conditions and time limits for submitting bids electronically” in Paragraph *k*), Sections 145/A-145/C, Subsection (4) of Section 153, Section 154/B, Paragraph *b*) of Subsection (1) and Subsection (2) of Section 155, Subsection (5) of Section 157, Paragraph *b*) of Subsection (2) and Subsections (3)-(8) of Section 158, and Section 226/A of the JEA may not be applied;

b) the second auction shall not be conducted, if the auction buyer has paid the purchase price in cash or by way of credit transfer, in which case the debit notice shall be presented to the tax authority before the commencement of the second auction, and has reimbursed the costs incurred by the scheduling of the second auction.

⁸⁷⁹ Established by Subsection (2) of Section 125 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁸⁸⁰ Established: by paragraph (1) Section 90 of Act CLXXX of 2011. In force: as of 1. 09. 2012.

⁸⁸¹ Established: by paragraph (2) Section 90 of Act CLXXX of 2011. In force: as of 1. 09. 2012. Amended: by point 18 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁸² Established by Subsection (2) of Section 40 of Act XXXIX of 2008, effective as of 1 January 2009. Also applies to enforcement proceedings in progress.

⁸⁸³ Established: by paragraph (3) Section 90 of Act CLXXX of 2011. In force: as of 1. 09. 2012. Amended: by point 19 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

(7)⁸⁸⁴ The tax authority shall process the tax identification code of the auction buyer, or of the electronic bidder in the case of electronic auction in accordance with the provisions governing tax secrets.

(8)⁸⁸⁵ Bidders may bid in person, or through an authorized representative or proxy.

(9)⁸⁸⁶ Subject to the exceptions set out in Subsection (10), the following shall not be authorized to bid at the auction neither in person nor through an authorized representative or proxy, may not represent bidders, and may not acquire the movable property directly or indirectly by way of auction:

a) the tax authority's employees in auctions held within the area of jurisdiction of the body employing them;

b) the persons recognized under the Civil Code as the close relatives of the tax authority's employees acting in the given enforcement case, and their domestic partners, in auctions held within the area of jurisdiction of the body employing the employee;

c) the judgment debtor.

(10)⁸⁸⁷ The persons referred to in Paragraph *a)* of Subsection (9) shall not be excluded from the auction if their entitlement to acquire the property in question derives from their judgment creditor or co-owner status, or if they have the right of preemption afforded under specific other act.

(11)⁸⁸⁸ Except for the case defined in Subsection (10), no part of the assets and property of the judgment debtor of the enforcement procedure carried out by the bailiff may be acquired - directly or indirectly - by the tax authority's employee within his area of competence, neither personally nor through his agent or representative.

*Section 156/A*⁸⁸⁹

(1)⁸⁹⁰ Electronic auctions shall be governed by the provisions of Sections 120-129, Section 132, Section 132/A and Sections 141-156 of the JEA, subject to the exceptions set out in this Section. The provisions of the Act on the General Rules of Administrative Proceedings and Services pertaining to applications for continuation, and Subsection (1) of Section 38, Subsections (1)-(4)

⁸⁸⁴ Enacted by Subsection (3) of Section 40 of Act XXXIX of 2008, effective as of 3 July 2008. Also applies to enforcement proceedings in progress.

⁸⁸⁵ Enacted: by Section 177 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁸⁶ Enacted: by Section 177 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁸⁷ Enacted: by Section 177 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁸⁸ Enacted: by Section 177 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁸⁹ Established by Section 126 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁸⁹⁰ Established: by paragraph (1) Section 91 of Act CLXXX of 2011. In force: as of 1. 09. 2012. Amended: by point 5 Section 190 of Act CC of 2013. In force: as of 1. 01. 2014.

of Section 124, Sections 125-126, Subsections (1)-(3) of Section 147, Subsection (2) of Section 149 and Section 154/B of the JEA shall not apply.

(2)⁸⁹¹ In electronic auctions, bidders may bid by way of electronic means in the Electronic Auction Page (hereinafter referred to as “EÁF”) that may be accessed through the tax authority’s official website, as well as the municipal governments holding rights of pre-emption under specific other legislation in connection with the auction of residential properties (hereinafter referred to collectively as “electronic bidders”). Before the closing of the electronic auction, no representation is permitted under a power of attorney or authorization, unless the electronic bidder, being the principal or customer, notifies the tax authority to that effect through the central electronic services network. Minors and the representatives of minors may not participate in the auction.

(3) The electronic auction notice posted on the EÁF by the tax authority shall contain an indication that auctioning is conducted by way of electronic means only. Viewing the electronic auction notices, participating in the auction and bidding is free of charge. The tax authority shall carry out all actions and convey all information relating to a pending electronic auction through the EÁF.

(4)⁸⁹² Electronic bidders wishing to participate in an electronic auction may place their bids through the central electronic services network, via the customer port of entry.

(5)⁸⁹³ In respect of an auction of real estate property, bidders shall pay 10 per cent of the appraised value of the property as auction deposit before the commencement of the auction to the account published by the tax authority, by way of credit transfer. If the amount of the deposit is not credited to the account published by the tax authority before the time the auction is scheduled to begin, however, the prospective bidder’s account has already been debited by the financial institution, the prospective bidder affected may provide credible proof to the tax authority that the transfer had in fact been executed irrevocably.

(6)⁸⁹⁴ The duration of an electronic auction shall start at the time of opening indicated in the auction notice and shall end at 21:00 hours on the third day; in respect of the highest bid, municipal governments holding rights of pre-emption under specific other legislation in connection with the auction of residential properties may exercise this right until 17:00 hours of the working day following the time of conclusion of the auction. When placing a bid, the EÁF displays the highest bid quoted on the auctioned article up to that point, and an electronic time display showing the length of time remaining of the auction period. In the event of any malfunction in the system of a length of up to one hour, twenty-four hours shall be added to the original duration of electronic auction. The duration of auction shall be extended by twenty-four hours regardless of the length of the malfunction, if it occurs inside the last four-hour-period before the closing time of the auction. If a valid bid is received inside of two minutes before the closing of the electronic auction, the duration of the auction shall be automatically extended by five minutes, and this shall apply to any subsequent times of closing the auction.

⁸⁹¹ Established: by paragraph (2) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009.

⁸⁹² Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

⁸⁹³ Established: by Section 345 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸⁹⁴ Established: by paragraph (3) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009.

(7)⁸⁹⁵ Bids shall not be accepted below 1,000 forints, or 5,000 forints if the reserve price is 100,000 forints or more, or 20,000 forints if the reserve price is 500,000 forints or more, and 50,000 forints if the reserve price is 5 million forints or more, or 100,000 forints if the reserve price is 10 million forints or more. Municipal governments holding rights of pre-emption under specific other legislation in connection with the auction of residential properties may exercise this right by making a purchase offer matching the amount of the highest bid.

(8) Valid bids shall comprise the five highest bids above fifty per cent of the appraised value in the case of movable tangible property, or the highest bid above sixty-five per cent of the appraised value in the case of real estate property or seventy-five per cent in the case of residential property, registered in the EÁF before the closing time indicated in the auction notice. In the event of bids of the same amount, the one registered on the EÁF earlier shall be declared winner. Bids may not be withdrawn.

(9) In connection with the sale - by way of electronic auction - of a motor vehicle that was seized according to Subsection (5) of Section 103 of the JEA, bids shall be accepted only if high enough to cover the estimated costs of the enforcement procedure and the amount due to the judgment debtor according to Subsection (1) of Section 170/A of the JEA. In these cases the minimum amount of bids shall be indicated on the EÁF.

(10)⁸⁹⁶ The highest bidder shall be declared winner of the auction, however, the competent municipal government shall be declared winner if exercising its right of pre-emption granted under specific other legislation in respect of such highest bid. The tax authority conducting the auction shall notify the winner by way of electronic means, immediately upon the conclusion of the electronic auction. The electronic notice shall advise the winning bidder to appear at the tax authority conducting the auction within eight days following receipt of notice and to pay the purchase price electronically or in cash in the case of movable tangible property, or to provide proof of payment of the purchase price by way of credit transfer or postal money order. In connection with real estate property, the tax authority may provide a respite of sixty days for paying the purchase price, if it is justified in the case of high-price properties or for other important reason.

(11)⁸⁹⁷ If the winning bidder has paid the purchase price and provided sufficient proof of payment, however, he fails to collect the goods within fifteen days of receipt of electronic notice, the tax authority shall safeguard the goods in question for a period of ninety days according to the principle of wrongful possession provided for in the Civil Code. The costs incurred in connection with wrongful possession shall be covered by the winning bidder as charged by way of a resolution of the tax authority. The resolution requesting payment of the said costs shall be treated as an enforcement order in tax administration proceedings. If the winning bidder fails to pay the purchase price with sufficient proof of payment, the bidder with the next highest offer shall be declared the winner.

⁸⁹⁵ Established: by paragraph (3) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009. Amended: by point 20 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁹⁶ Established: by paragraph (4) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009. Amended: by point 19 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁸⁹⁷ Amended by point 49 paragraph (1) Section 360 of Act CLVI of 2011, Paragraph h) of Subsection (3) of Section 155 of Act CCLIII of 2013.

(12)⁸⁹⁸ If an article previously unpaid for is bought at a price lower than offered by the defaulting electronic bidder, such defaulting bidder shall be liable to pay the difference as ordered by the tax authority in a formal resolution. If there was only one bidder, this bidder shall be obliged to pay the highest price he has quoted. In this case, title to the movable property shall be transferred to the auction buyer only after payment of the purchase price before the operative date of the resolution containing the payment order. The resolution containing the auction buyer's payment obligation shall be treated as an enforcement order in tax administration proceedings. The amount of difference shall be added to the price received in the course of the auction, and any sum in excess of the debt shall be accounted the same way as enforcement costs. Until satisfaction of the payment obligation imposed by final decision, the auction buyer may not participate in further electronic auctions.

(13)⁸⁹⁹ If the second electronic auction is unsuccessful, after thirty days in the case of movable property and after six months in the case of real estate property the bailiff may reschedule the auction where this is deemed warranted by circumstances. If the rescheduled electronic auction is also declared unsuccessful, the auction may be repeated at not less than six-month intervals within the term of limitation for the enforcement of taxes. The provisions of the JEA pertaining to continued auctions shall not apply to electronic auctions.

(14)⁹⁰⁰ The state tax authority shall publish the technical requirements concerning electronic auctions and the detailed regulations on how it is operated on its official website as well.

Section 156/B⁹⁰¹

(1) In accordance with this Section and Sections 156/C-156/G the tax authority shall be authorized to sell real estate property by way of public auction subject to the provisions of auction sale.

(2) Persons banned from participating in auctions may not participate in public auction procedures.

(3) The tax authority shall announce the public auction by way of an auction notice. The auction notice shall contain:

- a) the tax authority's name, office address, telephone number and number of its deposit account;
- b) the enforcement case number;
- c) the names of parties and the claim to be recovered;
- d) description of the real estate property offered through public auction (lot registration number, owner's name, ownership percentage, location, any encumbrances remaining after the

⁸⁹⁸ Amended: by point 6 Section 190 of Act CC of 2013. In force: as of 1. 01. 2014.

⁸⁹⁹ Established: by paragraph (2) Section 91 of Act CLXXX of 2011. In force: as of 1. 09. 2012. Amended: by point 21 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁹⁰⁰ Amended: by subparagraph c) paragraph (2) Section 193 of Act LXXVII of 2009. In force: as of 9. 07. 2009.

⁹⁰¹ Enacted by Subsection (6) of Section 40 of Act XXXIX of 2008, effective as of 1 January 2009. Also applies to enforcement proceedings in progress.

public auction procedure, appurtenances and special features of the property, whether vacant or occupied, any respite for vacancy) and the date and place when and where the property may be reviewed;

- e) the appraised value of the real estate property and the amount of auction deposit;
- f) the form in which bids are to be submitted, and the place and calendar date of submission;
- g) an indication of the content requirements for bids;
- h) the place and date when and where bids are opened, whether the bidders are required to attend the opening procedure in person or by way of proxy;
- i) the criteria for the evaluation of bids and the provisions pertaining to bidders.
- j)⁹⁰² in connection with residential properties, an indication that the municipal government of the community where the residential property is located has rights of pre-emption for the property in question.

(4) The auction notice shall be delivered:

- a) to the parties;
- b) to the persons holding some right in the property in question registered in the real estate register;
- c)⁹⁰³ to the notary of the community (Budapest district) of competence according to the location of the property, or the Notary of the City of Budapest in areas under the direct administration of the City of Budapest;
- d) to the real estate supervisory authority.

(5)⁹⁰⁴ The auction notice shall be posted for fifteen days, as of the first working day when received, on the bulletin board of the tax authority of the village, town, Budapest district mayor's office competent for the location of the property, or of the Office of the Mayor of Budapest, and on the bulletin board of the real estate supervisory authority, and shall be published by other suitable means upon the debtor's request. The period of posting shall be thirty days in connection with residential properties for which the competent municipal government has rights of pre-emption.

Section 156/C⁹⁰⁵

(1) Bids shall contain:

- a) the bidder's name, place and date of birth, mother's name, home address (main office, company register number);
- b) the price offered;
- c) proof of payment of auction deposit for ten per cent of the property's appraised value to the appropriate deposit account;

⁹⁰² Enacted: by paragraph (5) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009.

⁹⁰³ Amended: by subparagraph b) Section 19 of Act CXXVIII of 2013. In force: as of 20. 07. 2013.

⁹⁰⁴ Established: by paragraph (6) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009. Amended: by subparagraph c) Section 19 of Act CXXVIII of 2013. In force: as of 20. 07. 2013.

⁹⁰⁵ Enacted by Subsection (6) of Section 40 of Act XXXIX of 2008, effective as of 1 January 2009. Also applies to enforcement proceedings in progress.

d) if the buyer's right to purchase real estate property is subject to authorization by the authorities, a copy of such authorization;

e) a declaration in which to state that the provision of Subsection (2) of Section 156/B (exclusion from bidding) does not apply to the bidder.

(2) Bids shall be submitted made out in an authentic instrument, or in a document endorsed by an attorney, or by a legal counsel for organizations.

(3) The tax authority shall set the deadline for bidding so as to allow at least thirty days from the date when the notice is posted on the tax authority's bulletin board.

(4) Bids shall be submitted in sealed envelopes, marked "proposal", by the prescribed deadline in the tax authority's office, and handed to the officer of the tax authority. Bidders shall be issued a receipt for the bids when they are submitted.

(5) Bidders shall be allowed to modify or withdraw their bids before the bidding deadline for which they are to file a statement in observation of what is contained in Subsection (4) above. Bids may not be modified or withdrawn beyond the bidding deadline.

Section 156/D⁹⁰⁶

(1) On the date specified in the auction notice, in its office the tax authority shall open the sealed envelopes containing the proposals, and shall read out the names and addresses (registered offices) of the bidders and the prices quoted. The opening procedure shall be recorded in a report.

(2)⁹⁰⁷ The opening procedure may be attended by the parties, and/or by the persons holding some right in the property in question as registered in the real estate register, the officers of the tax authority, and by the bidders - including the representatives of municipal governments wishing to exercise their rights of pre-emption - in person or by way of proxy; failure to attend shall have no bearing on the tax authority's right to continue and to conclude the proceeding.

(3) After the bids are narrated, the tax authority shall check the bids and shall determine which ones are considered valid, and whether the procedure is deemed successful.

(4) A bid shall be rejected if:

a) submitted past the deadline prescribed in the auction notice;

b) it does not contain all the information or any statement specified under Subsection (1) of Section 156/C;

c) the auction deposit is not paid;

d) the price quoted is below sixty-five per cent of the appraised value, or seventy-five per cent in the case of residential property;

e) any statement attached with the bid proves to be untrue;

f) it is not drawn up in an authentic instrument or not endorsed by an attorney or legal counsel.

(5) Bidders whose bids is rejected may not participate in the remainder of the procedure.

(6) If according to the tax authority's finding, a bid contains any information that is untrue, such bidder may be fined for one hundred thousand forints if a natural person, or for two hundred thousand forints if other.

⁹⁰⁶ Enacted by Subsection (6) of Section 40 of Act XXXIX of 2008, effective as of 1 January 2009. Also applies to enforcement proceedings in progress.

⁹⁰⁷ Established: by paragraph (7) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009.

(7) A public bidding procedure shall be declared unsuccessful if no bids are received or if all bids are rejected.

Section 156/E⁹⁰⁸

(1) If the evaluation of bids requires further action, the tax authority shall postpone the procedure until such action is taken - for maximum fifteen days -, by which date to announce the winning bidder. If no such action is required the winner shall be officially announced and documented without delay. In the prior case, the bidders attending shall be notified verbally of the new date for announcing the winning bidder, while absentee bidders shall be notified in writing without delay.

(2)⁹⁰⁹ The tax authority shall announce the highest bid. The bidder offering the highest price shall be declared the winner, whom the tax authority shall notify in writing accordingly. However, the competent municipal government shall be declared winner if exercising its rights of pre-emption granted under specific other legislation in respect of a purchase offer matching the highest bid made for the residential property in question.

(3)⁹¹⁰ If there are several bids containing the same price, the tax authority shall announce this to the parties present and ask for new proposals to be made verbally. This procedure shall be continued until bids are received, upon which the tax authority shall announce the highest bid. The bidder offering the highest price shall be declared the winner, whom the tax authority shall notify in writing accordingly. However, the competent municipal government shall be declared winner if exercising its rights of pre-emption granted under specific other legislation in respect of a purchase offer matching the highest bid made for the residential property in question.

(4) If the bidders whose proposal contained the same quotes are not present, or if the bidders whose proposal contained the same quotes are present but they did not increase the price in question, the public auction procedure shall be declared unsuccessful.

(5) The winning bidder shall pay the purchase price, less the auction deposit, to the tax authority's deposit account within thirty days of receipt of the final report on the procedure, or - if a demurrer of enforcement was filed against the bidding procedure - of the definitive date of the decision issued to resolve such demurrer. Failure to do so shall result in such bidder's exclusion from the procedure and forfeiture of the auction deposit, which shall be construed part of the proceeds of enforcement. If the purchase price is not paid the tax authority shall declare the procedure unsuccessful.

(6) When the winning bidder has paid the purchase price the tax authority shall forward a draft version of the final report on the bidding procedure to the real estate supervisory authority after thirty days of the date when the procedure was declared successful to enter the buyer's ownership in the real estate register, and shall notify the winning bidder thereof. The regulations pertaining to auction reports shall duly apply to the above-specified draft version as well.

⁹⁰⁸ Enacted by Subsection (6) of Section 40 of Act XXXIX of 2008, effective as of 1 January 2009. Also applies to enforcement proceedings in progress.

⁹⁰⁹ Established: by paragraph (8) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009.

⁹¹⁰ Established: by paragraph (9) Section 3 of Act XLVIII of 2009. In force: as of 21. 08. 2009.

(7) With regard to auction deposits, in terms of set-off or refund, the provisions of Section 148 of the JEA, and to the evacuation and transfer of real estate property sold by way of public auction the provisions of Sections 154 and 154/A of the JEA shall be duly observed.

Section 156/F⁹¹¹

(1) When a public auction procedure is declared unsuccessful, the auction notice may be repeated, or the property may be sold by way of an auction, or without auction, but subject to the provisions of auction sale. The auction shall be held under the regulations on second auctions, noting that the bidders whose proposal was not rejected in the previous bidding shall also be allowed to participate. If the property is sold during the second auction at a price lower than the one offered by the defaulting bidder, the tax authority shall instruct him to pay the difference by way of a resolution. A definitive resolution establishing the aforesaid payment obligation shall be treated as an enforcement order in tax administration proceedings.

(2) If the second auction is declared unsuccessful as well, the party seeking enforcement may be granted possession of the property (Sections 158-160 of the JEA).

Section 156/G⁹¹²

(1) The tax authority shall offer movable property for sale by way of public auction if the property offered is of substantial value, and it is in the custody of the tax authority, the independent court bailiff, or the administrator they have appointed. In connection with public auctions the provisions of Sections 156/B-156/F shall apply, subject to the exceptions set out in this Section.

(2) The auction notice shall indicate the description and the appraised value of the movable property offered and if the said property comprises a complex technological, production or service equipment or system, the auction notice shall indicate individual components of such equipment and the characteristics.

(3) Offers shall be fixed in an authentic instrument or a private instrument with full probative force and bidders shall pay ten per cent of the appraised value of the property as auction deposit to the account of the tax authority at the time of submission of the proposal, or in cash to the hands of the appropriate officer of the tax authority before the proposals are opened.

(4) Any offer where the purchase price quoted is less than fifty per cent of the appraised value shall be refused.

(5) The tax authority shall not be liable to pay any interest on the aforementioned auction deposit; it shall be refunded by way of transfer to the losing bidders immediately following the announcement of the results, less the costs of transaction, or shall be repaid to the bidder if it was paid in cash.

(6) The offer of any bidder who fails to appear in person or by way of a proxy in the opening procedure shall be rejected.

⁹¹¹ Enacted by Subsection (6) of Section 40 of Act XXXIX of 2008, effective as of 1 January 2009. Also applies to enforcement proceedings in progress.

⁹¹² Enacted by Subsection (6) of Section 40 of Act XXXIX of 2008, effective as of 1 January 2009. Also applies to enforcement proceedings in progress.

(7) The winning bidder shall pay the purchase price in full in cash immediately following the announcement of the results; if the winning bidder fails to pay the purchase price, the bidder with the next highest offer shall be declared the winner and the bidder who failed to pay the purchase price may not participate in the remainder of the procedure, and shall forfeit the auction deposit, which is to comprise part of the proceeds of the enforcement procedure.

(8) Where any movable tangible property previously unpaid for is bought during the prolonged auction at a price lower than offered by the defaulting bidder, such defaulting bidder shall be liable to pay the difference in price immediately, or the tax authority shall instruct him to pay the difference by way of a resolution; a definitive resolution establishing the aforesaid payment obligation shall be treated as an enforcement order in tax administration proceedings.

(9) Upon payment of the purchase price the tax authority shall hand over the property to the winning bidder, whereupon title of ownership of the property shall be transferred to the winning bidder when taking possession. If the public auction procedure is annulled it shall have no bearing on the transfer of ownership rights to a person acting in good faith.

(10) The matters not regulated in this Act shall be governed by the provisions of the JEA pertaining to the sale of movable tangible property by auction.

Section 156/H⁹¹³

(1) Auctions of real estate property by means other than electronic may be held in the following places:

- a)* in the tax authority building;
- b)* at the place where the real estate property is located;
- c)* at other places designated by the tax administrator.

(2) Auctions of real estate property by means other than electronic shall be scheduled by the tax administrator by way of auction notice, in which the following is indicated:

- a)* the competent tax authority's name, office address, telephone number and number of its escrow account;
- b)* the names of the parties, and the legal title and amount of principle claims;
- c)* the data of record from the real estate register [land register reference number, agricultural zoning, location, name of the owner and any encumbrances defined in Subsection (1) of Section 137 of the JEA];
- d)* the appurtenances and special features of the real estate property;
- e)* an indication whether the property is sold vacant or occupied;
- f)* the appraised value of the real estate property;
- g)* the amount of auction deposit;
- h)* the extent of discount by which the reserve price can be reduced, and as to whether the municipal government of the community where the residential property is located has any right of pre-emption for the residential property in question;
- i)* the venue and the time of the auction;
- j)* the provisions of this Act as they are directly pertaining to bidders (the auction conditions, purchase price payment terms, second auction).

(3) All bidders on a real estate property shall be required to deposit ten per cent of the appraised value of the real estate property with the tax authority as a security deposit prior to quoting a bid.

⁹¹³ Enacted: by Section 178 of Act CC of 2013. In force: as of 1. 01. 2014.

Deposit may also be made by way of transfer, however sufficient time need to be allowed for the funds to reach the tax authority's escrow account before the scheduled date of the auction. The depositor shall be able to bid in the latter case if presenting a debit note - and supplying a copy - on the transfer before quoting a bid to the tax administrator.

(4) The person for whom the acquisition of a real estate property is subject to permission shall provide proof prior to the auction of having received such permission.

(5) The restrictions relating to participation in auctions of movable property and electronic auctions shall also apply to conventional auctions of real estate properties.

(6) The auction shall begin by the tax administrator announcing to the bidders the appraised value, the reserve price and the auction conditions, and calling upon the bidders to quote their bids. The reserve price is announced in the amount of the appraised value.

(7) If the highest price offered does not reach the reserve price, it shall be gradually lowered to half of the appraised value.

(8) In respect of residential properties provided for in the JEA, the reserve price can be reduced to 70 per cent of the appraised value if it is the only residential property of the judgment debtor, it is his residence and it has been for six months prior to commencement of the enforcement procedure.

(9) The auction shall be continued as long as bids are being made. If there are no further bids, the tax administrator, after having announced the highest purchase price three times, shall announce that the property is sold to the highest bidder, or if any preemption right applies, to the competent municipal government exercising such preemption rights.

(10) The amount of security deposit provided by the auction buyer shall comprise part of the purchase price.

(11) The security deposit of all bidders other than the winning bidder shall be returned or caused to be returned upon the conclusion of the auction.

(12) The tax administrator shall record the events of the auction in an auction report, including, in addition to what is contained in Section 35 of the JEA, the following:

a) the real estate registration data of record of the property auctioned, whether it is sold vacant or occupied, the appraised value, the rules according to which the appraised value was reduced, and the auction purchase price thereof;

b) the name, identification data, residence or registered address of the auction buyer.

(13) The auction report shall be signed by the auction buyer as well.

(14) A second auction shall be held within three months of having the first auction declared unsuccessful, at a time scheduled by the tax administrator.

(15) The previous auction buyer may not participate in the second auction.

(16) The provisions covering the first auction shall also apply to the amounts of bids, the reserve price and any reduction of the reserve price.

(17) If the real estate property is sold during the second auction for a price lower than offered by the successful bidder in the first auction, the previous auction buyer shall be liable to pay the difference (purchase price differential) on the basis of ruling of the tax authority authorizing the enforcement. The final resolution shall be treated as an enforcement order in tax administration proceedings. The amount of the forfeited security deposit shall be set off against the amount of difference.

(18) The forfeited security deposit and the amount of purchase price differential covered by the previous auction buyer shall comprise part of the proceeds of the enforcement.

(19) If the second conventional real estate auction is unsuccessful, after six months the tax administrator may reschedule the auction where this is deemed warranted by circumstances. If

the rescheduled conventional auction is also declared unsuccessful, the auction may be repeated at not less than six-month intervals within the term of limitation for the enforcement of taxes. For all auctions held subsequent to the second unsuccessful auction, the provisions on second auctions shall be applied, with the proviso that the reserve price cannot be lowered below half of the appraised value even if the property in question is residential.

(20) Where conventional real estate auctions are held, electronic real estate auctions may be held under this Act nevertheless, as well as other sales procedures may also be employed.

Section 157⁹¹⁴

In the course of an enforcement proceeding the tax authority and the debtor may reach an agreement, covering the reserve price, with the consent of the minister in charge of taxation or the council of the competent municipal government concerning the conveyance to the state or municipal government of the title of ownership or management rights of the movable tangible assets or real estate property confiscated from the debtor, if such assets serve the purpose of fulfilling any state or municipal government function. The tax debt due to the central budget or a municipal government shall be considered paid in the amount specified in such agreement.

Section 158

(1)⁹¹⁵ In connection with the seizure of a hypothecated movable or immovable property the holder of the lien shall be notified in accordance with Section 114 and Subsection (6) of Section 140 of the JEA. In connection with a motor vehicle seized under Section 154, the tax authority shall advise the holder of the lien six months after the time of seizure of the motor vehicle to enter the enforcement procedure.

(2) The court shall convey its decision to the tax authority. For the purposes of the above-specified petition, the attachment proceeding against the judgment debtor shall constitute an attachment proceeding conducted by the tax authority concerning the asset to which the lien pertains.

(3) When the resolution authorizing the involvement of the lien holder becomes definitive, the court shall send its ruling to the tax authority with instructions for the tax authority to send the enforcement documents in connection with the asset to which the lien pertains to the court so as to forward it to the bailiff executing the attachment proceeding. In the application of this Section, the statement of overdue debts claimed by the tax authority shall be treated as an enforcement document.

Legal Remedies in Enforcement Proceedings

⁹¹⁴ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

⁹¹⁵ Established: by Section 4 of Act XXXI of 2009. In force: as of 1. 09. 2009. Shall apply to contracts concluded after this date. Amended: by point 50 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

Section 159⁹¹⁶

(1)⁹¹⁷ The judgment debtor or the judgment creditor and any person whose right or rightful interest has been injured by the enforcement may file a demurrer of enforcement with the tax authority of the first instance carrying out the enforcement procedure concerning any of the tax authority's rulings and against the unlawful actions of the tax administrator (including a court bailiff when acting on behalf of the tax authority) or his failure to take action, within eight days of gaining knowledge thereof. After six months following the time of commission of the unlawful action, or the omission thereof, no demurrer of enforcement may be submitted. This deadline shall apply with prejudice; no application for continuation shall be accepted upon missing the deadline. If the demurrer of enforcement is filed in delay, or if filed by a person other than the rightful person, the tax authority of the first instance shall refuse it without any examination as to merits.

(2)⁹¹⁸ The tax authority carrying out the enforcement shall forward the demurrer of enforcement submitted to the superior authority with all documents attached within fifteen days, with the exception if the tax authority carrying out the enforcement is in agreement with all points of the demurrer and it notifies the person having filed the demurrer thereof. The superior authority shall decide such demurrer of enforcement within fifteen days, during which time it shall sustain, overturn or annul the contested measure or shall order the tax administrator to carry out the omitted measure within the prescribed deadline. A demurrer of enforcement lodged in connection with the remuneration of an independent court bailiff acting on behalf of the tax authority carrying out the enforcement shall be heard - in accordance with specific other legislation - by the district court of jurisdiction for the place where the bailiff is established. If the taxpayer files a demurrer of enforcement in connection with an enforcement measure taken for the enforcement of a liability that is shown in the state tax authority's records based on the data disclosed under Subsection (1a) of Section 43, the state tax authority shall forthwith contact the competent authority for requesting the final resolution. The authority having passed the resolution shall fulfill the request within eight days of receipt. In this case the time limit for deciding the demurrer of enforcement shall commence at the time of receipt of the definitive resolution establishing the payment obligation.

(3)⁹¹⁹ A demurrer of enforcement, unless filed for the second time and with the exception if the demurrer is lodged after the date of auction is announced and that does not contest the legitimacy of the auction, shall have a suspensory effect concerning further acts of enforcement. Upon receipt of a demurrer of enforcement the tax authority shall notify the court bailiff immediately.

⁹¹⁶ Established by Section 218 of Act CI of 2004, effective as of 1 January 2005.

⁹¹⁷ Established: by Section 179 of Act CC of 2013. In force: as of 1. 01. 2014.

⁹¹⁸ Established: by Section 145 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by subparagraph b) Section 42 of Act CCXI of 2012. In force: as of 1. 01. 2013.

⁹¹⁹ Former last sentence repealed by Subsection (2) of Section 41 of Act LXXXV of 2005, effective as of 1 November 2005.

Suspension and Discontinuation of Enforcement Proceedings⁹²⁰

Section 160⁹²¹

(1)⁹²² The tax authority may, at the order of its superior authority, ex officio suspend the enforcement of the resolution (ruling) if the resolution (ruling) establishing the payment obligation is likely to be reversed or annulled.

(2)⁹²³ The state tax authority shall have powers to suspend enforcement proceedings relating to duties, other than financial transaction duties, upon request, if the duty in question is expected to be abolished.

(3) The court shall decide by way of a ruling on the suspension of enforcement at the taxpayer's request. A judicial review shall have no bearing on the resolution of the tax authority in terms of enforcement.

(3a)⁹²⁴ The competent tax authority may honor the request of the judgment debtor and exceptionally suspend the enforcement procedure if the judgment debtor is able to substantiate the reason and reasonable cause therefor, and if the judgment debtor had not been previously fined under Paragraph *l*) of Subsection (1) of Section 172 during the enforcement procedure.

(4)⁹²⁵ The enforcement proceeding shall be discontinued:

a) if the tax authority has authorized deferred payment or payment by installment at the taxpayer's request;

b) if a definitive resolution has not been passed concerning a petition for deferred payment or payment by installment, or for the reduction of the tax debt;

c) upon the taxpayer's death, or dissolution, until the decision declaring the person to be obliged by resolution to pay the tax becomes definitive;

d) if a petition lodged for the first time for the suspension of enforcement is pending in the judicial review of the tax authority's resolution;

e)⁹²⁶ if the order demanding payment of tax was issued on the basis of Paragraph *f*) of Subsection (2) of Section 35 and if the taxpayer is undergoing liquidation, from the time of publication of the opening of liquidation proceedings until the final conclusion of liquidation;

f)⁹²⁷ if so ordered by specific other legislation;

⁹²⁰ Established by Subsection (1) of Section 127 of Act LXI of 2006, effective as of 1 January 2007.

⁹²¹ Established by Section 209 of Act CXXVI of 2007, effective as of 1 January 2008.

⁹²² Amended: by point 51 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.
Amended: by point 22 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁹²³ Established: by paragraph (1) Section 146 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 4 paragraph (1) Section 52 of Act XXXVII of 2013. In force: as of 21. 04. 2013.

⁹²⁴ Enacted: by paragraph (1) Section 284 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁹²⁵ Established: by paragraph (2) Section 146 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁹²⁶ Amended: by point 52 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

g)⁹²⁸ if the tax authority brought civil action so as to recover a tax debt, until the final conclusion of the action.

(5) The taxpayer's petition for payment facilities or for reduction of tax debt shall not entail the suspension of the enforcement procedure if:

a)⁹²⁹ the tax authority has conclusively resolved the taxpayer's earlier petition, the taxpayer has withdrawn the petition, or if the tax authority has dismissed the proceedings by way of a binding ruling;

b) the tax authority has already set the date of auction or advertised the public tender; or

c)⁹³⁰ payment facilities or the reduction of debt is excluded by law.

(6) The proceedings shall be discontinued according to Paragraph b) of Subsection (4) as of the day following the day when the petition is received, whereas suspension under Paragraph d) shall begin on the day following the day when the body carrying out the enforcement procedure is informed of the petition.

(7)⁹³¹ If the payment service provider carrying the payment account failed to execute the tax authority's official transfer order before the resolution for the suspension of enforcement is adopted, or before the first day of suspension of the enforcement procedure, the tax authority shall provide for the withdrawal of the official transfer order without delay. If the payment service provider carrying the payment account did execute the tax authority's official transfer order after the first day of suspension or discontinuation of the enforcement procedure, during the suspension, and transferred the sum to the tax authority, the tax authority shall refund such sum within eight days.

Section 160/A⁹³²

If the tax authority authorized payment facilities or tax reduction upon the taxpayer's request, before the operative date of the decision it may not take any enforcement measure with respect to the tax debt or outstanding public dues enforced as taxes to which the request pertains.

Enforcement upon Request

Section 161

(1)⁹³³ The bodies imposing or the organizations of record of any payment obligation treated as outstanding public dues enforced as taxes, as well as the beneficiary of such outstanding public

⁹²⁷ Amended: by point 23 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

⁹²⁸ Enacted: by Section 180 of Act CC of 2013. In force: as of 1. 01. 2014.

⁹²⁹ Established: by paragraph (3) Section 146 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁹³⁰ Amended by Paragraph h) of Subsection (1) of Section 225 of Act LXXXI of 2008.

⁹³¹ Enacted: by paragraph (2) Section 284 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁹³² Enacted: by Section 285 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

dues shall contact the tax authority at the earliest after fifteen days following the payment deadline, for the purpose of collection if the amount of such public dues reaches or reaches or exceeds 10,000 forints, or 5,000 forints in the administrative service fee payable in real estate registration proceedings, in the costs of misdemeanor proceedings and in the costs of detention. If payment of such debts at a later date is in jeopardy, the tax authority may be contacted immediately. The provisions pertaining to outstanding public dues enforced as taxes shall also be applied if the municipal tax authority with jurisdiction for collecting public dues contacts another municipal tax authority for the purpose of collection, if the enforcement carried out in its respective area of competence is hindered or is unsuccessful. If the enforcement proceeding of a tax authority is handled on their behalf by a court bailiff, Section 33 of the JEA shall apply.

(2)⁹³⁴ The letter of request shall contain the data for the identification of the agency requesting collection and the debtor, the legal grounds of the debt, the file number of the resolution (ruling) ordering the payment obligation, the date of such becoming definitive, the payment deadline, the amount payable including any associated charges, and the precise description of the relevant legislation that provides for enforcement in the same manner as taxes. If the party requesting collection is required by law to carry out specific enforcement actions, proof of compliance shall be supplied in the request.

(3)⁹³⁵ Collection shall be instituted by the tax authority only on the basis of exact data, that is to be supplemented if necessary.

(4) The judgment creditor shall immediately inform the tax authority of any changes arising subsequent to its request.

(5)⁹³⁶ The tax authority shall notify the judgment creditor if the enforcement procedure has failed or if the procedure is dismissed. The costs of the enforcement procedure shall be determined by the tax authority, and it shall be covered by the tax authority and the judgment creditors in proportion to their respective claims. The tax authority shall adopt a resolution to order the judgment creditor to cover the costs in the event where previous notices requesting payment have failed. The said resolution shall be deemed an enforcement order for the purposes of tax administration proceedings.

⁹³³ Amended by Subsection (1) of Section 40 of Act LXXXV of 2005, Paragraph a) of Section 86 of Act CIX of 2006. First sentence established by Section 11 of Act CLX of 2007. Amended by point 53 paragraph (1) Section 360 of Act CLVI of 2011, subparagraph j) paragraph (1) Section 254 of Act II of 2012, Section 74 of Act CXIX of 2012, point 27 Section 293 of Act CLXXVIII of 2012, Section 52 of Act XCIII of 2013, Point 3 of Subsection (2) of Section 28 of Act XXXIII of 2014.

⁹³⁴ Amended by Subsection (1) of Section 31 and Subsection (3) of Section 41 of Act LXXXV of 2005. Former third sentence repealed by Point 17 of Section 248 of Act LXXXI of 2008, effective as of 1 January 2009.

⁹³⁵ Established by Subsection (1) of Section 128 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁹³⁶ Established: by paragraph (1) Section 147 of Act CXXII of 2010. In force: as of 1. 01. 2011.

(6)⁹³⁷ The judgment creditor, if he has knowledge of any assets of the judgment debtor in the area of competence of another tax authority, shall be entitled to directly contact such tax authority.

(7)⁹³⁸ The tax authority shall forthwith transfer any sum it has recovered to the beneficiary of the public dues. If the amount collected is insufficient to cover all of the debtor's liabilities, the tax authority shall apply such revenues as consistent with the various debts and transfer such to the requesting authority.

(8)⁹³⁹ Outstanding public dues enforced as taxes shall be subject to the provisions governing enforcement procedures.

(9)⁹⁴⁰ The tax authority shall not grant any payment facilities in connection with outstanding public dues enforced as taxes, nor may it reduce such debts, and it may not declare it irrecoverable.

(9a)⁹⁴¹ Where an application for payment facilities, reduction (remission) relating to outstanding public dues enforced as taxes is submitted to the tax authority, the tax authority shall forward such applications within five days of receipt to the creditor requesting enforcement. The tax authority shall not check these applications as to merit and as to whether the application is justified.

(9b)⁹⁴² Where a request for payment facilities, reduction (remission) relating to outstanding public dues enforced as taxes is submitted to the beneficiary of the public dues (creditor requesting enforcement), the beneficiary (creditor requesting enforcement) shall forthwith notify the tax authority thereof upon receipt of the request.

(9c)⁹⁴³ The suspension of such enforcement procedures shall be governed by Subsections (4)-(6) of Section 160.

(9d)⁹⁴⁴ The beneficiary of outstanding public dues shall inform the tax authority of its decision concerning the request by way of electronic means, as far as possible. The beneficiary of outstanding public dues shall communicate its decision concerning the request to the tax authority, showing the exact amount to be recovered after hearing the request for payment facilities, reduction (remission), and - if payment facilities are granted - on the duration of

⁹³⁷ Second sentence repealed by Paragraph a) of Section 86 of Act CIX of 2006, effective as of 1 January 2007.

⁹³⁸ First sentence established by Subsection (2) of Section 220 of Act CI of 2004, effective as of 1 January 2005.

⁹³⁹ Amended: by point 5 paragraph (1) Section 294 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁹⁴⁰ Established: by Section 346 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by subparagraph j) paragraph (1) Section 254 of Act II of 2012. In force: as of 15. 04. 2012.

⁹⁴¹ Enacted: by Section 346 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁴² Enacted: by Section 346 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁴³ Enacted: by Section 346 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁴⁴ Enacted: by Section 346 of Act CLVI of 2011. In force: as of 1. 01. 2012.

suspension of the enforcement procedure. If the debtor satisfied his outstanding debts based on the payment facilities or reduction granted, the beneficiary (creditor requesting enforcement) shall withdraw its request, or shall notify the tax authority in the event of non-compliance, indicating the amount outstanding, upon which the tax authority shall take action for the enforcement of such sums.

(10)⁹⁴⁵ The provisions under this Section shall not apply in respect of sums paid from the central budget, which are treated as debts owed to the State on account of government surety facilities, guarantees or counter-guarantees - including the surety fees - which sums are to be enforced (recovered) in the manner of taxes.

Enforcement Upon Request by the Municipal Tax Authority⁹⁴⁶

Section 161/A⁹⁴⁷

(1) Subject to the exceptions set out in this Section, the state tax authority shall enforce - when so requested by the municipal tax authority - debts stemming from local business taxes and motor vehicle taxes owed to the municipal tax authority, according to the rules on the recovery of outstanding public dues that are enforced as taxes.

(2) The municipal tax authority shall file a request to the state tax authority for the enforcement of any debt of at least 10,000 forints on a monthly basis, by the 15th day of the following month. There is no need to indicate in the request the legislation that provides for the enforcement of debts owed to municipal tax authorities.

(3) The municipal tax authority shall attempt, before making the request to the state tax authority, to recover the debt by means of transfer of funds between accounts or by way of withholding, where the conditions therefor exist.

(4) In order to secure the debt, the state tax authority shall have powers to register a mortgage on any real estate property owned by the debtor.

(5) The request of the municipal tax authority may not pertain to any debt in respect of which the municipal tax authority has already contacted the state tax authority concerning the exercise of the right of withholding.

(6) Where requests are submitted by more than one municipal tax authority, the sum recovered by the state tax authority shall be allocated to the municipal tax authority whose request was first received by the state tax authority.

(7) The tasks prescribed in Section 147 of this Act shall be carried out by the municipal tax authority.

Records of Irrecoverable Tax Debts⁹⁴⁸

⁹⁴⁵ Established: by paragraph (2) Section 147 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁹⁴⁶ Enacted: by Section 9 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁹⁴⁷ Enacted: by Section 9 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁹⁴⁸ Established by Section 129 of Act LXXXI of 2008, effective as of 1 January 2009.

*Section 162*⁹⁴⁹

(1) The tax authority carrying out the enforcement procedure shall, in the absence of assets that may be levied in execution, declare the tax debt of a taxpayer and debts owed to the State on account of government surety facilities irrecoverable, and shall register such debts under such title until they become recoverable before the right of enforcement lapses.

(2) The tax authority shall declare tax debts registered as irrecoverable enforceable once again, if they become recoverable inside the term of limitation of the right of enforcement.

(3) The tax authority establishing the tax debt may keep tax debts of less than 10,000 forints on record, whether or not the conditions prescribed in Subsection (1) exist, if the measures to be taken for collection would generate costs disproportionate to the debt. The tax authority shall keep separate records of such tax debts.

Costs of Enforcement Procedures

Section 163

(1)⁹⁵⁰ The taxpayer, or the person liable for the payment of outstanding public dues enforced as taxes shall cover - in accordance with specific other legislation - the costs (out-of-pocket expenses) incurred in connection with enforcement, and - additionally - fixed enforcement expenses, subject to the exceptions set out in specific other legislation.

(2)⁹⁵¹ The tax authority shall adopt a ruling specifying the costs, the amount of which may not be less than 5,000 forints in respect of the enforcement of movable and real estate property.

(3)⁹⁵² If a demurrer of enforcement is lodged against a ruling ordering a precautionary measure and it is annulled by the competent superior authority, the costs of the precautionary measure shall be borne by the tax authority.

Term of Limitation

Section 164

(1)⁹⁵³ The right of tax assessment shall lapse five years after the last day of the calendar year in which the taxes should have been declared or reported, or paid in the absence of a tax return or declaration. Unless otherwise provided for by law, the right of claiming central subsidy or for applying for refund of any overpayment shall lapse five years after the last day of the calendar

⁹⁴⁹ Established by Section 129 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁹⁵⁰ Established: by Section 34 of Act LXIX of 2012. In force: as of 20. 06. 2012.

⁹⁵¹ Amended by Subsection (4) of Section 40 and Subsection (3) of Section 41 of Act LXXXV of 2005.

⁹⁵² Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁹⁵³ Established: by paragraph (4) Section 8 of Act LXIII of 2011. In force: as of 1. 01. 2012.

year of commencement of eligibility. The term of limitation shall be extended by six months if, at the time the tax return is filed late or the central subsidies are claimed, there are fewer than six months left until the right to file taxes or the right to claim central subsidies lapses.

(1a)⁹⁵⁴ In the case of any:

*a)*⁹⁵⁵ fraud (Criminal Code, Section 373), budget fraud (Criminal Code, Section 396);

*b)*⁹⁵⁶ fraud and budget fraud in force before 30 June 2013;

c) unlawful economic advantage in effect until 31 December 2011, tax fraud or any employment related tax fraud; or

d) violation of the obligation of payment of social security, health insurance, or pension contribution in effect until 1 September 2005;

*e)*⁹⁵⁷ fraudulent bankruptcy (Criminal Code, Section 404);

established by final court decision, if the offense involves taxes, contributions or budgetary subsidies, the term of limitation for the right for tax assessment shall prevail for as long as the term of limitation for the crime itself remains in effect.

(1b)⁹⁵⁸ The provisions of Subsection (1a) shall also apply:

a) if the perpetrator is not punishable, or his punishment may be reduced without limitation for reasons of having paid his debt to the tax authority's designated account before the indictment, following which he was acquitted, or

*b)*⁹⁵⁹ if the perpetrator was reprimanded and consequently dismissed according to Section 64 of the Criminal Code, or to Section 71 of Act IV/1978 in force until 30 June 2013.

(1c)⁹⁶⁰ The period of limitation on the right of tax assessment shall be suspended in the criminal proceedings under Subsections (1a)-(1b) from the time of the opening of such criminal proceedings until the final conclusion thereof.

(2) A declaration of self-audit shall interrupt the term of limitation described in Subsection (1) if the tax difference is to the taxpayer's benefit.

(3) If, after the right of tax assessment has lapsed, the tax authority or its superior authority declares part or all of the tax assessment unlawful, it shall restrict or cancel the right of tax assessment in terms of the unlawful tax assessment within the term of limitation of the right of enforcement of tax debts.

(4)⁹⁶¹ The right of assessment of duties, other than financial transaction duties, shall lapse five years after the last day of the calendar year in which the accession of wealth was reported to the

⁹⁵⁴ Enacted: by paragraph (4) Section 8 of Act LXIII of 2011. In force: as of 1. 01. 2012.

⁹⁵⁵ Established: by paragraph (1) Section 287 of Act CCXXIII of 2012. In force: as of 1. 07. 2013.

⁹⁵⁶ Established: by paragraph (1) Section 287 of Act CCXXIII of 2012. In force: as of 1. 07. 2013.

⁹⁵⁷ Enacted by Section 214 of Act LXXIV of 2014, effective as of 1 January 2015.

⁹⁵⁸ Enacted: by paragraph (4) Section 8 of Act LXIII of 2011. In force: as of 1. 01. 2012.

⁹⁵⁹ Amended: by subparagraph c) paragraph (2) Section 287 of Act CCXXIII of 2012. In force: as of 1. 07. 2013.

⁹⁶⁰ Enacted: by Section 181 of Act CC of 2013. In force: as of 1. 01. 2014.

state tax authority for dutiable purposes or in which the state tax authority gained knowledge of the omission of payment of duty or reporting for the imposition of duty.

(5) If a resolution of the tax authority is reviewed by court, the term of limitation for the right of tax assessment shall be dormant from the operative date of the tax authority's decision in the second instance filing until the court's decision becomes definitive or until the conclusion of the judicial review where applicable.

(6)⁹⁶² The right of enforcement of tax debts shall lapse five years after the last day of the calendar year in which it is due. If the tax authority initiated an act of enforcement, the term of limitation shall be extended by six months. The term of limitation for the right of enforcement of tax debts shall be disrupted if the tax return is filed in delay. Where liquidation proceedings are opened against a taxpayer, the term of limitation for the right of enforcement of tax debts shall discontinue on the day of the opening of proceedings for the taxpayer's liquidation, and shall recommence after following the binding conclusion of the liquidation proceedings by final decision. If the right of enforcement of taxes, penalties and central subsidies received without eligibility has lapsed, the default interest charged on such debts shall be considered to have lapsed as well.

(7) The term of limitation shall be dormant for the duration of suspension of the enforcement proceeding, for the period of any criminal attachment ordered upon the taxpayer's assets and for the duration of payment facilities or tax exemptions subject to certain conditions as provided for by law. Registration of a lien shall be treated the same as suspension of enforcement for the purposes of a suspended term of limitation.

(8)⁹⁶³ Unless otherwise provided for by the relevant legislation, the provisions of Subsections (6)-(7) shall be applied in respect of the term of limitation for the right of enforcement of outstanding public dues enforced as taxes.

(9)⁹⁶⁴ If the tax authority approves a petition filed to rebut a presumption of service pertaining to a decision establishing tax liability or to a ruling adopted in an enforcement procedure, the term of limitation of the right of tax assessment and the right of enforcement shall be dormant from the time of service until the ruling on the approval of the petition contesting the service.

(10)⁹⁶⁵

⁹⁶¹ Amended by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by point 5 paragraph (1) Section 52 of Act XXXVII of 2013. In force: as of 21. 04. 2013.

⁹⁶² Established by Section 130 of Act LXXXI of 2008, effective as of 1 February 2009. See also Section 265 and Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by point 28 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013. Amended: by point 7 Section 190 of Act CC of 2013. In force: as of 1. 01. 2014.

⁹⁶³ Amended: by point 13 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁶⁴ Enacted by Subsection (4) of Section 6 of Act LXV of 2004, effective as of 15 July 2004. As regards application see also Paragraph a) of Subsection (2) of Section 17 of Act LXV of 2004. Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

⁹⁶⁵ Repealed: by point 13 Section 171 of Act CXXII of 2010. No longer in force: as of 1. 01. 2011.

(11)⁹⁶⁶ Unless otherwise provided for by the international agreement on double taxation, a mutual agreement procedure prescribed in the international agreement on double taxation shall be opened on condition that the request for opening the procedure or any notice based on which the procedure may be opened shall arrive from the competent authority of the other Member State to the competent Hungarian authority within the term of limitation of the right of tax assessment or tax refund. In the course of a mutual agreement procedure the tax authority shall have powers to continue to carry out further control procedures beyond the term of limitation. An agreement reached in conclusion of the mutual agreement procedure shall be enforced in connection with any tax period that have already expired at the time of signature of the agreement.

(12)⁹⁶⁷ In connection with probate proceedings, the term of limitation of the right to tax assessment, the right of enforcement of tax debts and the right of claiming central subsidy shall be dormant from the day of the taxpayer's death until the decision rendered in conclusion of the probate proceedings becomes operative.

(13)⁹⁶⁸ The term of limitation of the right of tax assessment shall be extended by twelve months:

a) on one occasion if the superior tax authority orders new proceedings within the framework of proceedings of the second instance, or

b) the superior tax authority, the minister in charge of taxation or the minister appointed for the supervision of the NAV orders new proceedings in the course of a supervisory measure, or

c) the court orders new proceedings within the framework of review of the tax authority's resolution.

Section 164/A⁹⁶⁹

(1)⁹⁷⁰ The provisions relating to the enforcement of outstanding public dues enforced as taxes and to the term of limitation for the right of enforcement shall apply subject to the provisions of this Section, if the tax authority is carrying out an enforcement procedure according to Section 99 of the PFA.

(2) The right for enforcement shall lapse after ten years from the last day of the calendar year in which the aid was due. For the purposes of the term of limitation for the right of enforcement, due date shall mean the payment deadline specified in the administrative decision or payment

⁹⁶⁶ Enacted by Subsection (7) of Section 18 of Act LXXXII of 2008, effective as of 10 December 2008. See Subsection (7) of Section 32 of Act LXXXII of 2008.

⁹⁶⁷ Enacted: by Section 148 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁹⁶⁸ Established: by Section 347 of Act CLVI of 2011. Amended by Point 23 of Section 225 of Act LXXIV of 2014.

⁹⁶⁹ Enacted by Section 131 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

⁹⁷⁰ Amended: by paragraph (3) Section 113 of Act CXCV of 2011. In force: as of 1. 01. 2012. Amended: by point 29 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013. The change does not effect the English version.

warrant issued by a Hungarian administrative body or other agency based on the decision of the Commission of the European Communities for the recovery of State aid. Unless otherwise prescribed by law, payment deadline shall mean the fifteenth day following the operative date of the decision or the date of delivery of the payment warrant.

(3) The term of limitation shall be suspended relating to the decision of the Commission of the European Communities for the recovery of State aid or the decision of the Hungarian administrative body ordering the obligation of repayment for the duration of proceedings pending before the Court of Justice of the European Communities. Where the time of the opening of proceedings before the Court of Justice of the European Communities on the subject of recovery precedes the due date referred to in Subsection (2), it shall have no bearing on the request forwarded to the tax authority nor on carrying out the enforcement, in which case the term of limitation for the right of enforcement shall begin on the due date and it shall be suspended from the day immediately following the due date for the duration of proceedings pending before the court.

(4) The term of limitation for the right of enforcement shall be interrupted if the Commission of the European Communities launches infringement procedures before the Court of Justice of the European Communities for failure to carry out the decision ordering recovery under Article 88 (2) or Article 228 (2) of the EC Treaty, or takes any other measure relating to the decision on recovery. The term of limitation for the right of enforcement shall be interrupted when the tax authority has initiated any act of enforcement. In connection with any matter relating to the beneficiary taxpayer, the term of limitation for the right of enforcement shall be interrupted if the Commission of the European Communities issues a measure (notice, edict, resolution of conditions) for the suspension of payment of any new aid to the beneficiary taxpayer due to his failure to comply with the order of recovery pending compliance with the obligation of repayment.

Chapter VIII

LEGAL CONSEQUENCES

Default Penalty

Section 165

(1)⁹⁷¹ In the event of late payment of tax or if central subsidies are used prior to eligibility, a default penalty shall be paid from the due date or until the date of eligibility, respectively, except if the duty has been cancelled under Subsections (2) and (4) of Section 21 of the Duties Act, or under Paragraphs *b*), *c*), *g*) of Subsection (1) of Section 80 of the Duties Act upon the termination of the transaction, or if abandoned with intent to restore the original status quo, or in the absence of acquisition of any property.

(2) The default penalty shall be calculated at a rate of 1/365 of double the prevailing central bank base rate for each calendar day. No default penalty shall be charged on default penalties.

⁹⁷¹ Established: by Section 348 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 24 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

(3)⁹⁷² Under special and equitable circumstances, the tax authority may postpone the due date for tax payment or the date of eligibility for central subsidies, ex officio or upon request, past the initial date for a default penalty payment, in a resolution establishing tax arrears. Default penalty on tax arrears may be imposed for the period between the original due date and the date of the audit report, but for no more than three years. The base for the default penalty on tax arrears may not be reduced by the sum of any overpayment made in relation to another tax payable to the same tax authority at the due date.

(4)⁹⁷³ The amount of default penalty may not be reduced concerning any tax arrears where no reduction of fine is permitted.

Section 166

No default penalty shall be imposed for any period of delay that is justified by the taxpayer. Justification shall be accepted only if the delay was caused by unavoidable external reasons beyond the taxpayer's control.

Section 167

(1)⁹⁷⁴ In respect of any default penalty charged, the penalty base shall be calculated separately for each type of tax and central subsidy unless they are registered on the same account. The base for the default penalty shall be reduced by the sum of any overpayment made in relation to another tax that is due and payable to the same tax authority at the due date (net surcharge). The debt for which payment facilities were granted shall be ignored when calculating net surcharges.

(2)⁹⁷⁵

(3)⁹⁷⁶ The tax authority shall compare the taxpayer's tax return or application and his liabilities stipulated by resolution with the taxes and tax advances paid or refunded and with the central subsidies disbursed, and it shall establish the default penalty on such basis. Taxpayers may also pay the default penalty by virtue of their own calculations, regardless of notification.

(4)⁹⁷⁷ The tax authority shall cancel any erroneously imposed default penalty ex officio or upon request. If a taxpayer continues to dispute the amount of a penalty, a decision shall be adopted by the superior tax authority in the form of a resolution.

⁹⁷² Amended by Subsection (2) of Section 193 of Act CXIX of 2005, and by Subsection (4) of Section 85 of Act CIX of 2006.

⁹⁷³ Amended by Subsection (4) of Section 40 of Act LXXXV of 2005.

⁹⁷⁴ Amended: by paragraph (1) Section 103 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by Section 10 of Act LVII of 2010. In force: as of 29. 06. 2010. Amended: by point 20 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁷⁵ Repealed: by Section 13 of Act LVII of 2010. No longer in force: as of 29. 06. 2010.

⁹⁷⁶ Numbering amended: by paragraph (2) Section 103 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

⁹⁷⁷ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005. Numbering amended: by paragraph (2) Section 103 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

Self-Audit Surcharge

Section 168

(1) Any taxpayer correcting the amount of taxes or central subsidies by way of self-audit shall be subject to a self-audit surcharge.

(2)⁹⁷⁸ The self-audit surcharge shall be calculated by the taxpayer separately for each type of tax and central subsidy based on the difference of the tax or subsidy declared and corrected, and it shall be paid at the time of filing.

(3)⁹⁷⁹ The self-audit surcharge shall be 50 per cent (or 75 per cent for any repeated revision of the same return) of the default penalty compounded from the first day past the deadline for filing the tax return up to the day on which the self-revision is submitted. If the self-audit does not result in any additional tax payment obligation because the taxpayer has already paid his taxes in full at the original due date or in the course of a previous self-audit, the amount of surcharge to be paid shall be determined according to the general rules; however, if the amount exceeds 5,000 forints - or 1,000 forints for private individuals - it shall not be declared and paid. If the self-audit does not result in any additional tax payment obligation because the tax that was not declared and paid had been declared and paid in full subsequently, or because the tax that was not declared and paid would have been deductible during the following declaration period, the amount of self-audit surcharge may not exceed the amount of self-audit surcharge to be charged for the period between the two declaration deadlines. The same provision shall apply for determining the amount of self-audit surcharge if a taxpayer has entered a sum of value added taxes charged on imported products following the date of commencement of eligibility for tax deduction, in the tax return for the previous tax period as deductible.

(4)⁹⁸⁰ If the value added tax return of several consecutive tax periods had to be revised because the taxpayer corrected the amount of accumulated tax that is deductible but not refundable, due to errors in the declaration filed for an earlier declaration period, the base of the self-audit surcharge shall be the difference shown in the first erroneous tax return.

(5) No surcharge shall apply when the taxpayer revises his tax return by self-audit on account of any delay or an error in the certificate supplied by the employer or payer.

(6) The self-audit surcharge may be reduced upon request if the taxpayer's error is excused by evidencing circumstances that would otherwise serve as grounds for reducing the fine.

(7)⁹⁸¹ No self-audit surcharge shall be assessed in connection with any correction the employer (payer) makes in the electronic monthly tax return or contribution declaration due to errors attributable to the private individual affected.

(8)⁹⁸²

⁹⁷⁸ Amended: by Section 104 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by Section 13 of Act LVII of 2010. In force: as of 29. 06. 2010.

⁹⁷⁹ Established: by Section 286 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁹⁸⁰ Established Section 42 of Act XXVI of 2005, effective as of 10 May 2005.

⁹⁸¹ Enacted by Section 210 of Act CXXVI of 2007, effective as of 1 January 2008.

Section 169

A taxpayer shall be relieved from paying tax penalties and default penalties by declaring his corrected tax base, taxes and central subsidies established by self-audit, and from paying tax penalties and default penalties as due up to the date of self-audit by paying his corrected and unpaid taxes, a self-audit surcharge and by repaying the central subsidies he was ineligible to receive.

Tax Penalty

Section 170

(1)⁹⁸³ Tax arrears shall be sanctioned by tax penalties. Unless otherwise provided for by this Act, the tax penalty shall be 50 per cent of the tax arrears on which it is imposed. The tax penalty shall be 200 per cent of the tax arrears, if it relates to the concealment of revenues or the falsification or destruction of documents, books or records. The tax authority shall also impose a tax penalty on taxpayers who apply for subsidies or tax refunds without eligibility or who file declarations for application, subsidy or refund and if the lack of eligibility is established by the tax authority prior to disbursement. The penalty in such cases is imposed based on the amount claimed without eligibility.

(2) A tax difference established to the debit of a taxpayer shall be considered tax arrears; in the case of self-assessment, it shall be regarded as such only if the tax difference has not been paid up to the due date or if central subsidies have been claimed. Any overpayment prevailing on the due date shall be transferred in payment of a tax liability only if the overpayment prevails on the day of commencement of an audit.

(3) By way of derogation from the provisions of Subsection (2), the correction of the base of the property acquisition duty by posteriori tax assessment shall not be considered as tax arrears on condition that the taxpayer has declared all of the property items that are subject to such duty.

(4) If the tax authority concludes on the basis of the findings of a subsequent audit that the taxpayer claimed the value added tax charged on imported products after the commencement of eligibility for tax deduction but in a tax return relating to the previous tax period, the basis of the tax penalty shall be the value added tax arrears established for the entire period audited.

(5)⁹⁸⁴ No tax penalty may be imposed:

a) upon the private individual for any tax arrears resulting from a false tax certificate issued by an employer or payer;

b) upon the taxpayer's heir, or a person to whom the taxpayer has donated a gift, for the taxpayer's tax liability;

*c)*⁹⁸⁵

⁹⁸² Enacted: by Section 40 of Act LXXVIII of 2009. In force: as of 1. 01. 2010. Repealed: by point 2 of Constitutional Court Resolution No. 8/2010 (I. 28.). No longer in force: as of 1. 01. 2010.

⁹⁸³ Established: by paragraph (1) Section 349 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁸⁴ Established: by paragraph (2) Section 349 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(6)⁹⁸⁶ If the employer (payer) failed to satisfy the obligation of assessment, withholding and declaration of contributions in compliance with the provisions of this Act, the tax authority shall charge the relating tax arrears, the tax penalty and the default penalty on the tax arrears upon the employer (payer) pursuant to the applicable regulations, unless such tax arrears are the result of the taxpayer's illegal formal statement. If the employer (payer) failed to satisfy the obligation of assessment, withholding and declaration of personal income taxes in compliance with the provisions of this Act, the tax authority shall charge the relating tax arrears to the private individual affected, the tax penalty and the default penalty on the tax arrears upon the employer (payer) pursuant to the applicable regulations. The tax authority shall charge the tax arrears, and the tax penalty and default penalty upon the employer (payer), if the employer (payer) withheld the tax advance, tax and/or contribution from the private individual, but failed to file the related declarations as required.

Section 171

(1) The amount of tax penalty may be reduced or cancelled ex officio or upon request under special and equitable circumstances if it is evident from the circumstances that the taxpayer or his representative, employee, member or agent has acted with due care in the given circumstances. All circumstances of a case shall be taken into consideration when reducing a tax penalty, particularly the amount of the tax arrears, the conditions and background of its occurrence, and the gravity and frequency of the taxpayer's unlawful conduct (commission or omission).

(2) A tax penalty shall not be reduced, either ex officio or upon request, if the tax arrears pertain to the concealment of revenues or the falsification or destruction of documents, books or records.

(3) Any tax penalty levied shall have no effect on a default interest payment obligation.

Default Penalty

Section 172⁹⁸⁷

(1) Subject to the exception set out in Subsection (2), taxable private individuals may be fined up to 200,000 forints and other taxpayers up to 500,000 forints.⁹⁸⁸

a) for late performance of compulsory notification (registration, reporting changes) or data disclosure or if the information supplied is incorrect, false or incomplete;

b) for meeting the obligation to file a tax return and reporting the acquisition of property (hereinafter referred to collectively as "declaration obligation") after the deadline for filing, but

⁹⁸⁵ Repealed: by subparagraph d) paragraph (3) Section 59 of Act V of 2012. No longer in force: as of 1. 03. 2012.

⁹⁸⁶ Established: by paragraph (3) Section 349 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁸⁷ Established by Section 212 of Act CXXVI of 2007, effective as of 1 January 2008.

⁹⁸⁸ Established: by paragraph (2) Section 5 of Act XXXVIII of 2009. In force: as of 1. 06. 2009. Amended: by point 14 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

prior to a notification or inspection by the tax authority, and offering no excuse for the delay (delay in filing);

c)⁹⁸⁹ for non-compliance with the obligation of notification (registration, reporting changes), data disclosure or opening a current account, or the obligation to file a tax return;

d) if engaged in any activity that requires a tax number or that is subject to taxation in the absence of a tax number;

e)⁹⁹⁰ for failure to issue the accounting documents or keep the books and/or records prescribed by the relevant legislation or if the documents are not made out in conformity with regulations and the books and records are incomplete or not maintained in conformity with regulations, for any violation of its own regulations drawn up according to the Accounting Act, in the case referred to in Section 174/A, and if the financial report published does not contain any information that is deemed material for the purposes of the financial report or the information shown is incorrect (for the purposes of the financial report, information is material if its omission or misstatement could influence - within reason - the economic decisions of users taken on the basis of the financial report);

f)⁹⁹¹ for failure to return the questionnaire referred to in Subsection (1) of Section 24/F to the state tax authority in due time, or for failure to comply with the state tax authority's request for remedying deficiencies;

g)⁹⁹²

h)⁹⁹³ for producing and/or marketing printed forms and/or invoice software in violation of the conditions laid down in specific other legislation adopted by authorization conferred under this Act;

i) for failure to file a formal statement or for unlawfully refusing to testify;

j) for filing a false statement regarding any outstanding public dues when applying for central subsidies (tax refund);

k)⁹⁹⁴

l)⁹⁹⁵ for obstructing an inspection, store closure, official proceedings or enforcement procedure by failing to appear, by violating the obligation to cooperate or by acting in any other obstructive or recalcitrant manner, by means if - for example - the taxpayer produces for the purpose of

⁹⁸⁹ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

⁹⁹⁰ Established: by paragraph (1) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁹¹ Established: by paragraph (1) Section 287 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

⁹⁹² Repealed: by subparagraph d) paragraph (2) Section 193 of Act LXXVII of 2009. No longer in force: as of 9. 07. 2009.

⁹⁹³ Amended: by point 55 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

⁹⁹⁴ Repealed: by point 9 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

⁹⁹⁵ Amended by point 22 paragraph (1) Section 361 of Act CLVI of 2011, Point 24 of Section 225 of Act LXXIV of 2014.

assessment by estimation contractual relations involving other taxpayers as evidence, and if the related inspection fails to turn up any evidence to support the taxpayer's allegation;

m) for any failure to comply with the obligation of registration in due time for taxpayers required under this Act to file their tax returns electronically;

n)⁹⁹⁶ for making a false statement of having satisfied all declaration and payment obligations by the last day of the month preceding the month when the register of taxpayers free of tax debt obligations is published with the application for admission into the register.

ny)⁹⁹⁷ for making a false statement concerning any travel services received, or for failure to make a statement in the application of Chapter XV of the Act on Value Added Tax.

(1a)⁹⁹⁸ If the taxpayer is considered a repeat offender relating to the infringement referred to in Paragraph *l*) of Subsection (1), the amount limit of the default penalty that may be imposed is 500,000 forints for taxable private individuals and 1 million forints for other taxpayers.

(2)⁹⁹⁹ Taxpayers may be fined up to one million forints for any failure to meet the obligation to issue invoices, simplified invoices or receipts, or for issuing invoices, simplified invoices or receipts for an amount other than the actual consideration received. Taxpayers shall be fined up to one million forints for employing a non-registered employee currently or previously. If the taxpayer has complied with the obligation of notification of any new employment contract before the commencement of the audit in respect of the entire duration of employment, the tax authority shall proceed in accordance with what is contained in Subsection (6), or in Subsection (21).

(2a)¹⁰⁰⁰ In connection with an employment relationship concluded with several employers, in the event of failure to designate an employer in writing as prescribed in Subsection (4b) of Section 16, a financial penalty up to 500,000 forints may be imposed upon each employer participating in such employee sharing arrangement in accordance with the Labor Code.

(3)¹⁰⁰¹ In addition to what is contained in Subsection (2), in connection with any failure to meet the obligation to issue invoices, simplified invoices or receipts a fine between 10,000 and 50,000 forints may be imposed, in addition to the taxpayer, upon the taxpayer's employee or representative, and also upon the private individual involved in selling the goods in question.

(4) Where an employer or payer supplies incomplete or false information in the tax return containing payments made to a private individual which are subject to tax and contribution liability, or fails to file the tax return altogether, the upper limit of the default penalty that may be

⁹⁹⁶ Enacted by Subsection (8) of Section 18 of Act LXXXII of 2008, effective as of 1 January 2009. See Subsection (7) of Section 32 of Act LXXXII of 2008.

⁹⁹⁷ Established: by paragraph (1) Section 149 of Act CXXII of 2010. In force: as of 1. 01. 2011.

⁹⁹⁸ Enacted by Subsection (1) of Section 215 of Act LXXIV of 2014, effective as of 1 January 2015.

⁹⁹⁹ Established: by paragraph (3) Section 5 of Act XXXVIII of 2009. In force: as of 1. 06. 2009.

¹⁰⁰⁰ Enacted: by paragraph (4) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

¹⁰⁰¹ Established by Subsection (1) of Section 133 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008. Amended: by subparagraph c) paragraph (1) Section 96 of Act CXVI of 2009. In force: as of 17. 11. 2009. Amended: by point 14 Section 171 of Act CXXII of 2010. In force: as of 1. 01. 2011.

imposed shall be calculated by multiplying the number of employees affected by the highest amount of the penalty otherwise applicable to the taxpayer as prescribed by law.

(5)¹⁰⁰² The upper limit of the default penalty that may be imposed for non-compliance with the obligation of notification of employers shall be calculated by multiplying the number of employees not notified by the highest amount of the penalty otherwise applicable to the taxpayer as prescribed by law.

(6) For the delay referred to in Paragraphs a)-b) of Subsection (1), no default penalty shall be imposed if the taxpayer is able to prove that he proceeded as is reasonably expected in the given situation.

(7)¹⁰⁰³ Where a penalty is imposed for non-compliance with the obligation of notification, registration, reporting changes, declaration, data disclosure or opening a bank account, or under Paragraph *f*) of Subsection (1), the tax authority shall simultaneously order the taxpayer to comply within the prescribed deadline, and may do so in the case of non-compliance with the obligation of issuing receipts. In the event of a taxpayer's failure to meet the deadline prescribed by resolution, the fine imposed - excluding the penalty under Paragraph *f*) of Subsection (1) - shall be doubled and ordered payable within the new deadline prescribed. In the event of compliance with the original deadline, the fine imposed pursuant to the previous sentence of this Subsection may be reduced without limitation. If the taxpayer is undergoing liquidation or dissolution, or involuntary de-registration, and is no longer able to comply at the time when the default penalty is imposed, the tax authority shall not dispatch the notice referred to in the first sentence of this Subsection.

(7a)¹⁰⁰⁴ If the taxpayer fails to satisfy the obligation of deposit and publication of the financial report prepared pursuant to the Accounting Act within the time limit prescribed in the first notice of the state tax authority dispatched according to Section 174/A, the state tax authority shall impose a default penalty of up to one million forints upon the taxpayer.

(8)¹⁰⁰⁵ Where a default penalty is imposed for the pursuit of taxable activities without a tax number, the tax authority shall deliver to the taxpayer its resolution regarding the penalty and the seizure of stocks by way of public notice, and such resolution shall be executable as of the date of notification, irrespective of any appeal. If the tax authority decides no to exercise the right of seizure, the resolution shall be communicated to the taxpayer according to the general rules.

(8a)¹⁰⁰⁶ In addition to levying a default penalty, the tax authority may impose another financial penalty in lieu of store closure where the activities are not carried out in a commercial establishment, if the taxpayer:

- a) employs or employed unregistered employees;
- b) supplies goods of unverified origin;

¹⁰⁰² Established: by paragraph (2) Section 149 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹⁰⁰³ Established: by paragraph (2) Section 287 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹⁰⁰⁴ Enacted: by paragraph (2) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰⁰⁵ Established: by paragraph (2) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰⁰⁶ Enacted: by paragraph (2) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

c) fails to comply with the obligation to issue an invoice or receipt in the same premises used for the purposes of taxable activities (market, mobile retail outlet, etc.) for the second time within one year of the first inspection.

In the event of a repeat offense of the above infringement the financial penalty imposed in lieu of store closure shall be imposed repeatedly, on each occasion. The upper limit of the default penalty that may be imposed shall be 200,000 forints for private individuals, and 500,000 forints for other taxpayers.

(8b)¹⁰⁰⁷ In addition to levying a default penalty, the tax authority shall impose another financial penalty in lieu of store closure where the activities are not carried out in a commercial establishment, in the event of the taxpayer's breach of statutory obligations relating to the operation of cash registers. In the event of a repeat offense of the infringement provided for in this Subsection the financial penalty imposed in lieu of store closure shall be imposed repeatedly, on each occasion. The upper limit of the default penalty that may be imposed shall be 200,000 forints for private individuals, and 500,000 forints for other taxpayers.

(9)¹⁰⁰⁸ For any obstruction of a control, store closure or enforcement procedure by a private individual who is not treated as a taxpayer, a penalty may be imposed under Paragraph 1) of Subsection (1) hereof. Where store closure is not permitted by law or the taxpayer blocks the implementation of store closure, or opens a store that has been closed down, the upper limit of the default penalty shall be calculated by multiplying the number of days prescribed in the resolution for store closure by the highest amount of the penalty otherwise applicable to the taxpayer as prescribed by law.

(10) A default penalty of up to 20,000 forints may be imposed on private individuals and up to 100,000 forints on other taxpayers for filing a defective tax return. If a tax return that is filed late is also defective, the taxpayer may only be sanctioned for the delay.

(11)¹⁰⁰⁹ In connection with a procedural fee that is due at the commencement of the procedure as notified, if it is not paid in full by the deadline prescribed, a default penalty up to 100 per cent of the unpaid duties, not less than 5,000 and not more than 100,000 forints, may be imposed.

(12)¹⁰¹⁰ If a taxpayer fails to pay at least 90 per cent of the tax amount estimated for the tax year (including tax advances paid during the year) by the due date, a 20 per cent default penalty shall be charged on the difference between the prepayments and the said 90 per cent of the tax. In calculating the base for the default penalty, the exchange gain calculated by the difference between the exchange rate used on the due date of the tax advance supplement and the exchange rate used on the balance sheet date shall be ignored, if comprises part of the tax base.

(13) A default penalty of up to 20 per cent shall be imposed if a taxpayer's tax advance prescribed (declared) on the basis of the previous period has been reduced as a consequence of which the tax advance paid was less than should have been paid on the basis of the taxpayer's actual results. Such fine shall be imposed on the difference between the tax advance prescribed (declared) on the basis of the previous period and the reduced tax advance.

¹⁰⁰⁷ Enacted: by paragraph (1) Section 182 of Act CC of 2013. In force: as of 1. 01. 2014.

¹⁰⁰⁸ Established: by paragraph (2) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰⁰⁹ Amended: by point 30 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹⁰¹⁰ Established: by paragraph (2) Section 182 of Act CC of 2013. In force: as of 29. 12. 2013.

(14)¹⁰¹¹ The default penalty payable in respect of an employer's (payer's) failure to meet the obligation of tax deduction (in part or in full) or, with respect to persons required to collect specific local taxes, the obligation of collection and the failure to pay the assessed and deducted taxes in due time shall be 50 per cent above and beyond the default interest. The amount of the penalty shall be based on the amount of tax not deducted, collected or paid.

(15) For any violation of the tax obligations prescribed in this Act, in other acts concerning taxation or other relevant legislation established by authorization of these acts - other than the violations specified in this Section, a default penalty of up to 50,000 forints may be imposed upon private individuals and up to 100,000 forints upon other taxpayers.

(16)¹⁰¹² Any taxpayer who violates the provisions contained in Paragraph e) of Subsection (1) hereof concerning the requirement of documentation and to keep records relating to the determination of fair market value, and to transactions with controlled nonresident companies, or who breaches the obligation to retain documents shall be subject to a penalty of up to two million forints for each register (combined register), or up to four million forints for each register (combined register) in the case of repeat offenses. In the event of any repeat offense concerning the keeping of the same register, a default penalty of up to four times the penalty imposed for the first offense may be imposed upon the taxpayer. In the event of compliance with the original deadline, the fine imposed pursuant to the previous sentence of this Subsection may be reduced. For the purposes of this Subsection the provisions on repeat offenses shall not apply where two consecutive infringements are committed more than two years apart.

(17)¹⁰¹³ Any taxpayer who infringes upon the obligation of disclosure of the information specified in Subsection (2) of Section 36/A of this Act in connection with the contracts for the implementation of public procurement contracts shall be subject to a penalty up to 20 per cent of the amount of payments, for each payment.

(18)¹⁰¹⁴ In the event of non-compliance with the statutory obligation to retain invoices, the tax authority shall levy a default penalty upon the customer to whom the goods or services had been supplied in the amount up to 20 per cent of the market value of the goods or services supplied.

(19)¹⁰¹⁵ Where the taxpayer supplies goods of unverified origin, the tax authority may impose a default penalty in the amount up to 40 per cent of the market value of the goods in question, or up to 200,000 forints in the case of private individuals and up to 500,000 forints for other taxpayers.

(19a)¹⁰¹⁶ If the state tax and customs authority finds during an inspection that the taxpayer failed to comply with the obligation provided for in Subsections (1)-(2) and (4) of Section 22/E

¹⁰¹¹ Established: by paragraph (1) Section 36 of Act V of 2012. In force: as of 1. 03. 2012.

¹⁰¹² Established: by paragraph (4) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰¹³ Amended by Paragraph a) of Subsection (5) of Section 30 of Act LXXXII of 2008.

¹⁰¹⁴ Enacted by Subsection (3) of Section 133 of Act LXXXI of 2008, effective as of 1 February 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹⁰¹⁵ Established: by paragraph (5) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰¹⁶ Established by Section 3 of Act XCII of 2014, effective as of 1 February 2015. Amended by Point 1 of Section 5 of Act I of 2015.

with respect to the goods carried or a part thereof, or if the information supplied under such notification requirement is incorrect, false or incomplete, the goods carried or the unnotified part thereof shall be considered to be of unverified origin, and the state tax and customs authority may impose a default penalty up to 40 per cent of the value of such goods of unverified origin.

(20)¹⁰¹⁷ If a taxable private individual submits a notice referred to in Subsection (4) of Section 31 due to his delay in filing the income tax return, a default penalty for his delay in filing may not be imposed until 20 November of the calendar year to which the tax return pertains, unless the taxpayer submits the tax return before 20 November and fails to proffer a valid excuse.

(20a)¹⁰¹⁸ A default penalty of up to one million forints may be imposed upon the taxpayer for failure to comply with the obligation to retain documents. If the taxpayer fails to comply with the obligation to retain printed invoices and/or cash receipts, irrespective of whether the invoice or cash receipt had in fact been used, the amount of default penalty that can be imposed shall be up to 200,000 forints in the case of private individuals and up to 500,000 forints for other taxpayers, multiplied by the number of missing invoices and/or cash receipts.

(20b)¹⁰¹⁹ If the persons referred to in Paragraphs *a)-b)* of this Subsection fail to rearrange, replace, correct or repair or revise their documents, records, registers and declarations within the prescribed time limit upon receipt of the tax authority's notice:

a) in procedures for verifying the authenticity of economic events a default penalty may be imposed up to 10 per cent of the net value of invoices related to the economic events under review in the case of taxable private individuals and private individuals not treated as taxpayers, or up to 50 per cent of the net value of invoices related to the economic events under review in the case of other taxpayers, in both cases up one million forints at most,

b) in all other cases a default penalty up to one million forints may be imposed.

(20c)¹⁰²⁰

(20d)¹⁰²¹ If, pursuant to Section 464/A of Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, the taxpayer is relieved from having to assess the tax arrears on any tax allowance claimed unlawfully, a default penalty shall be imposed in the amount of 15 per cent of the tax allowance claimed unlawfully, but at least 100,000 forints, unless the taxpayer is able to prove of having carried out the required wage improvement with respect to all workers of continuous employment retroactively, before the date of opening of the audit.

(20e)¹⁰²² If the statement made by the taxpayer in connection with the value added tax refund as regards the condition specified in Subsection (4a) of Section 37 is false, the tax authority shall have the option to impose a default penalty for up to 5 per cent of the amount of VAT refund

¹⁰¹⁷ Established: by paragraph (5) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰¹⁸ Enacted: by paragraph (5) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰¹⁹ Enacted: by paragraph (5) Section 350 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰²⁰ Repealed: by subparagraph e) paragraph (3) Section 59 of Act V of 2012. No longer in force: as of 1. 03. 2012.

¹⁰²¹ Enacted: by paragraph (1) Section 122 of Act CLXXXI of 2011. In force: as of 1. 01. 2012.

¹⁰²² Enacted: by paragraph (2) Section 162 of Act CXCVIII of 2011. In force: as of 1. 02. 2012.

shown in the tax return, or up to two hundred thousand forints in the case of private individuals, and up to five hundred thousand forints in the case of other taxpayers.

(20f)¹⁰²³ In the event of any infringement of the provision set out in Subsection (3a) of Section 38, taxpayers required to open a payment account shall be charged a default penalty of 20 per cent on the part of the cash payment above one and a half million forints. The beneficiary of a payment made by way of infringement of the provision set out in Subsection (3a) of Section 38, if having accepted the irregular payment, shall be charged a default penalty of 20 per cent on the part of the cash payment above one and a half million forints.

(20g)¹⁰²⁴ The state tax and customs authority:¹⁰²⁵

a) shall impose a penalty up to 10 million forints for the marketing of cash registers and/or taximeters without authorization, or for continuing marketing after the authorization has been withdrawn, or for the marketing of cash registers and/or taximeters other than authorized,

b) may impose a penalty up to 500,000 forints upon natural persons (distributors, operators, service shops, technicians) for any infringement of the statutory obligations relating to the marketing, operation and servicing of cash registers and taximeters, or up to one million forints upon persons other than private individuals.

(21)¹⁰²⁶ When imposing a default penalty - with particular regard to the cases defined in Subsections (4) and (5) -, the tax authority shall weigh all prevailing circumstances of the infringement, particularly its gravity and the frequency of the taxpayer's unlawful conduct (actions or negligence), and whether the taxpayer or his acting representative, employee, member or agent acted with due diligence in the manner expected in the given situation. Upon weighing the circumstances, the tax authority shall impose a penalty that is consistent with the gravity of the offense or shall refrain from imposing a penalty.

Measures

Section 173

(1)¹⁰²⁷ The tax authority, upon imposing a penalty on a private individual or other taxpayer who is engaged in any entrepreneurial activity that requires a notification or registration by the court of registry, or that is subject to taxation in the absence of a tax number, may seize the means used for the activity performed without notification or in the absence of being registered by the competent court of registry or, in respect of manufacturing operations, the result thereof or the

¹⁰²³ Enacted: by Section 35 of Act LXIX of 2012. In force: as of 1. 01. 2013. Shall enter into force with the text established: by Section 376 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹⁰²⁴ Enacted by paragraph (1) Section 43 of Act CCVIII of 2012. Amended by Point 25 of Section 225 of Act LXXIV of 2014.

¹⁰²⁵ Amended: by point 8 Section 190 of Act CC of 2013. In force: as of 1. 01. 2014.

¹⁰²⁶ Numbering amended by Subsection (3) of Section 133 of Act LXXXI of 2008.

¹⁰²⁷ Established by Section 4 of Act XCII of 2014, effective as of 1 February 2015. Amended by Point 2 of Section 5 of Act I of 2015.

goods in stock, with the exception of perishable goods and live animals, up to the value of the fine imposed as security and shall stipulate this action in the resolution for imposing the penalty. The tax authority shall carry out the seizure in the presence of two official witnesses and shall draft a report on the procedure, seal off the property seized or remove it from the premises for safeguarding at the expense of the taxpayer affected. If the state tax and customs authority imposed a default penalty for non-compliance with the obligation provided for in Subsections (1)-(2) and (4) of Section 22/E, or if the information supplied is incorrect, false or incomplete, it may seize the goods carried - with the exception of perishable goods and live animals - covering up to the amount of the penalty imposed, in security thereof, and shall so provide in the resolution imposing the penalty. The state tax and customs authority shall draw up a report on the seizure, seal off the property seized or remove it from the premises for safeguarding at the expense of the taxpayer affected. The state tax and customs authority shall communicate the resolution it has adopted for imposing a default penalty for non-compliance with the obligation provided for in Subsections (1)-(2) and (4) of Section 22/E, or if the information supplied is incorrect, false or incomplete, to the taxpayer, his representative or proxy, or employer, whoever is available, and such resolution shall be enforceable as of the date of communication notwithstanding any appeal.

(2) The tax authority shall liquidate the property items seized as security in accordance with the provisions on judicial enforcement in the event of the taxpayer's failure to pay the fine within fifteen days of the due date.

(3) The tax authority shall return the part of the proceeds from the sale of such goods over and above the fine, surcharge and costs to the taxpayer concerned.

Section 174

(1)¹⁰²⁸ The tax authority shall impose a default penalty and may close down any premises used for the purposes of taxable activities for twelve business days:

- a) if the taxpayer employs or employed unregistered employees;
- b) if the taxpayer supplies goods of unverified origin;
- c) if the taxpayer fails to comply for the second time with the obligation to issue an invoice or cash receipt in the same premises used for the purposes of taxable activities (shop, store, plant etc.) within one year of the first inspection;
- d) in the event of the taxpayer's breach of statutory obligations relating to the operation of cash registers.

(2)¹⁰²⁹ In the event of any repeated occurrence of the infringement referred to in Subsection (1), the premises shall be closed down for thirty business days, and sixty days for each additional instance. The provisions pertaining to repeat offenses shall not apply where the same type of infringement is committed three years apart.

(3)¹⁰³⁰ The tax authority's resolution on the fine and closing down the premises is executable irrespective of any appeal. Such resolution shall specify the duration of closure, and the tax authority shall notify the taxpayer concerning the opening date of implementation of the

¹⁰²⁸ Established: by Section 183 of Act CC of 2013. In force: as of 1. 01. 2014.

¹⁰²⁹ Amended: by point 7 paragraph (2) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰³⁰ Established: by paragraph (2) Section 351 of Act CLVI of 2011. In force: as of 1. 01. 2012.

resolution. When closing down the premises, the taxpayer shall be provided ample time to remove any perishable goods and live animals and make arrangements for the storage and safeguarding of other inventories. The taxpayer shall be liable for any damages sustained by third parties in consequence of such measures.

(4)¹⁰³¹ Premises that have been closed down shall be sealed by the tax authority with the closing period clearly indicated along with the fact that the premises have been closed down by the tax authorities. If the closing down procedure is obstructed the tax authority may request the assistance of the police.

(5) If a taxpayer performs his activity on premises shared with another taxpayer, the provisions set out in Subsection (4) shall be applied in respect of the section (sections) of the premises used by the taxpayer who fails to meet his obligation or the objects used by such taxpayer for his activity.

(6)¹⁰³² Premises may not be closed down if they are located in the taxpayer's home or in rooms that cannot be technically separated from the taxpayer's home, or if closing down the premises prevents the supply of the respective settlement to satisfy basic local needs in respect of the sphere of business of the shop to be closed down, meaning in particular the supply of foodstuffs or services which are not available elsewhere in the community.

(7)¹⁰³³ As regards the applicability of store closure for a first offense the tax authority shall weigh the considerations of equity available in connection with cases of levying a default penalty.

Section 174/A¹⁰³⁴

(1)¹⁰³⁵ In the event of non-compliance with the obligation of depositing and publication of the financial report prepared pursuant to the Accounting Act, or in the event of non-payment of publication charges to the company information service, the state tax authority shall impose the default penalty under Paragraph *e*) of Subsection (1) of Section 172 and shall - within fifteen days of the said deadline or of the time of notice of non-payment - advise the taxpayer affected to discharge the obligation in question within thirty days. If the taxpayer fails to comply with the said obligation within the prescribed time limit, the state tax authority shall - on the next day following the deadline - impose the default penalty under Subsection (7a) of Section 172 and shall order the taxpayer once again to comply within a period of sixty days. If the taxpayer fails to comply with the obligation of deposit and publication inside the time limit prescribed in the second notice, the state tax authority shall *ex officio* withdraw the taxpayer's tax number without suspension and shall so inform the competent court of registry by way of electronic means without delay, and shall move to have the company declared terminated.

¹⁰³¹ Last sentence enacted by Section 225 of Act CI of 2004, effective as of 1 January 2005.

¹⁰³² Established: by paragraph (3) Section 351 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰³³ Enacted: by paragraph (3) Section 351 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰³⁴ Established: by Section 352 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰³⁵ Amended: by point 16 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012. The change does not effect the English version.

(2) Subsection (1) shall not apply if the taxpayer was undergoing bankruptcy or liquidation proceedings at the time of the infringement.

Chapter IX

MISCELLANEOUS PROVISIONS

Printed Forms, Electronic Forms, Administration of Tax Matters Electronically, Authorizations for Regulation¹⁰³⁶

Section 175

(1)¹⁰³⁷ The tax authority may introduce printed forms and standard electronic forms for reports, tax returns, for applying for prepayments and more frequent allocation of central subsidies, data disclosure, formal statements made upon request for correcting tax returns, self-audit, payment of tax, transfers between tax account and cross-verification of tax accounts related to the performance of tax liabilities, and to discharging other obligations mandated in tax laws or in decrees adopted by authorization of tax laws, and also to the submission of applications. Documents produced on a computer and completed with the help of the program published on the tax authority's official website, printed out and signed by the taxpayer and sent or transmitted to the tax authority by way of electronic means, shall be construed as equivalent to the printed forms prescribed and introduced by the tax authority.

(1a)¹⁰³⁸ Where automatic exchange of information is provided for in any legislation of the European Union, or in legislation on the implementation or transposition thereof, in connection with specific income, the tax authority may introduce its own standard form for that purpose, containing a section for the particulars relating to, and declaring the income in question.

(2)¹⁰³⁹ The obligation of notification (reporting changes) in connection with local business taxes and tourism taxes shall be fulfilled using the standard form prescribed by the minister in charge of taxation for this purpose.

(3)¹⁰⁴⁰ For the purposes of this Act, the forms - printed or sent by way of electronic means - described in Subsection (1) as completed and signed by the taxpayer - or by his authorized representative or proxy specified in this Act - shall be treated as private documents. A recording

¹⁰³⁶ Amended by Paragraph i) of Subsection (1) of Section 225 of Act LXXXI of 2008.

¹⁰³⁷ Established by Subsection (1) of Section 226 of Act CI of 2004. Second sentence amended by Subsection (2) of Section 66 of Act XXVI of 2005. First sentence amended by Paragraph j) of Subsection (1) of Section 225 of Act LXXXI of 2008. Amended: by subparagraph a) Section 44 of Act CCVIII of 2012. In force: as of 1. 01. 2013.

¹⁰³⁸ Enacted by Subsection (1) of Section 217 of Act LXXIV of 2014, effective as of 1 January 2015.

¹⁰³⁹ Established: by paragraph (1) Section 150 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹⁰⁴⁰ First sentence amended by Subsection (2) of Section 66 of Act XXVI of 2005, and by Point 21 of Section 248 of Act LXXXI of 2008.

(photograph, video, audio etc.) made of such a document by a technical or chemical process as well as a document made of the original document through a carrier medium (magnetic disk, magnetic tape etc.) shall have the same probative force as the original document, provided that the recording or the printed document was made by the tax authority or another body under its supervision.

(4)¹⁰⁴¹ The minister in charge of taxation is hereby authorized to decree the regulations for the marketing of invoices, simplified invoices and receipts in printed forms and for keeping records on all sales, and the requirements for their production and identification for tax administration purposes.

(4a)¹⁰⁴² The minister in charge of taxation is hereby authorized to decree the detailed regulations relating to tax liability attached to vending and automatic sales equipment for dispensing foods, and for the collection, handling, accounting and refund of the administrative service fee payable for the related notification procedure.

(5) The tax authority may issue payment warrants, payment notices and tax return forms in printed form.

(6) The tax authority shall publish information concerning the printed forms, their structure and contents.

(7)¹⁰⁴³ The minister in charge of taxation is hereby authorized to decree the content layout of tax return, declaration and registration forms which may be prescribed by municipal tax authorities.

(8)¹⁰⁴⁴ The state tax authority shall define and publish the formal and content requirements of the prescribed forms, and it shall ensure that such forms will be available to taxpayers in due time and at convenient locations. The standard forms for filing tax returns and for data disclosure - including the IT applications published on the official website of the tax authority - shall be published not less than thirty days before the deadline prescribed for the submission. The Government shall decree the detailed regulations concerning the selection of manufacturers and the distribution of forms that will be made available for a fee.

(9)¹⁰⁴⁵ The taxpayers required to file their tax return in accordance with Subsection (2) of Section 31 or the value added tax summary document under Section 31/B, or the recapitulative statement referred to in Schedule No. 8 shall discharge their obligations relating to declarations and data disclosures to the state tax authority, and shall submit applications for payment facilities and tax reductions - excluding the certificate provided for in Subsection (11) of Section 85/A -, as well as applications for tax authority certificates by way of electronic means subsequent to the

¹⁰⁴¹ Established: by paragraph (2) Section 43 of Act CCVIII of 2012. In force: as of 23. 12. 2012.

¹⁰⁴² Established by Subsection (2) of Section 217 of Act LXXIV of 2014, effective as of 27 November 2014.

¹⁰⁴³ Established: by paragraph (3) Section 43 of Act CCVIII of 2012. In force: as of 23. 12. 2012.

¹⁰⁴⁴ Established by Section 35 of Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) of Section 40 of Act LXXXV of 2005. Amended: by Section 286 of Act LVI of 2009. In force: as of 1. 10. 2009.

¹⁰⁴⁵ Established by Section 353 of Act CLVI of 2011. Amended by point 25 Section 189 of Act CC of 2013, Point 2 of Section 288 of Act XCIX of 2014.

date when this obligation arises. Applications for payment facilities and tax reductions in the urgent procedure under Subsection (6) of Section 5/A shall be submitted by way of electronic means.

(10)¹⁰⁴⁶ Any taxpayer who has a tax identification code shall have the option to comply with the obligation of notification and reporting changes to the state tax authority electronically, and may submit any tax related documents under Subsection (13) to the tax authority by way of electronic means as well.

(11)¹⁰⁴⁷ Taxpayers may submit their requests for standard and non-debt tax certificates, income certificates, and for combined tax certificates to the state tax and customs authority electronically as well. In this case the state tax and customs authority shall make out and send the certificate to the taxpayer on paper or on a standard electronic form, at the taxpayer's choice.

(12)¹⁰⁴⁸ The minister in charge of taxation is hereby authorized to decree the amount limits and criteria for:

- a) the definition of the largest taxpayers in terms of tax payment;
- b) classifying taxpayers to be recognized as major taxpayers.

(13)¹⁰⁴⁹ The minister in charge of taxation is hereby authorized to decree the procedures and technical conditions for the administration of tax matters electronically, such as:¹⁰⁵⁰

- a) filing tax returns and declarations, data disclosures;
- b) notification and reporting changes;
- c)¹⁰⁵¹ lodging applications for tax certificates, payment facilities and tax reduction, for admission into the register of taxpayers free of tax debt obligations, and for duplicates;
- d) paying taxes;
- e) queries made available by the state tax authority to taxpayers through the central electronic services network;
- f) access to the tax authority's records, and downloading such data;
- g) compliance with payment obligations in connection with enforcement procedures;
- h) the administration of certain tax matters over the telephone, as well as service by electronic means;
- i) electronic administration in enforcement proceedings;
- j) the procedures relating to the refund applications (statements of correction) of taxpayers established in another Member State of the European Community and taxable persons established

¹⁰⁴⁶ Established: by paragraph (2) Section 150 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹⁰⁴⁷ Established: by paragraph (3) Section 150 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 31 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹⁰⁴⁸ Established: by paragraph (4) Section 43 of Act CCVIII of 2012. In force: as of 23. 12. 2012.

¹⁰⁴⁹ Established: by paragraph (4) Section 150 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹⁰⁵⁰ Amended: by subparagraph b) Section 44 of Act CCVIII of 2012. In force: as of 23. 12. 2012. The change does not effect the English version.

¹⁰⁵¹ Amended: by point 17 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012. Amended: by point 32 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

in a recognized third State under the Act on Value Added Tax, made in Hungary, and those of taxpayers established in Hungary made in any Member State of the European Community, including communication via electronic mail (e-mail);

*k)*¹⁰⁵² the detailed rules concerning the special provisions in connection with electronic administration relating to services supplied at a distance by taxpayers to non-taxable persons.

(14)¹⁰⁵³ The tax authority shall frequently publish on its official website the requirements relating to the data format in which the tax authority is requesting taxpayers to supply data stored in electronic format for audit and inspection purposes. When making any changes in the said data format, they shall be published by the tax authority at least thirty days in advance. Municipal tax authorities shall publish changes in the data format in their official journal as well.

(15)¹⁰⁵⁴ Through the central electronic services network,

a) taxpayers shall have access to their own tax accounts, and to the data referred to in Subsection (15) of Section 52,

*b)*¹⁰⁵⁵ employers (payers) shall have access to their notices and declarations submitted according to Subsections (4) and (4b) of Section 16 and Subsection (2) of Section 31, respectively,

c) taxable private individuals shall have access to their own data referred to in Paragraph *b*).

*d)*¹⁰⁵⁶ persons liable for payment of value added tax shall have access to data contained in the value added tax summary document of other taxpayers submitted according to Section 31/B, with respect to the invoices accepted.

(16)¹⁰⁵⁷

(17)¹⁰⁵⁸ The minister in charge of taxation is hereby authorized to decree the requirements and conditions for the issue and withdrawal of the authorization granted for the activities of tax consultants, tax advisers and certified tax experts, the regulations concerning the registers, the amount of the administrative service fee charged for the relevant proceedings, and the detailed rules for the compulsory and regular training of the persons authorized, with the exception that no petition for special consideration may be lodged in such proceedings.

¹⁰⁵² Enacted by Section 24 of Act XXXIII of 2014, effective as of 15 July 2014.

¹⁰⁵³ Established: by paragraph (2) Section 106 of Act LXXVII of 2009. In force: as of 9. 07. 2009.

¹⁰⁵⁴ Established: by paragraph (2) Section 354 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹⁰⁵⁵ Amended: by subparagraph c) paragraph (6) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

¹⁰⁵⁶ Enacted: by Section 36 of Act LXIX of 2012. In force: as of 1. 07. 2013.

¹⁰⁵⁷ Repealed: by subparagraph b) Section 45 of Act CCVIII of 2012. No longer in force: as of 1. 07. 2013.

¹⁰⁵⁸ Established: by paragraph (6) Section 284 of Act LVI of 2009. In force: as of 1. 10. 2009. Shall apply to proceedings opened subsequently and to reopened cases. Amended: by subparagraph c) Section 44 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

(17a)¹⁰⁵⁹ The minister in charge of taxation is hereby authorized to decree the requirements and conditions for the issue and withdrawal of the authorization granted for the activities of tax consultants, tax advisers and certified tax experts, the regulations concerning the registers, the amount of the administrative service fee charged for the relevant proceedings, and the detailed rules for the compulsory and regular training of the persons authorized, with the proviso that no petition for special consideration may be lodged in such proceedings, furthermore, the amount of the administrative service fee payable for the assessment of tenders submitted by organizations for the arrangement and implementation of training programs.

(18)¹⁰⁶⁰ The Government is hereby authorized to delegate the body for operating the register of tax consultants, tax advisers and certified tax experts by means of a decree.

(19)-(22)¹⁰⁶¹

(23)¹⁰⁶²

(24)¹⁰⁶³ Where so decreed by the municipal government, notifications, tax returns, and data disclosures prescribed by the municipal tax authority may be submitted by way of electronic means as well, by the procedure prescribed by the municipal government. Where so decreed by the municipal government, taxpayers with tax numbers shall submit the said notifications, tax returns, and data disclosures by way of electronic means.

(25)¹⁰⁶⁴ The minister in charge of taxation is hereby authorized to decree the mandatory layout and format of value added tax refund applications and statements of correction of taxable persons established in Hungary to be filed in any Member States of the Community, including the instructions for filling them out.

(26)¹⁰⁶⁵ The minister in charge of taxation is hereby authorized to decree the detailed regulations concerning the assessment and payment of the costs of tax enforcement procedures and fixed enforcement expenses.

(27)¹⁰⁶⁶

(28)¹⁰⁶⁷ The minister in charge of taxation is hereby authorized to decree the provisions in connection with electronic data, information, records and registers relating to taxes, as regards the data structure of the files to be supplied to the tax authority and the procedures for:¹⁰⁶⁸

¹⁰⁵⁹ Enacted by Subsection (3) of Section 217 of Act LXXIV of 2014, effective as of 27 November 2014.

¹⁰⁶⁰ Established: by paragraph (5) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

¹⁰⁶¹ Repealed: by subparagraph b) Section 45 of Act CCVIII of 2012. No longer in force: as of 1. 07. 2013.

¹⁰⁶² Repealed: by subparagraph e) paragraph (2) Section 193 of Act LXXVII of 2009. No longer in force: as of 9. 07. 2009.

¹⁰⁶³ Enacted: by Section 1 of Act LXXXI of 2009. In force: as of 15. 07. 2009.

¹⁰⁶⁴ Enacted: by paragraph (3) Section 56 of Act CX of 2009. In force: as of 1. 01. 2010.

¹⁰⁶⁵ Enacted: by paragraph (3) Section 354 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 18 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012.

¹⁰⁶⁶ In force: as of 1. 01. 2013.

¹⁰⁶⁷ Enacted: by paragraph (5) Section 354 of Act CLVI of 2011. In force: as of 1. 01. 2012.

- a) making them available to the tax authority,
- b) making duplicates,
- c) checking them electronically.

(29)¹⁰⁶⁹ The Government is hereby authorized to decree the type of data the state tax authority is required to provide:

- a) to the pension insurance agency empowered to manage the Pension Insurance Fund;
- b) to the health insurance administration agency;
- c) to the rehabilitation authority;
- d) to the government employment agency; and
- e) to the employment authority;

including the detailed rules of such data disclosures, such as in particular the deadlines for data transmission and the frequency of disclosures.

(30)¹⁰⁷⁰ The minister in charge of taxation is hereby authorized to establish, by way of a decree, the official price for all services provided to operators where the obligation of issuing receipts under the Act on Value Added Tax is satisfied in printed form, carrying also the obligation of data disclosure by way of direct access data retrieval, and the detailed regulations concerning the mechanisms for setting such official prices.

(31)¹⁰⁷¹ The minister in charge of taxation is hereby authorized to establish, by way of a decree, the official price for all services related to the annual review of cash registers, and the detailed regulations concerning the mechanisms for setting such official prices.

(32)¹⁰⁷² The minister in charge of taxation is hereby authorized to decree the rules relating to supplies and acquisitions of goods falling within the scope of EKAER, and movement of goods for other reasons, the rules relating to the functioning of EKAER, the cases of exemptions from EKAER and the rules governing risk guarantees, in particular the procedure for issuing EKAER numbers, the type of data to be disclosed - excluding personal data -, the parties subject to disclosure obligation and the rules for ad hoc exemption from the obligation of disclosure, furthermore, the rules relating to disclosures and updating notified changes through the EKAER electronic platform.

(33)¹⁰⁷³ The minister in charge of taxation is hereby authorized to decree, in agreement with the minister in charge of supervising the food supply chain, the products considered to be of high risk as regards the functioning of EKAER.

¹⁰⁶⁸ Amended: by point 19 Section 40 of Act LXIX of 2012. In force: as of 20. 06. 2012. Amended: by subparagraph b) Section 44 of Act CCVIII of 2012. In force: as of 23. 12. 2012. The change does not effect the English version.

¹⁰⁶⁹ Enacted: by Section 288 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹⁰⁷⁰ Enacted: by paragraph (2) Section 184 of Act CC of 2013. In force: as of 30. 11. 2013.

¹⁰⁷¹ Enacted by Subsection (4) of Section 217 of Act LXXIV of 2014, effective as of 27 November 2014.

¹⁰⁷² Established by Section 2 of Act I of 2015, effective as of 28 February 2015.

¹⁰⁷³ Enacted by Subsection (4) of Section 217 of Act LXXIV of 2014, effective as of 27 November 2014.

Registration of Tax Consultants, Tax Advisers and Certified Tax Experts¹⁰⁷⁴

*Section 175/A*¹⁰⁷⁵

(1) The activities of tax consultants, tax experts or certified tax experts may be pursued subject to authorization by the body operating the register of tax consultants, tax experts and certified tax experts (hereinafter referred to as “body operating the registration system”).

(2) The body operating the registration system shall authorize the pursuit of the activities of tax consultants, tax experts or certified tax experts to a person who:

a) has no prior criminal record,

b) has not been restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy, and

c) has the necessary training, qualifications and experience prescribed by this Act or a decree adopted under authorization by this Act, and who is able to meet the other requirements set out in the decree adopted under authorization by this Act.

(3) Legal persons and unincorporated business associations may engage in the activities of tax consultants, tax experts or certified tax experts, if having at least one member or employee who is listed in the register of tax consultants, tax experts or certified tax experts.

(4)¹⁰⁷⁶ The register of tax consultants, tax experts or certified tax experts shall be construed as an official public register with the exception of data comprising a part of another official public register pursuant to the relevant legislation.

*Section 175/B*¹⁰⁷⁷

(1) Enclosed with the application for authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts the applicant shall produce official documentary evidence to verify that he has no prior criminal record, and that he is not restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy, or shall request the body operating the penal register to disclose information to the body operating the registration system based on his official request lodged for the purpose of assessment of the application for authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts. In this context, the data request lodged by the body operating the registration system to the body operating the penal register shall be limited to the information necessary to determine as to whether the applicant has no prior criminal record and that he is not restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy.

(2) The body operating the registration system shall check in the course of a regulatory inspection conducted during the period of exercising the activities of tax consultants, tax experts

¹⁰⁷⁴ Enacted: by paragraph (6) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

¹⁰⁷⁵ Established: by paragraph (7) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

¹⁰⁷⁶ Enacted: by paragraph (1) Section 46 of Act LXXXIV of 2013. In force: as of 1. 07. 2013.

¹⁰⁷⁷ Established: by paragraph (7) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

or certified tax experts as to whether the person engaged in the activities of tax consultants, tax experts or certified tax experts has no prior criminal record and that he is not restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy. The body operating the registration system shall have powers to request information from the penal register for the purpose of regulatory inspection. The data request shall be limited to the information necessary to determine as to whether the person engaged in the activities of tax consultants, tax experts or certified tax experts has no prior criminal record and that he is not restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy.

(3) If the body operating the registration system finds in the course of the regulatory inspection conducted under Subsection (2) that the person engaged in the activities of tax consultants, tax experts or certified tax experts has a prior criminal record or that he is restrained by court order from practicing the profession requiring a law degree or a degree in economics, finance or accountancy, it shall take measures forthwith for having such person's authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts withdrawn.

(4) The body operating the registration system shall be authorized to process the personal data obtained under Subsections (1) and (2):

a) until the final and binding conclusion of the procedure for the granting of the authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts, or

b) for the duration of the regulatory inspection if the authorization for the pursuit of the activities of tax consultants, tax experts or certified tax experts is granted, or until the final and binding conclusion of the procedure for the withdrawal of the authorization.

Section 175/C¹⁰⁷⁸

(1)¹⁰⁷⁹ Any natural person with the right to exercise the freedom to provide services according to the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities shall notify the body operating the register of tax consultants, tax advisers and certified tax experts of his intention to provide tax consultant, tax adviser or certified tax expert services, acting as such, in the territory of Hungary in the form of cross-border services in due application of the relevant provisions of the Act on the Recognition of Foreign Diplomas and Certificates. The body operating the registration system shall enter tax consultants, tax advisers and certified tax experts in the register upon receipt of notification. The above-specified register shall be construed as an official public register with the exception of data comprising a part of another official public register pursuant to the relevant legislation.

(2) Any firm with the right to exercise the freedom to provide services according to the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities may engage in the provision of the services of tax consultants, tax advisers or certified tax experts, acting as such, in the form of cross-border services, if its member or employee appointed to supervise and manage the services of tax consultants, tax advisers or certified tax experts met the requirement of notification referred to in Subsection (1) hereof.

¹⁰⁷⁸ Enacted: by paragraph (8) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

¹⁰⁷⁹ Amended: by paragraph (3) Section 46 of Act LXXXIV of 2013. In force: as of 1. 07. 2013.

(3) In connection with cross-border services, the temporary and occasional nature of the provision of services shall be assessed by the body operating the registration system case by case, in particular in relation to its duration, its frequency, its regularity and its continuity.

Section 175/D¹⁰⁸⁰

(1)¹⁰⁸¹ Applications for the opening of administrative proceedings for the granting of the authorization referred to in Subsection (1) of Section 175/A shall be submitted to the body operating the registration system or to the regional branch of the treasury at the address published in the communication posted on the website of the ministry directed by the minister in charge of taxation.

(2) The administrative time limit for the above-specified proceedings - other than proceedings for the notification of the taking up and pursuit of activities in the form of cross-border services - shall be sixty days, however - by way of derogation from the provisions of the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities -, if the body operating the registration system fails to comply with its obligation to adopt a resolution within the relevant administrative time limit, the client shall not become entitled thereby to take up and pursue the activity to which the application pertains, and the general provisions of the Act on the General Rules of Administrative Proceedings relating to the omission of authorities shall apply.

(3) If the application for the proceedings - other than proceedings for the notification of the taking up and pursuit of activities in the form of cross-border services - contains any error or is insufficient, or is lacking the documents and enclosures prescribed by the decree adopted by authorization pursuant to this Act, the body operating the registration system shall - within thirty days of receipt of the application - request the applicant to supply the missing information.

(4) Upon granting the authorization, the body operating the registration system shall *ex officio* issue a certificate as well.

(5)¹⁰⁸²

(6) The procedures related to the issue and withdrawal of the certificate, and to the exchange and replacement of certificates, furthermore, for making changes in the records and for the notification of the taking up and pursuit of activities in the form of cross-border services shall be subject to the payment of an administrative service fee in the amount prescribed in the relevant legislation.

Section 175/E¹⁰⁸³

¹⁰⁸⁰ Enacted: by paragraph (8) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

¹⁰⁸¹ Amended: by point 26 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014. The change does not effect the English version.

¹⁰⁸² Repealed: by point 9 Section 190 of Act CC of 2013. No longer in force: as of 1. 01. 2014.

¹⁰⁸³ Enacted: by paragraph (8) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

(1) The body operating the registration system shall keep a register on the persons authorized to engage in the aforesaid activities.

(2) In addition to the data prescribed in the act on the general provisions relating to the taking up and pursuit of the business of service activities, the register shall contain the following particulars of the natural persons listed and the following facts:

- a) natural identification data;
- b) home address, mailing address;
- c) phone number, electronic contact information;
- d) number of official certificate, date of issue;
- e) number of document or certificate in proof of vocational qualifications, name of issuer, date of issue;
- f) description of other vocational skills, number of document or certificate in proof of such qualifications, name of issuer, date of issue;
- g) any state-approved language certificate, type and degree of language proficiency examination.

(3) The name, mailing address and registration number of registered tax consultants, tax experts and certified tax experts, the number of their respective certificates and their other particulars - subject to prior consent - shall be considered public information. The body operating the registration system shall publish the data of persons registered during the year, which are considered public information, and any changes in such information on the website of the ministry directed by the minister in charge of taxation once a year, by 31 March of the year following the year in question, and shall make available to the public the data of all registered persons, which are considered public information, on the website of the body operating the registration system.

(4) The body operating the registration system shall retain the data of natural persons removed from the register for a period of ten years following the date when removed.

Special Provisions Pertaining to Specific Types of Taxes

Section 175/F¹⁰⁸⁴

(1) Where a municipal government introduces a new tax as provided for in Section 1/A, Chapter II and Point 1 of Chapter III of the LTA, the tax authority shall be entitled to levy the tax relying on data on record from the taxpayer's previous tax return, without the taxpayer having to file a new tax return.

(2) As regards the taxes provided for in Section 1/A, Chapter II and Point 1 of Chapter III of the LTA, the municipal government shall have powers to abolish on the basis of data obtained from the public register the taxpayer's obligation to pay tax, if this can be determined based on the above.

Section 176

(1) The provisions of this Act pertaining to local taxes shall be applied to the motor vehicle taxes payable on motor vehicles registered in Hungary with the following exceptions:

¹⁰⁸⁴ Enacted by Section 284 of Act XCIX of 2014, effective as of 1 January 2015.

a) the amount is determined and the tax is levied by the tax authority on the basis of the information supplied under Part G) of Schedule No. 3 to this Act. The notification requirement prescribed in connection with the registration procedure under Act LXXXIV of 1999 on the Registry of Motor Vehicles shall be treated as a declaration for the purposes of legal ramifications;

b)¹⁰⁸⁵ taxpayers shall notify the competent municipal tax authority within fifteen days if their tax liability is suspended, if they become eligible for tax exemption concerning the vehicle they own;

c) the tax shall be paid to a special account maintained by the municipal government for such purpose.

(2)¹⁰⁸⁶ Any taxpayer whose value added tax liability originates solely from the transfer of a building structure (part of a building) and the land on which it stands, or the transfer of a building plot (land parcel), the state tax authority shall establish the related tax liability in accordance with the Act on Value Added Tax (taxation by levy). The taxpayer shall report such transfer to the tax authority within thirty days of the date of sale determined according to the Act on Value Added Tax, using the standard form prescribed for this purpose. For legal aspects, the aforesaid notification shall be treated as a tax return.

(3)¹⁰⁸⁷ The taxation of incomes received from the lease of land (including land allotments) shall be the responsibility of the municipal tax authority responsible for the place where the land is located. All revenues therefrom shall be paid to and retained by the municipal government.

(4)¹⁰⁸⁸ Private individuals shall assess their income received from the lease of land, as described in Act CXVII of 1995 on Personal Income Tax, and shall declare and pay such to the municipal government responsible for the place where the land is located (self-assessment). Private individuals shall declare their income received from the lease of land on the prescribed form by 20 March of the year following the year in which such income is received. In respect of a private individual receiving income from the lease of land located within the area of competence of more than one municipal government, the tax shall be declared and paid separately to each municipal tax authority concerned. In respect of Budapest, the notary of the City of Budapest shall be understood as the municipal tax authority competent according to the location of the land.

(5)¹⁰⁸⁹ If the income from leasing land is received from a payer, the tax on such income shall be assessed, deducted, declared and paid by the payer. A payer shall not be subject to the obligation of tax assessment where the lease agreement concluded with the private individual is for a term covering the minimum duration for tax exemption.

¹⁰⁸⁵ Amended by Subsection (1) of Section 315 of Act CI of 2004.

¹⁰⁸⁶ Established by Subsection (7) of Section 263 of Act CXXVII of 2007, effective as of 1 January 2008.

¹⁰⁸⁷ Amended by Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

¹⁰⁸⁸ Amended by Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

¹⁰⁸⁹ Amended by Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

(6)¹⁰⁹⁰ By way of derogation from the provisions of Subsection (4), a private individual whose income from leasing land originates on the whole from a payer shall not be required to file a tax return if such payer has deducted the tax or if his income from leasing land is tax exempt.

(7)¹⁰⁹¹ If a private individual has any revenue or income from the lease of land from sources other than a payer, or the payer neglected to deduct the tax when paying such income, or if the payer has paid the rental fee in kind, such private individual shall pay the tax on the value of this in-kind payment by the 12th day of the month following the quarter in which the income was received.

(8) If a lease contract that was concluded for a term covering the minimum duration for tax exemption is terminated inside of such duration, on account of which tax liability arises, the private individual shall assess, declare and pay the tax according to the provisions set out in Subsection (4).

(9)¹⁰⁹² A payer shall pay the tax deducted from the income received from the lease of land to the municipal tax authority responsible for the place where the land in question is located by the 12th day of the month following payment. The payer shall file a tax return on deducted taxes with the municipal tax authority responsible for the place where the land is located by 25 February of the year following the tax year.

(10)¹⁰⁹³ If this Act prescribes any obligation in connection with personal income tax, it shall be paid by the payer and the employer, with the exceptions set out in Subsections (11) and (12), according to the provisions applicable.

(11)¹⁰⁹⁴ Employers and payers performing payroll accounting duties included in the sphere of the treasury pursuant to the PFA, or that fall under the scope of specific other legislation on the net financing of municipal governments and on the central payroll accounting system shall be obliged - from among the obligations this Act confers on employers and payers - to deduct, declare and pay taxes and tax advances on the accounted sums in the manner specified in the PFA and its implementing decrees.

(12)¹⁰⁹⁵ The employers and payers referred to in Subsection (11) shall disclose data to the state tax authority on the taxes (tax advances) on payments made when settling with the treasury pursuant to specific other legislation by the 20th day of the month following the month to which the settlement (payment) pertains.

(13) For the purposes of tax laws, with the exception of the Act on Excise Taxes and Special Regulations for the Marketing of Excise Goods, the classification system contained in

a) the Commercial Tariff Schedule (heading) in force on 31 July 2002,

¹⁰⁹⁰ Amended by Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

¹⁰⁹¹ Amended by Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

¹⁰⁹² Amended: by point 26 Section 154 of Act CXXII of 2010, by Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

¹⁰⁹³ Established: by paragraph (1) Section 107 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹⁰⁹⁴ Established by Section 71 of Act CXXXI of 2006, effective as of 1 January 2007.

¹⁰⁹⁵ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

b) the Register of Buildings (ÉJ) of the Központi Statisztikai Hivatal (Central Statistics Office) in force on 31 July 2002,

c) the List of Services (SZJ) of the Központi Statisztikai Hivatal (Central Statistics Office) in force on 30 September 2002 or, in all other cases, the classification system of the Központi Statisztikai Hivatal in force on 30 September 2002

shall, in the case of value added tax, be observed in regard to goods (building structures) and services indicated by reference. Any subsequent changes in the classification system shall have no bearing on tax liability.

(14)¹⁰⁹⁶

(15)¹⁰⁹⁷

(16)¹⁰⁹⁸ The private individual registered as a family estate farmer in the register maintained for this purpose on the last day of the tax year under the Arable Land Act and any member of the family of such private person who participates in the family homestead in a form other than employment shall meet his tax liabilities under the regulations pertaining to small-scale agricultural producers, unless prescribed by law to the contrary. Family farmers and their family members shall be required to enter the registration number of their family homestead on all documents in connection with their tax liabilities and on their declarations made in connection with any tax allowance or tax exemption granted by law.

Section 176/A¹⁰⁹⁹

(1) Taxpayers with tax numbers shall be entitled in direct consequence of the actions taken by Russia to destabilize the situation in the Ukraine to tax refund on their invested assets acquired (registered) before 28 February 2014, based on the expenditures shown for 2014, if such expenditures exceed one hundred thousand forints. The tax refund, having regard to Subsections (2)-(5) and (11), shall cover the expenditures not otherwise covered for 2014 (such as in particular by insurance settlement), however:

a) it may not exceed 5 billion forints, and

b) it may not exceed 50 per cent of the taxes paid (payable) for 2014 on the taxpayer's taxable business operations, which represent revenue to the central budget, such as corporate tax, simplified entrepreneurial tax, small business tax, special tax of financial institutions and credit institutions, as well as the income tax of suppliers of energy, the payment obligations set out in Subsections (1) and (2) of Section 36 of Act XCVIII of 2006 on the General Provisions Relating to the Reliable and Economically Feasible Supply of Medicinal Products and Medical Aids and on the Distribution of Medicinal Products, furthermore, entrepreneurial income tax,

¹⁰⁹⁶ Repealed: by point 6 paragraph (1) Section 36 of Act XC of 2010. No longer in force: as of 16. 08. 2010.

¹⁰⁹⁷ Repealed by Section 180 of Act CXXXI of 2006, effective as of 1 January 2007.

¹⁰⁹⁸ Former last sentence repealed by Subsection (1) of Section 66 of Act XXVI of 2005. Amended by Paragraph c) of Subsection (1) of Section 136 of Act CCXII of 2013.

¹⁰⁹⁹ Established by Section 218 of Act LXXIV of 2014, effective as of 27 November 2014.

entrepreneurial flat-rate tax and personal income tax on income from small-scale agricultural activities.

(2) The expenditures referred to in Subsection (1) shall be based on the economic events described below, if they occurred in direct consequence of the actions taken by Russia to destabilize the situation in the Ukraine:

a) special amortization, derecognition of tangible assets carried out in consequence of such assets being damaged or destroyed between 28 February and 31 March 2014;

b) depreciation, derecognition of securities issued by an issuer established in the Ukraine;

c) depreciation, derecognition of receivables due from a debtor established in the Ukraine, if executed in a private document representing conclusive evidence or in an authentic instrument;

d) depreciation, derecognition of equity securities held by the taxpayer in its affiliated company established in the Ukraine;

e) special amortization, derecognition of goodwill shown for the investment provided for in Paragraph *d*).

(3) The burden of proof for demonstrating the causal link referred to in Subsections (1)-(2) lies with the taxpayer. Remedying deficiencies in the procedure shall be permitted on one occasion only.

(4) Tax refund shall be established by the state tax authority on the basis of the taxpayer's application submitted in writing by 31 December 2014. No application for continuation shall be accepted if the application is submitted beyond the deadline, furthermore, the application submitted may not be amended if it results in a higher amount of tax refund. The application shall contain the taxpayer's name, registered address and tax number, and the amount of tax refund requested. Documents underlying the amount of the tax refund, in accordance with the relevant provisions of the Accounting Act, shall be enclosed with the application.

(5) The tax refund shall be payable subject to European Commission's decision granting approval for the provision outlined in Subsection (1). The minister in charge of taxation shall confirm the date of the decision adopted by the European Commission by means of a resolution published in the Magyar Közlöny immediately upon receipt thereof. The administrative time limit for the tax refund procedure shall commence on the day following the date of publication of the minister's resolution, at the earliest on the day following the deadline prescribed for the submission of tax returns for the taxes covered in Paragraph *b*) of Subsection (1). If the European Commission refuses to grant approval for the provision outlined in Subsection (1), the state tax authority shall terminate the tax refund procedure within ten days following the date of publication of the minister's resolution, without any examination as to substance.

(6) The tax authority shall record the amount of tax refund due to the taxpayer on a special account. From this account funds shall not be disbursed, they may only be transferred to another account.

(7) If the expenditure underlying the tax refund requested is compensated from other sources (accounted for reasons other than the tax refund), such as in particular the reversal of depreciation, special amortization on which the tax refund is based, by 31 December 2020 due to any change taking place after the date of submission of the application, at the latest by the date of the taxpayer's termination, the taxpayer shall no longer be entitled to tax refund for the compensated part of the expenditure from the effective date of such change, or if the change takes effect upon the approval of the taxpayer's financial statement drawn up according to the Accounting Act, from the date of approval of such financial statement. In that case the taxpayer shall submit a supplementary request for the application for tax refund, and shall execute his repayment obligation without delay, if applicable. The taxpayer shall apply this provision mutatis

mutandis if the amount of the taxes covered in Paragraph *b*) of Subsection (1), on which the tax refund is based, is reduced upon self-revision, if such reduction also carries the reduction of the amount of tax refund that is due to the taxpayer.

(8) The taxpayer shall maintain separate records so as to facilitate compliance with tax obligations relating to tax refunds, and for the control of such compliance.

(9) The tax penalty that may be imposed in connection tax with refunds shall cover 100 per cent of the tax debt. As regards the legal effects relating to any infringement involving tax refund, the taxpayer's affiliated companies shall be jointly and severally liable with the taxpayer.

(10) The tax refund provided for in Subsection (1) involves State aid within the meaning of Article 107(2)*b*) of the Treaty.

(11) The total amount of tax refunds available to all taxpayers entitled to tax refund collectively may not exceed 15 billion forints. If the amount of all tax refunds lawfully requested by taxpayers in accordance with Subsections (1)-(5) collectively exceeds 15 billion forints, each taxpayer shall be entitled to tax refund in an amount in the proportion the taxpayer's lawful claim represents in all of the lawful claims presented.

Requirements Relating to Receipt Terminals and Cash Registers and Taximeters Capable of Providing Cash Receipts and/or Invoices¹¹⁰⁰

Section 176/B¹¹⁰¹

(1) Receipts suitable for identification for tax administration purposes in accordance with the relevant legislation may be issued by any cash register or taximeter, the marketing of which has been authorized and which has been installed in accordance with the relevant legislation.

(2) The issue, amendment and extension of marketing authorization is subject to payment of an administrative service fee specified by the relevant legislation.

(3) The state tax authority shall disclose to the licensing authority data classified as tax secrets, which are necessary for the authorization procedure.

(4) The licensing authority shall display on its website on a regular basis:

a) the denomination and type of cash registers and taximeters with valid marketing authorization, the date and number of the authorization, and the name and address of the distributor;

b) the numbers of withdrawn authorizations, the date of withdrawal, including the reason, the denomination of the cash register or taximeter affected, and the name and address of the distributor of such cash register or taximeter;

c) the marketing authorization numbers which have become invalid due to the dissolution of the distributor without succession, including the date of invalidity;

d) in the event of the distributor's dissolution with succession, the name and address of the predecessor and the successor, the type of cash register and taximeter involved, and the marketing authorization number and the date of transfer of the marketing authorization.

Section 176/C¹¹⁰²

¹¹⁰⁰ Enacted: by paragraph (9) Section 43 of Act CCVIII of 2012. In force: as of 1. 01. 2013.

¹¹⁰¹ Enacted: by paragraph (9) Section 43 of Act CCVIII of 2012. In force: as of 1. 01. 2013.

(1) After-sales service of cash registers and taximeters may be provided exclusively by service contractors, carried out by a certified technician holding a seal.

(2) The state tax authority shall publish on its website on a regular basis the list of service contractors registered or deleted, and the particulars of valid and invalid technician's certificates and seals.

Section 176/D¹¹⁰³

(1) Service contractor means a private entrepreneur or an organization listed in the register of service contractors maintained by the state tax authority.

(2) A private entrepreneur or an organization may apply to the state tax authority for admission into the register of service contractors if:

a) it has no delinquent tax owed, as shown in the state tax authority's records, in excess of ten million forints on the aggregate, less any overpayment (hereinafter referred to as "net"), for a period of one hundred and eighty consecutive days, or net one million forints in the case of private entrepreneurs;

b) able to meet the requirement of distinguished labor relations;

c) it has properly notified the pursuit of such activity to the state tax authority.

(3) Additionally, a private entrepreneur may be registered if he is not restrained by court order from practicing the profession of servicing, and if not employed by another service contractor.

Section 176/E¹¹⁰⁴

(1) The technician's certificate is issued by the state tax authority in authorization for servicing cash registers and taximeters.

(2) A technician's certificate may be issued to a person (technician):

a) who is not restrained by court order from practicing the profession of servicing, and

b) who is employed by a registered service contractor or registered as a private service contractor,

and who is not employed by another service contractor.

(3) The technician's certificate is the property of the state tax authority.

Section 176/F¹¹⁰⁵

(1)¹¹⁰⁶ The statutory requirements related to the marketing, operation and servicing of cash registers and taximeters shall be monitored by the state tax and customs authority during the period to which the obligations pertain, until the end of the fifth calendar year thereafter.

¹¹⁰² Enacted: by paragraph (9) Section 43 of Act CCVIII of 2012. In force: as of 1. 01. 2013.

¹¹⁰³ Enacted: by paragraph (9) Section 43 of Act CCVIII of 2012. In force: as of 1. 01. 2013.

¹¹⁰⁴ Enacted: by paragraph (9) Section 43 of Act CCVIII of 2012. In force: as of 1. 01. 2013.

¹¹⁰⁵ Enacted: by paragraph (9) Section 43 of Act CCVIII of 2012. In force: as of 1. 01. 2013.

¹¹⁰⁶ Amended by Point 26 of Section 225 of Act LXXIV of 2014.

(2)¹¹⁰⁷ In the process of control of the operation of cash registers - if there is any evidence as to the unavailability of the electronic communications network - the state tax and customs authority may request the Nemzeti Média- és Hírközlési Hatóság (*National Media and Infocommunications Authority*) to render an expert opinion regarding the accessibility of the electronic communications network.

(3)¹¹⁰⁸ In the course of inspection of an operator, distributor or service contractor in accordance with Subsection (1), the state tax and customs authority shall be entitled to seize any cash register or taximeter for up to fifteen days, for which it shall issue an acknowledgment of receipt, if the inspection reveals any evidence of fraud committed with the cash register or taximeter in question, and there is no other way to clarify the facts. The state tax and customs authority shall surrender the seized cash register or taximeter to the licensing authority referred to in Section 176/B to determine whether the cash register or taximeter meets the requirements set out by the relevant legislation (hereinafter referred to as “verification”). During the period of seizure, the taxpayer shall satisfy the obligation to issue receipts using another cash register or taximeter used for issuing receipts suitable for identification for tax administration purposes in accordance with the relevant legislation, if available, or in the absence of such, by issuing receipts manually.

(4)¹¹⁰⁹ Subsection (3) shall apply if, in the course of supervising the operation of a cash register or taximeter through means of communication specified by law, the state tax and customs authority detects any evidence of fraud committed with the cash register or taximeter in question, and if there is no other way to clarify the facts.

(5)¹¹¹⁰ If the verification process reveals that the cash register or taximeter fails to satisfy the requirements set out by the relevant legislation, and this has an impact on taxation-related functions and the discrepancy found cannot be remedied, or the party ordered to remedy such discrepancies fails to do so, the licensing authority referred to in Section 176/B shall prescribe by way of a resolution the obligation of having to surrender the cash register or taximeter to the licensing authority referred to in Section 176/B. The licensing authority referred to in Section 176/B shall eliminate the cash register or taximeter surrendered, and shall notify the state tax and customs authority thereof.

Official Prices for Services Relating to Data Disclosures by way of Direct Access Data Retrieval in Accordance with the Act on Value Added Tax¹¹¹¹

Section 176/G¹¹¹²

¹¹⁰⁷ Amended by Point 27 of Section 225 of Act LXXIV of 2014.

¹¹⁰⁸ Amended by Point 28 of Section 225 of Act LXXIV of 2014.

¹¹⁰⁹ Amended by Point 29 of Section 225 of Act LXXIV of 2014.

¹¹¹⁰ Amended by Point 30 of Section 225 of Act LXXIV of 2014.

¹¹¹¹ Enacted: by Section 185 of Act CC of 2013. In force: as of 30. 11. 2013.

¹¹¹² Enacted: by Section 185 of Act CC of 2013. In force: as of 30. 11. 2013.

(1) In the application of this subtitle, official price means the price of all services provided to operators where the obligation of issuing receipts under the Act on Value Added Tax is satisfied in printed form, under the obligation of data disclosure by way of direct access data retrieval.

(2) In the application of this subtitle and Subsection (30) of Section 175, operator means:

a) the person required to use a cash register under specific other legislation, or

b) any person who uses a cash register on his own volition, even though he is not required to do so under specific other legislation.

Section 176/H¹¹¹³

(1)¹¹¹⁴ The official price shall be construed as the maximum price.

(2) Official prices may be determined on an individual basis, or under the provisions pertaining to the calculation of official prices.

(3) Official prices shall be established by the minister in charge of taxation together with the relevant conditions for their application.

(4) Official prices shall be determined ex officio.

(5)¹¹¹⁵ Official prices and the relevant conditions for their application shall be promulgated by the Minister in a decree. The regulation for setting official prices shall specify the effective date of the official price. Official prices shall also apply to contracts which have already been concluded.

(6)¹¹¹⁶ The official price shall be calculated to allow a return on the investment to cover the operating expenses of an operator who functions effectively, and a profit for sustainable operation, taking into consideration any deductions and subsidies as well.

(7)¹¹¹⁷ No price other than the official price may be fixed in a contract validly. The official price shall also apply if the parties unlawfully agreed upon a different price in violation of the relevant legislation on regulated prices.

(8)¹¹¹⁸ In the event of any change in the official price following signature of the contract, the new official price shall be automatically incorporated into the contract.

¹¹¹³ Enacted: by Section 185 of Act CC of 2013. In force: as of 30. 11. 2013.

¹¹¹⁴ Established by Section 219 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹¹⁵ Established by Subsection (2) of Section 181 of Act CCXXXVI of 2013, effective as of 26 December 2013.

¹¹¹⁶ Established by Subsection (2) of Section 181 of Act CCXXXVI of 2013, effective as of 26 December 2013.

¹¹¹⁷ Established by Subsection (2) of Section 181 of Act CCXXXVI of 2013, effective as of 26 December 2013.

¹¹¹⁸ Established by Subsection (2) of Section 181 of Act CCXXXVI of 2013, effective as of 26 December 2013.

(9) If the official price is abolished between the time when the contract is signed and performed, the contract shall be performed at the price stipulated, unless otherwise prescribed by law.

(10) The Nemzeti Média- és Hírközlési Hatóság (*National Media and Infocommunications Authority*) shall monitor compliance with the provisions relating to official prices. In the event of any infringement of the provisions on official prices, the Nemzeti Média- és Hírközlési Hatóság shall, by way of a resolution:

a) order the operator in question to cease any further use of the unlawful prices and to apply lawful price; and

b) order the operator in question to refund any extra income obtained by way of infringement of the provisions on official prices to the aggrieved party, or if such party cannot be identified, to the State;

c) impose a financial penalty upon the operator who violated the provisions on official prices.

(11) The financial penalty referred to in Paragraph c) of Subsection (10) shall be imposed at least in the amount of the financial advantage acquired by the infringement, and may not exceed double of the financial advantage acquired by the infringement.

(12) The proceedings of the Nemzeti Média- és Hírközlési Hatóság provided for in Subsection (10) shall be governed by the relevant provisions of the Act on the General Rules of Administrative Proceedings.

Special Provisions on the Repayment of Student Loans

Section 177

(1) At the request of the Diákhitel Központ Rt. (Student Loan Center) containing the tax identification number of the private individual having an outstanding student loan, the state tax authority shall disclose by 31 October of the following year the income this private individual received during the tax year that constitutes the basis of his repayment obligation.

(2)¹¹¹⁹ When a private individual has defaulted on a student loan, the state tax authority, at the request of the Diákhitel Központ Zrt. (*Student Loan Center*), shall collect such debt as if it were a tax. The Diákhitel Központ Zrt. shall enclose with the request for collection a copy of the notice requesting payment sent to the private individual in question with sufficient proof of delivery. If the state tax authority is unable to recover the full amount owed to the Diákhitel Központ, and the conditions for enforcing such claims in civil proceedings apply, the Diákhitel Központ may bring civil action upon receipt of notice from the state tax authority as referred to in Subsection (5) of Section 161.

(3) If there is any difference between the debtor's data contained in the state tax authority's records and those that are indicated in the request, the Diákhitel Központ Rt. (Student Loan Center) and the state tax authority shall cross-reference their respective data. Should this procedure fail, the Diákhitel Központ Rt. shall contact the private individual in question to clarify the matter.

¹¹¹⁹ Established: by Section 289 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

Transfer of the Tax Authority's Claims Against Organizations Undergoing Liquidation¹¹²⁰

*Section 177/A*¹¹²¹

The state tax authority shall have powers to assign to MKK Magyar Követeléskezelő Zártkörűen Működő Részvénytársaság (*Hungarian Claim Management Private Limited Company*) (hereinafter referred to as "MKK Zrt.") the claims it has against organizations undergoing liquidation, and which are due to the central budget, extra-budgetary funds, to the Pension Insurance Fund and the Health Insurance Fund. MKK Zrt. shall have the right to transfer the claims entrusted to it under this provision. The detailed conditions for the transfer of claims shall be governed by an agreement concluded between the state tax authority and MKK Zrt. The provisions of the Civil Code on assignment shall apply *mutatis mutandis* to transfers carried out under this Section. Any claim that may be drawn on the strength of law or under contractual relationship on any claim against the Hungarian State and its institutions or one-man companies may not be transferred.

*Section 177/B*¹¹²²

Interpretative Provisions

Section 178

For the purposes of this Act and - unless otherwise prescribed by law - other legislation on taxes:

- ¹¹²³ 'tax identification number' shall mean a tax number, group identification number, Community tax number, and the tax identification code of private individuals;
- 'tax year' shall mean the calendar year to which tax liability pertains and, as regards taxes and similar liabilities shown in the report prescribed by the Accounting Act, a financial year as defined in the Accounting Act;
- ¹¹²⁴ 'tax difference' shall mean the difference between the amount of tax or central subsidy, whether or not declared (reported), and the amount assessed on the basis of a tax return

¹¹²⁰ Enacted by Subsection (2) of Section 85 of Act CIX of 2006, effective as of 1 January 2007.

¹¹²¹ Established by Subsection (2) of Section 155 of Act CCLII of 2013, effective as of 15 March 2014.

¹¹²² Repealed with preceding subtitle: by point 23 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

¹¹²³ Established by Subsection (8) of Section 263 of Act CXXVII of 2007, effective as of 16 November 2007. The legal consequences pertaining to the operative status of the resolutions authorizing group taxation arrangements, that became operative before 1 January 2008, shall apply as of 1 January 2008. See also Subsection (4) of Section 269 of Act CXXVII of 2007.

¹¹²⁴ Established by Subsection (1) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

(declaration) and subsequently levied by the tax authority, or any loss in tax revenues as established in criminal proceedings, and declared by the tax authority payable by way of a resolution adopted on the basis of a final court ruling or a final decision of the public prosecutor's office, including other financial losses and central subsidies received without eligibility, but excluding the difference of any claim that can be carried over to the next period;

4.¹¹²⁵ 'tax debt' shall mean the amount of tax unpaid when due and central subsidies received without eligibility; the net amount of the tax debt owed to the tax authority according to its records shall be reduced by any overpayment of record at the same tax authority in proceedings for the issue of tax certificates, and also where claiming a specific allowance is rendered conditional by law for the taxpayer to have no outstanding tax debts owed to the tax authority;

5. 'tax capacity' shall mean the yearly average of a taxpayer's gross tax liabilities on the aggregate (including central subsidies, tax allowances and tax relief) within the term of limitation; it shall also include the amount of value added tax payable or the amount charged and deductible, whichever is greater in terms of absolute value;

6. 'tax matter' shall mean official business pertaining to taxes and central subsidies;

7.¹¹²⁶ 'permanent residence' shall mean the place of abode of a private individual established and used for permanent habitation. Any extended stay of the private individual abroad on a temporary basis, or if held in pre-trial detention or is serving a term of imprisonment shall not be treated as a change of permanent residence;

8.¹¹²⁷ 'non-registered employee' shall mean a private individual who personally participates in the taxpayer's business operations, in connection with whom the employer or payer failed to comply with the obligation of registration as required under this Act, or the payer or employer is unable to prove that the relationship of this person is not required to be registered;

9.¹¹²⁸ 'other organization' shall mean sole proprietorships, societies, civil law companies, condominium associations, resort condominiums, common garages, building societies, and all other associations of persons without legal personality;

10.¹¹²⁹ "pre-company" shall mean the form of operation of a business association, branch, grouping, cooperative society, forest management association, water management organization during a period that commences when the articles of incorporation (deed of foundation, statutes, deed of partnership) is signed, sealed and notarized and ending when the entity is entered into the register of companies or when the application for registration is rejected by final decision or if the

¹¹²⁵ Established by Subsection (1) of Section 136 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹¹²⁶ Established by Subsection (2) of Section 136 of Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹¹²⁷ Established by Section 130 of Act LXI of 2006, effective as of 1 January 2007. As regards application see Subsection (10) of Section 238 of Act LXI of 2006.

¹¹²⁸ Established by paragraph (12) Section 76 of Act CXV of 2009. Amended by Paragraph c) of Subsection (4) of Section 155 of Act CCLII of 2013.

¹¹²⁹ Amended: by point 26 Section 367 of Act IV of 2006. In force: as of 01. 07. 2009. Amended: by subparagraph l) paragraph (1) Section 225 of Act LXXXI of 2008. In force: as of 01. 01. 2009.

registration procedure is terminated, provided that the application for registration has been submitted subsequent entry into force of Act CXLV of 1997 on the Register of Companies, Public Company Information and Court Registration Proceedings;

11. 'branch' shall mean the branch defined in the Act on Hungarian Branches and Commercial Representative Offices of Foreign-Registered Companies;

12. 'erroneous tax return' shall mean a tax return that is subject to correction under Section 34, or when an error in the tax return that does not result in any tax arrears is detected by the tax authority;

13. 'goods of unverified origin' shall mean any merchandise and material for which the taxpayer is unable, at the time of audit, to produce an authentic document of origin or an instrument to substantiate such document;

14.¹¹³⁰ 'written instrument' shall mean the accounting documents prescribed in the relevant legislation, the books and records prescribed by the relevant legislation on accounting as well as plans, designs, contracts, correspondence, statements, protocols and minutes, resolutions (rulings), invoices, and other excerpts, verifications, certificates, authentic instruments and private documents, irrespective of their appearance;

15.¹¹³¹ 'compulsory contribution' shall mean pension contributions, health insurance contributions and labor market contributions paid by the insured persons (including health insurance contributions provided in kind and monetary health insurance contributions and labor market contributions), health services contributions, sick-pay contributions, moreover, in respect of judicial enforcement, other social security benefits received without eligibility and therefore reclaimed and other benefits provided by the social security system as well as other statutory contributions payable to the social security system, including cost reimbursements paid by payers without legal grounds;

16.¹¹³² 'future transaction' shall mean a contract or other transaction concluded following submission of an application for having the fair market value determined, or a contract or other transaction concluded following submission of an application for provisional tax assessment which involve the same parties, irrespective of the economic objective thereof. Future transaction shall also mean any contract or transaction that is being continuously executed at the time the application for provisional tax assessment or for establishing fair market value is submitted, or subsequently, irrespective of whether the contract or other transaction was concluded before the application was submitted. Continuous supply means that the contract or transaction is concluded or entered into for a minimum term of six months, and

- a) under which at least one delivery takes place every other month, or
- b) under which one of the parties maintain specific credit facilities in favor of the other party during the life of the contract, or
- c) that contains the requirement of continuous availability for either of the parties.

¹¹³⁰ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005. Amended: by point 59 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹¹³¹ Established by Section 109 of Act LXXVII of 2009. Amended by point 24 paragraph (1) Section 361 of Act CLVI of 2011, Point 2 of Subsection (1) of Section 289 of Act XCIX of 2014.

¹¹³² Established: by paragraph (1) Section 290 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

17.¹¹³³ ‘affiliated company’ shall mean:

a) the taxpayer and the person in which the taxpayer has a majority control - whether directly or indirectly - according to the provisions of the Civil Code,

b) the taxpayer and the person that has majority control in the taxpayer - whether directly or indirectly - according to the provisions of the Civil Code,

c) the taxpayer and another person if a third party has majority control in both the taxpayer and such other person - whether directly or indirectly - according to the provisions of the Civil Code, where any close relative holding a majority control in the taxpayer and the other person shall be recognized as third parties,

d) a nonresident entrepreneur and its domestic place of business and the business establishments of the nonresident entrepreneur, furthermore, the domestic place of business of a nonresident entrepreneur and the person who maintains the relationship defined under Paragraphs a)-c) with the nonresident entrepreneur,

e) the taxpayer and its foreign branch, and the taxpayer’s foreign branch and the person who maintains the relationship defined under Paragraphs a)-c) with the taxpayer,

f)¹¹³⁴ the taxpayer and other person if between them dominating influence is exercised relating to business and financial policy having regard to the equivalence of management;

18.¹¹³⁵ ‘payer’ shall mean a resident legal person, other organization, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, payer shall mean the person who pays any interest income to any private individual according to the Personal Income Tax Act, the borrower of a loan or the issuer of a bond, in respect of dividends, payer shall mean the taxpayer from whose assets such dividends are paid. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, payer shall mean such stockbroker (consignee). In respect of income that is earned in a foreign country and taxable in Hungary, payer shall mean the person (legal person, other organization, or private entrepreneur) commissioned in Hungary, exclusive of transaction orders given to a credit institution solely for the performance of a transfer (payment). In respect of any taxable payment made by a nonresident company through its branch or commercial representation, such branch or commercial representation shall be considered a payer. Organizations engaged in economic activities in Hungary whose activities do not require company registration and organizations unlawfully engaged in activities that require registration shall also be construed as payers. The payer of a taxable social security benefit shall be the person that physically makes the payment to the beneficiary. In respect of taxable winnings, payer shall mean the gambling operator, irrespective of whether such taxable winnings are disbursed directly to the private individual or through an intermediary. The employer referred to in Paragraph a) of Section 4 of the SPA, other

¹¹³³ Established by paragraph (2) Section 64 of Act CXVI of 2009. Amended by Paragraph i) of Subsection (3) of Section 155 of Act CCLII of 2013.

¹¹³⁴ Enacted by Subsection (2) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹³⁵ Second sentence amended by Subsection (7) of Section 238 of Act LXI of 2006. One before last sentence amended by Subsection (2) of Section 238 of Act LXI of 2006. Amended: by point 27 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 60 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

than the nonresident companies referred to in Section 56/A of the SPA, shall also be construed a payer. Where payment is made from a deposit account, the authorities, investigative authorities, courts, attorneys, notaries public and court bailiffs shall not be construed as payers;

19.¹¹³⁶ ‘close relative’ shall mean the person defined as such in the Civil Code;

20. ‘outstanding public dues’ shall mean the payment obligations prescribed by law to provide revenues for the central budget from which to finance public expenditures, the assessment, control and collection of which falls within the jurisdiction of courts or administrative agencies, also the payment obligations prescribed by law for funding the operation of public bodies if not affected voluntarily by its due date. A payment ordered by a competent agency to repay a central subsidy, with interest, received without proper entitlement from any sub-system of the central budget shall also be construed as outstanding public dues if it is not repaid by the person affected by the prescribed deadline. In respect of such debts, the state tax authority shall exercise its right to retain central subsidies if so requested by the agency ordering repayment;

21. ‘place of abode’ shall mean any confined area that is used by a person for residential purposes or that is apparently treated as such by a person;

22.¹¹³⁷ ‘employment relationship’ shall mean the relationship defined as such in the Labor Code and all other legal relationships created for the performance of work that also fall within the scope of the Labor Code as prescribed in specific other legislation, as well as all other work-related legal relationships that are governed by other legislation. Professional and contracted members of the Hungarian Armed Forces, law enforcement organizations, and ecclesiastical personnel shall also be construed as being in an employment relationship;

23.¹¹³⁸ ‘employer’ shall mean any legal person, registered company, association of persons, and any other organization having a registered office, business establishment or representation in Hungary, any private entrepreneur or partnership, including private individuals with a place of abode in Hungary, as well as the employer referred to in Paragraph *a*) of Section 4 of the SPA - other than the nonresident companies referred to in Section 56/A of the SPA - relating to the employees in his employment. In connection with employment relationships concluded with several employers, the employer designated in writing at the time of entry into the employment relationship for the fulfillment of tax obligations shall be recognized as the employer. Any change in the person of the designated employer shall be treated as the transfer of employment contracts within the meaning of this Act and other legislation on taxes;

24. ‘perishable foodstuff’ shall mean products that are easily perishable and have an expiration date specified in compliance with the decree implementing the Act on Foods and the Act on Animal Health;

25.¹¹³⁹ ‘registered office’ shall mean, unless prescribed otherwise, the place indicated as such in the articles of association of a legal person and in the register of companies or, if no such place is indicated or if there is more than one, the principal place of business administration. Where

¹¹³⁶ Amended by Paragraph j) of Subsection (3) of Section 155 of Act CCLII of 2013.

¹¹³⁷ Amended by Paragraph h) of Section 155 of Act CXXXI of 2006, and by Section 411 of Act CXXVI of 2007.

¹¹³⁸ Established: by paragraph (5) Section 52 of Act LXXXVI of 2012. In force: as of 1. 07. 2012.

¹¹³⁹ Established by Subsection (2) of Section 227 of Act CI of 2004, effective as of 1 January 2005.

residence for tax purposes is determined under international agreement according to where the place of management is located, for the purposes of this Act the place of management of a foreign person who is treated as a resident taxpayer according to this concept shall be treated as a registered office;

26.¹¹⁴⁰ ‘place of residence’ shall mean the place at which a private individual spends at least 183 days in the territory of Hungary in a calendar year, including the day of entry and the day of exit;

27. ‘business establishment’ shall mean the place where taxable activities are conducted, including in particular any permanent business (commerce), production and service location, whether or not situated within the same administrative limits as the registered office of the enterprise;

28. ‘business operations’ shall mean for-profit economic activities performed by a private individual, legal person or other organization in his (its) own name and on his (its) own account;

29.¹¹⁴¹ ‘entrepreneur’ shall mean any private individual who is engaged in the pursuit of private entrepreneurial activities according to the Act on Private Entrepreneurs in the internal market in his own name and on his own account and is listed in the register of private entrepreneur, as well as any private individual whose activity is construed as business operations by law, or a legal person or other organization that is engaged in for-profit economic activities on a regular basis;

30.¹¹⁴² ‘de minimis aid’ shall mean aid provided under Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1);

31.¹¹⁴³ ‘qualified taxpayer’ shall mean any person who has been engaged in entrepreneurial activities for three consecutive years prior to the date of submission of the application for registration in the register of qualified taxpayers, and within the term of limitation preceding the date of submission in which the state tax authority did not establish any delinquent taxes outstanding and did not open an enforcement procedure against him, did not go into or is not undergoing bankruptcy or liquidation, or compulsory winding-up or involuntary de-registration proceedings, and the taxpayer applied for payment allowance or tax abatement on not more than two occasions within the same calendar year. The state tax authority shall, at the request of the qualified taxpayer, enter his name in the register established and published for this purpose. If the taxpayer fails to comply with any of the applicable criteria following registration, the tax authority shall remove the taxpayer from the register;

32.¹¹⁴⁴ ‘register of taxpayers free of tax debt obligations’ shall mean a register published on the website of the state tax authority, containing the name, corporate name and tax identification

¹¹⁴⁰ Amended: by point 62 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹¹⁴¹ Established: by paragraph (13) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

¹¹⁴² Established by Subsection (3) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹⁴³ Established: by paragraph (2) Section 290 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹¹⁴⁴ Established by Subsection (11) of Section 18 of Act LXXXII of 2008, effective as of 1 January 2009. See Subsection (7) of Section 32 of Act LXXXII of 2008.

number of the taxpayers listed, provided that all of the following conditions are satisfied, that is to say that:¹¹⁴⁵

a) the taxpayer has no net tax debt or any other outstanding public dues of record with the state tax authority or the customs authority on the last day of the month preceding the time of publication,

b) the taxpayer has no tax debt registered as irrecoverable that did not yet lapse,

c) the taxpayer has supplied a special statement of having satisfied all declaration and payment obligations by the last day of the month preceding the month when the register is published,

d) the taxpayer's tax number is not suspended,

e) the taxpayer is not adjudicated in bankruptcy or liquidation proceedings and is not engaged in winding-up proceedings,

f) the taxpayer has no outstanding value added tax liability in the case of group taxation arrangement,

g) the taxpayer is not treated as a person liable for payment of tax;

33.¹¹⁴⁶ 'critical conditions' shall mean any hypothesis, preliminary calculations, threshold limits and attributes fixed in connection with establishing the fair market value for future considerations in terms of financial, accounting, economic, legal and operational aspects, which are considered significant from the standpoint of reliability of the fair market value, and, if not satisfied, the resolution shall cease to apply. Critical conditions are to be determined as consistent with the unique features of the case on hand;

34.¹¹⁴⁷ 'commercial relations' shall mean the purchase and sale of goods - including the importation of goods underlying the exemption in connection with the intra-Community supply of exempted goods in accordance with the Act on Value Added Tax - and services supplied or received;

35.¹¹⁴⁸ 'place of effective management' shall mean principal place of business management, place of effective management in the application of the legislation on the promulgation of the treaty on double taxation and the Act on Corporate Tax and Dividend Tax;

36.¹¹⁴⁹ 'research and development activities' shall have the same meaning as defined in the Act on Scientific Research, Development and Innovations;

37.¹¹⁵⁰ 'civil society organization' shall mean - within the meaning of this Act - an organization listed in the register of organizations not recognized as civil and other companies under the Act on the Registration of Civil Society Organizations and on the Related Procedural Regulations, not including the organizational divisions of such civil society organizations recognized as independent legal entities;

¹¹⁴⁵ Amended: by point 33 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹¹⁴⁶ Enacted by Subsection (2) of Section 72 of Act CXXXI of 2006, effective as of 1 January 2007.

¹¹⁴⁷ Enacted: by Section 57 of Act CX of 2009. In force: as of 21. 11. 2009.

¹¹⁴⁸ Enacted: by paragraph (2) Section 356 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹¹⁴⁹ Established by Subsection (4) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹⁵⁰ Enacted: by paragraph (9) Section 117 of Act CLXXXI of 2011. In force: as of 1. 01. 2013. Shall enter into force with the text established: by Section 385 of Act CLXXVIII of 2012.

38-39.¹¹⁵¹

40.¹¹⁵² ‘trust fund’ shall mean the assets managed under a fiduciary asset management contract as provided for in the Civil Code;

41.¹¹⁵³ ‘difference of a claim that can be carried over to the next period’ shall mean the difference between the sum declared under Paragraph *a*) of Subsection (2) of Section 153/A of the VAT Act as a deduction from the total amount of VAT due for the next tax period and the sum subsequently established by the tax authority as a deduction from the total amount of VAT due for next tax period that has no effect on the taxpayer’s tax account;

42.¹¹⁵⁴ ‘EKAER number’ shall mean an identification number assigned following notification of the public road transportation of a product by automated process in the Elektronikus Közúti Áruforgalom Ellenőrző Rendszer (*Electronic Public Road Transportation Control System*) (EKAER) intended to identify a unit of a given product;

43-47.¹¹⁵⁵

48.¹¹⁵⁶ ‘motor vehicle subject to toll charges’ shall mean a motor vehicle that is subject to toll charges under the Act on the Fees Charged for the Use of Tolloed Motorways, Main Highways and Regular Highways Based on the Distance Traveled;

49.¹¹⁵⁷ ‘motor vehicle’ shall mean a motor vehicle subject to toll charges and any means of transport with less weight, covering trucks, lorries - including semi-trailers - and combinations of vehicles comprised of trailers and semi-trailers;

50.¹¹⁵⁸ ‘Elektronikus Közúti Áruforgalom Ellenőrző Rendszer (EKAER)’ shall mean an electronic system operated by the state tax and customs authority, intended to monitor compliance with tax obligations arising in connection with the transportation of goods on public roads from any Member State of the European Union to the territory of Hungary, or from the territory of Hungary to any Member State of the European Union, or within the framework of internal trade inside the territory of Hungary;

51.¹¹⁵⁹

Costs of Proceedings

¹¹⁵¹ Repealed: by point 10 Section 190 of Act CC of 2013. No longer in force: as of 1. 01. 2014.

¹¹⁵² Enacted by Subsection (4) of Section 63 of Act XV of 2014, effective as of 15 March 2014.

¹¹⁵³ Enacted by Subsection (5) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹⁵⁴ Enacted by Subsection (5) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹⁵⁵ Repealed by Point 1 of Section 6 of Act I of 2015, effective as of 1 March 2015.

¹¹⁵⁶ Enacted by Subsection (5) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹⁵⁷ Enacted by Subsection (5) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹⁵⁸ Enacted by Subsection (5) of Section 220 of Act LXXIV of 2014, effective as of 1 January 2015.

¹¹⁵⁹ Repealed by Point 1 of Section 6 of Act I of 2015, effective as of 1 March 2015.

Section 179

(1) Unless otherwise provided for by law, the costs of taxation and tax administration proceedings shall be borne by the state and the municipal governments with the exception of the costs of transport and safekeeping of articles confiscated and the costs of judicial enforcement.

(2) If a taxpayer has acted in bad faith in the course of a proceeding and thereby caused additional costs on the part of the state or a municipal government, such extra costs shall be paid by the taxpayer. Burden of proof of bad faith lies with the tax authority.

(3) The taxpayer's costs shall be borne by the taxpayer.

(4)¹¹⁶⁰ The tax authority shall provide for the costs described in Subsections (1) and (2) by resolution (ruling).

Official Public Registers of the State Tax and Customs Authority¹¹⁶¹

*Section 179/A*¹¹⁶²

The state tax authority shall maintain official public registers as regards the data defined in Subsection (5) of Section 7, Subsections (3), (4) and (11) of Section 16, Subsections (5), (10)-(12) and (17) of Section 17, Subsections (1) and (6) of Section 20, Subsection (2) of Section 20/A, Subsections (1), (4) and (5) of Section 22, Subsection (1) of Section 22/A, Subsection (5) of Section 54, Subsections (4)-(6) of Section 55 and Section 55/A, and the registers referred to in Subsection (1) of Section 24, Subsection (1) of Section 43, Subsection (6) of Section 54, Sections 176/C-176/E, and in Points 31 and 32 of Section 178 shall be construed as official public registers. The state tax and customs authority shall maintain an official public register as regards the data defined in Section 22/C. These registers shall be construed as official public registers with the exception of data comprising a part of another official public register pursuant to the relevant legislation.

Chapter X

CLOSING AND TRANSITIONAL PROVISIONS

Enacting Provisions

Section 180

(1) This Act, with the exceptions set out under Subsections (9)-(12) of Section 175, shall enter into force on 1 January 2004. Subsections (9)-(12) of Section 175 of this Act shall enter into force on the day when promulgated.

(2)-(5)¹¹⁶³

¹¹⁶⁰ Amended by Subsection (3) of Section 41 of Act LXXXV of 2005.

¹¹⁶¹ Enacted: by paragraph (2) Section 46 of Act LXXXIV of 2013. In force: as of 1. 07. 2013.

¹¹⁶² Enacted: by paragraph (2) Section 46 of Act LXXXIV of 2013. In force: as of 1. 07. 2013.

(6) Any reference made in the relevant legislation to Act XCI of 1990 on the Rules of Taxation shall be understood as this Act as of 1 January 2004.

(7)¹¹⁶⁴

Conformity with the Laws of the European Union¹¹⁶⁵

*Section 181*¹¹⁶⁶

(1)¹¹⁶⁷ Subsection (3) of Section 3, Section 9, Sections 16-23, Subsections (1)-(4) and (8) of Section 24, Section 26, Subsection (1) of Section 31, Subsection (9) of Section 33, Section 47, Section 79, Subsections (6)-(7) of Section 88, Subsection (1) of Section 125, Subsections (1) and (3) of Section 175, Paragraph *c*) of Subsection (12) of Section 175, Subsection (2) of Section 176 of this Act, furthermore, Points *I/B/3a-f*) of Schedule No. 1, Point *H*) of Schedule No. 3 and Schedules Nos. 8, 9 and 10 to this Act serve the purpose of conformity with the following legislation of the European Communities together with the Act on Value Added Tax and/or the Accounting Act:¹¹⁶⁸

a) Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax;

b) Council Directive 2006/138/EC of 19 December 2006 amending Directive 2006/112/EC on the common system of value added tax as regards the period of application of the value added tax arrangements applicable to radio and television broadcasting services and certain electronically supplied services;

c) Council Directive 2008/8/EC of 12 February 2008 amending Directive 2006/112/EC as regards the place of supply of services;

d) Council Directive 2008/117/EC of 16 December 2008 amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions;

e) Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State.

(2)-(3)¹¹⁶⁹

(4) Subsection (12) of Section 52, Subsection (9) of Section 57 and Schedule No. 7 of this Act serve the purpose of conformity with the following legislation of the European Communities:

¹¹⁶³ Repealed by Point 626 of Section 2 of Act LXXXII of 2007, effective as of 1 July 2007.

¹¹⁶⁴ Repealed by Point 626 of Section 2 of Act LXXXII of 2007, effective as of 1 July 2007.

¹¹⁶⁵ Enacted by Section 127 of Act CXIX of 2005, effective as of 1 January 2006.

¹¹⁶⁶ Established by Section 127 of Act CXIX of 2005, effective as of 1 January 2006.

¹¹⁶⁷ Established: by paragraph (1) Section 58 of Act CX of 2009. In force: as of 1. 01. 2010.

¹¹⁶⁸ Amended: by subparagraph c) Section 65 of Act XXXVII of 2013. In force: as of 21. 04. 2013.

¹¹⁶⁹ Repealed: by subparagraph d) Section 65 of Act XXXVII of 2013. No longer in force: as of 21. 04. 2013.

a) Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments;

b) Council Directive 2004/66/EC of 26 April 2004 adapting Directives 1999/45/EC, 2002/83/EC, 2003/37/EC and 2003/59/EC of the European Parliament and of the Council and Council Directives 77/388/EEC, 91/414/EEC, 96/26/EC, 2003/48/EC and 2003/49/EC, in the fields of free movement of goods, freedom to provide services, agriculture, transport policy and taxation, by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia;

c) Council Decision 2004/587/EC of 19 July 2004 on the date of application of Directive 2003/48/EC on taxation of savings income in the form of interest payments.

(5)¹¹⁷⁰ Paragraph d) of Subsection (3) of Section 16 and Paragraph f) of Subsection (3) of Section 17 of this Act serve the purpose of conformity with Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2.

(6)¹¹⁷¹ Section 164/A of this Act serves the purpose of conformity with Council Regulation (EC) No. 659/1999 of 22 March 1999 laying down detailed rules for the application of Article 93 of the EC Treaty.

*Section 181/A*¹¹⁷²

*Section 181/B*¹¹⁷³

(1) Sections 176/G-176/H of this Act serves the purpose of compliance with Article 15(2) of Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

(2) The draft of Sections 176/G-176/H of this Act had been submitted in advance in accordance with Article 15(7) of Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

Transitional Provisions

Section 182

(1) The provisions of this Act shall be applied to cases pending definitive resolution at the time of entry of this Act into force; it shall also apply to the liabilities to be fulfilled following such date concerning the preceding period or those already due, with the exception that if the provisions in force prior to the date on which this Act enters into force prescribe, on the whole,

¹¹⁷⁰ Enacted by Section 493 of Act CXXVI of 2007, effective as of 1 January 2008.

¹¹⁷¹ Enacted by Subsection (3) of Section 278 of Act LXXXI of 2008, effective as of 1 January 2009.

¹¹⁷² Repealed with preceding subtitle: by subparagraph e) Section 65 of Act XXXVII of 2013. No longer in force: as of 21. 04. 2013.

¹¹⁷³ Enacted: by Section 187 of Act CC of 2013. In force: as of 30. 11. 2013.

less stringent obligations upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(2) After the entry of this Act into force, the liabilities of taxpayers regarding tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding the operative date of this Act shall be satisfied according to the regulations in force on 31 December 2003.

(3) The provisions of this Act shall have no bearing on the resolutions passed on the basis of the provisions in force prior to 31 December 2003 and operative at the time this Act enters into force.

(4) For the purposes of this Act, treaties (international conventions) promulgated by other legislation before this Act enters into force shall be treated the same as the treaties (international conventions) promulgated by this Act.

(5)¹¹⁷⁴ The provisions contained in Point G) 3 of Schedule No. 3 to this Act shall be applied as of 1 February 2004. The provisions contained in Subsection (5) of Section 22, the second sentence of Subsection (7) of Section 24, Paragraph k) of Subsection (4) of Section 52, Chapter V, Point I. B) 3. b) of Schedule No. 1, and Point H) of Schedule No. 3 to this Act shall be applied as of the operative date of the Act promulgating the Treaty of Accession of 2003. Taxpayers shall be entitled to use their community tax numbers following the entry into force of the Act promulgating the Treaty of Accession of 2003.

(6) The time limit for commenting on the audit report introduced by this Act and the deadline for lodging an appeal against a resolution in the first instance shall apply if the report or resolution is delivered after the date on which this Act enters into force.

(7)¹¹⁷⁵

(8)¹¹⁷⁶ The minister in charge of taxation is hereby authorized to decree the conditions, and the detailed regulations for the decision-making process, concerned with submission and registration of applications for provisional tax assessment and the payment and refund of fees.¹¹⁷⁷

(9)¹¹⁷⁸ The minister in charge of taxation is hereby authorized to decree the regulations for the submission and registration of applications for determining the fair market value, the obligation to file annual reports, the terms and conditions for the payment and refund of fees, and the detailed procedural regulations.¹¹⁷⁹

(10)¹¹⁸⁰

¹¹⁷⁴ Amended: by point 16 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹¹⁷⁵ Repealed: by point 26 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

¹¹⁷⁶ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

¹¹⁷⁷ See Decree No. 6/2004 (II. 13.) PM, and Decree No. 39/2006 (XII. 25.) PM.

¹¹⁷⁸ Established by Section 73 of Act CXXXI of 2006, effective as of 1 January 2007.

¹¹⁷⁹ See Decree No. 38/2006 (XII. 25.) PM.

¹¹⁸⁰ Repealed: by point 15 Section 171 of Act CXXII of 2010. No longer in force: as of 1. 01. 2011.

Section 183¹¹⁸¹

(1) The provisions of this Act established by Act XC of 2010 on the Implementation and Amendment of Business and Financial Regulations shall be applied to cases pending definitive resolution at the time of entry of this Act into force; it shall also apply to the liabilities to be fulfilled following such date concerning the preceding period or those already due, with the exception that if the provisions in force prior to the date on which this Act enters into force prescribe less stringent obligations, on the whole, upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(2) After the entry of Act XC of 2010 on the Implementation and Amendment of Business and Financial Regulations into force, the liabilities of taxpayers regarding notification, tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding that date shall be satisfied - unless otherwise provided for by this Act - according to the regulations in force on the day before the date of entry into force of Act XC of 2010 on the Implementation and Amendment of Business and Financial Regulations.

Section 184¹¹⁸²

(1) Subsection (6) of Section 43 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal shall apply to proceedings opened after 31 December 2010 relating to refund applications.

(2) Subsection (2) of Section 49, Subsection (10) of Section 92, Subsection (1) of Section 102 and Subsection (10) of Section 164 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal shall apply to control procedure opened after 31 December 2010.

(3) Subsection (12) of Section 164 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall apply to probate proceedings opened after 31 December 2010.

(4) The state tax authority shall transfer by 31 January 2011 to the registrar of private entrepreneurs - based on their agreement - the data and information received directly from private entrepreneurs between 28 December 2008 and 31 December 2010 concerning their scope of activities.

(5) Subsection (4) of Section 31 and Subsection (20) of Section 172 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall apply to tax returns submitted for 2010 as well.

(6) Section 177/A of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall apply to claims transferred by way of assignment after 1 January 2011.

(7) Paragraph *ny*) of Subsection (1) of Section 172 of this Act, as established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall for the first time apply in cases where any advance payment made to a tour operator is received or credited on or after 1 January 2011.

(8) The provisions of this Act established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal shall apply to cases pending definitive decision on 1 January 2011; it shall also apply

¹¹⁸¹ Enacted: by Section 35 of Act XC of 2010. In force: as of 16. 08. 2010.

¹¹⁸² Enacted: by Section 153 of Act CXXII of 2010. In force: as of 1. 01. 2011.

to the liabilities to be fulfilled following the entry of those provisions into force concerning the preceding period or those already due, with the exception that if the provisions in force at the time the infringement was committed prescribe less stringent obligations, on the whole, upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(9) After the entry into force of the provisions of this Act established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, the liabilities of taxpayers regarding notification, tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding that date shall be satisfied - unless otherwise provided for by this Act - according to the regulations in force on the day before the date of entry into force of the provisions of this Act established by Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal.

Section 185¹¹⁸³

(1) The obligation of disclosure for 2010 relating to non-taxable emoluments shall be satisfied according to the rules in effect on 31 December 2010.

(2) Private individuals employed by budgetary authorities shall - with a view to establishing the amount of compensation for changes in taxes and contributions during 2011 - provide a statement to the employer by 15 January 2011 if claiming any family tax allowance, indicating also the number of beneficiary dependents in connection with whom such family tax allowance is claimed. Additional rules concerning the statement shall be decreed by the Government.

Section 186¹¹⁸⁴

The state tax authority shall disclose data declared in the breakdown referred to in Points 1-7, 9-15 and 24-28 of Subsection (2) of Section 31 related to incomes earned between 1 October 2010 and 30 November 2010 to the Pénzügyi Szervezetek Állami Felügyelete (*Hungarian Financial Supervisory Authority*) in the interest of discharging its responsibilities specified in Paragraphs *e*) and *f*) of Subsection (3) of Section 119 of the Private Pension Act. The Pénzügyi Szervezetek Állami Felügyelete shall be entitled to process the data thus received in due observation of data protection regulations.

Section 187¹¹⁸⁵

Subsection (9) of Section 36/A of this Act, as established by Act XCVI of 2011 on the Amendment of Regulations Relating to the Economy, shall apply to payments to be effected after the time of entry into force.

Section 188¹¹⁸⁶

¹¹⁸³ Enacted: by paragraph (3) Section 45 of Act CLIII of 2010. In force: as of 1. 01. 2011.

¹¹⁸⁴ Enacted: by Section 44 of Act CLIV of 2010. In force: as of 22. 12. 2010.

¹¹⁸⁵ Enacted: by paragraph (4) Section 31 of Act XCVI of 2011. In force: as of 15. 07. 2011.

The provisions of Point 6 of Schedule No. 2 to this Act, as established by Act CXXV of 2011 on the Amendment of Certain Tax Laws With a View to Improving the Stability of Public Finances, shall apply as of 1 January 2012, initially for the quarter of January through March, 2012.

Section 189¹¹⁸⁷

(1) The repeal of Section 177/B of this Act and Subsection (14a) of Section 33 of the Act on Public Finances Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations shall for the first time apply to contracts where payment of the State counter-guarantees from the central budget is pending.

(2) Subsection (7) of Section 34, Subsection (3) of Section 87, Section 92, Subsection (1) of Section 93, Subsections (4)-(4a) of Section 104, Subsections (1)-(2) of Section 124, Subsection (1) of Section 161, Subsection (13) of Section 164, Subsection (6) of Section 170, Subsections (19)-(20b) of Section 172 and Subsection (9) of Section 175 of this Act, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall for the first time apply to proceedings opened on or after 1 January 2012.

(3) The data disclosure prescribed under Point G8 of Schedule No. 8, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall be satisfied for the first time in 2013.

(4) Subsection (1) of Section 28 of the RTA, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall also apply to simplified tax returns submitted for the 2011 tax year.

(5)¹¹⁸⁸ Point G7 of Schedule No. 3, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall apply to customer ports of entry opened or terminated on or after 1 January 2012, in connection with which the Közigazgatási és Elektronikus Közszolgáltatások Központi Hivatala (Central Office for Administrative and Electronic Public Services) shall dispatch the particulars of clients with a customer port of entry on January 2012 to the state tax authority by 31 December 2012, by way of electronic means.

(6) The repeal of Point N) of Schedule No. 3 by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations shall apply as of 1 January 2012, where no default penalty may be imposed in connection with any obligation of data disclosure relating to periods previous to that date.

(7) The state tax authority shall discharge the obligation of disclosure of the particulars of tax returns submitted under Subsection (2) of Section 31 for periods before 1 January 2012, including the disclosure of subsequent changes therein as prescribed in Subparagraph *bc*) of Paragraph *b*) of Subsection (7) of Section 52 to private pension funds according to the rules in force on 31 December 2011.

¹¹⁸⁶ Enacted: by Section 32 of Act CXXV of 2011. In force: as of 1. 11. 2011.

¹¹⁸⁷ Enacted: by Section 359 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹¹⁸⁸ Amended: by point 34 Section 293 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

(8)¹¹⁸⁹ The Magyar Nemzeti Bank (*National Bank of Hungary*) shall discharge the obligation of disclosure of the particulars of tax returns submitted under Subsection (2) of Section 31 for periods before 1 January 2012, including the disclosure of subsequent changes therein as prescribed in Point *P*) of Schedule No. 3 to the state tax authority according to the rules in force on 31 December 2011. This Subsection shall also apply to data disclosures by the state tax authority according to Paragraph *h*) of Subsection (7) of Section 52.

(9) After 1 January 2012, the state tax authority shall carry out the duties related to the representative function of the creditor referred to in Paragraph *b*) of Subsection (3) of Section 72 in regard to the period preceding 1 January 2012.

(10) The taxation branch of the Nemzeti Adó- és Vámhivatal (*National Tax and Customs Authority*) shall consolidate the records maintained on the basis of notifications and the records of the customs agency on persons by 30 June 2012.

(11) The provisions of this Act established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations shall apply to cases pending definitive decision on 1 January 2012; it shall also apply to the liabilities to be fulfilled following the entry of those provisions into force concerning the preceding period or those already due, with the exception that if the provisions in force at the time the infringement was committed prescribe less stringent obligations, on the whole, upon the taxpayer in respect of penalties and surcharges, the maximum rate specified therein may be applied to such liabilities.

(12) After the entry into force of the provisions of this Act as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, the liabilities of taxpayers regarding notification, tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for the period preceding that date shall be satisfied - unless otherwise provided for by this Act - according to the regulations in force on the day before the date of entry into force of the provisions of this Act established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations.

(13)¹¹⁹⁰ The notification submitted under Section 33/A, repealed by Paragraph *a*) of Subsection (3) of Section 59 of Act V of 2012 on the Transitional Provisions, Amendments and Repeals Related to the Act on Public Service Officials, and on the Amendment of Other Related Acts (hereinafter referred to as “Act V/2012”) shall cease to have effect, the fee paid shall be *ex officio* refunded by the state tax authority within thirty days from the date of Act V/2012 entering into force, and the state tax authority shall return the report submitted by the taxpayer.

(14)¹¹⁹¹ In connection with any loan or non-repayable assistance provided by employers to their employees for the loan pay-off defined in Subsection (1) of Section 200/B of Act CXII of 1996, the employer affected shall supply the following information to the state tax authority by 31 March 2013:

- a*) the employee’s name and tax identification code;
- b*) legal title (loan/assistance);
- c*) amount of the loan or non-repayable assistance.

¹¹⁸⁹ Established: by Section 87 of Act CXLIII of 2013. In force: as of 1. 10. 2013.

¹¹⁹⁰ Established: by paragraph (2) Section 36 of Act V of 2012. In force: as of 1. 03. 2012.

¹¹⁹¹ Established: by paragraph (1) Section 37 of Act LXIX of 2012. In force: as of 20. 06. 2012.

(14)¹¹⁹²

(14)¹¹⁹³

(15)¹¹⁹⁴ Point 6.4 of I/Deadlines of Schedule No. 2 to this Act, as established by Act CXCI of 2011 on Investment Fund Management Companies and Collective Investment Trusts, shall apply as of 1 January 2012, initially for the quarter of January through March, 2012.

(16)¹¹⁹⁵ Subsection (4) of Section 37 of this Act, as amended, and Subsection (4a) of Section 37 of this Act, as established by Act CXCI of 2011 on Investment Fund Management Companies and Collective Investment Trusts, shall apply to VAT refund applications submitted on or after 1 February 2012.

*Section 190*¹¹⁹⁶

Point I.2.b) of Schedule No. 2, as established by Act V of 2012 on the Transitional Provisions, Amendments and Repeals Related to the Act on Public Service Officials, and on the Amendment of Other Related Acts, shall also apply to cases in progress on, or opened after, 1 January 2012.

*Section 191*¹¹⁹⁷

Section 31/A of this Act shall for the last time apply with respect to the tax period that covers 31 December 2018.

*Section 192*¹¹⁹⁸

(1) The provisions of Subsections (3)-(4) of Section 7, in effect on 31 December 2011, shall apply to the infringements committed before 1 January 2012.

(2) Subsection (1) hereof shall also apply to cases in progress at the time of entry into force thereof.

(3) Subparagraph *ab*) of Paragraph *a*) of Subsection (2) of Section 24/C and Paragraph *b*) of Subsection (5) of Section 24/C, as established by Act LXIX of 2012 on the Amendment of Regulations Relating to Taxes (for the purposes of this Section hereinafter referred to as “Act LXIX/2012”), shall also apply to cases in progress at the time of entry into force thereof.

(4) Subsection (2a) of Section 24/C, as established by Act LXIX/2012, shall apply to tax debts incurred after the date of entry into force.

¹¹⁹² Repealed: by point 5 Section 41 of Act LXIX of 2012. No longer in force: as of 20. 06. 2012.

¹¹⁹³ Repealed: by point 5 Section 41 of Act LXIX of 2012. No longer in force: as of 20. 06. 2012.

¹¹⁹⁴ Enacted: by paragraph (2) Section 37 of Act LXIX of 2012. In force: as of 20. 06. 2012.

¹¹⁹⁵ Enacted: by paragraph (2) Section 37 of Act LXIX of 2012. In force: as of 20. 06. 2012.

¹¹⁹⁶ Enacted: by paragraph (3) Section 36 of Act V of 2012. In force: as of 1. 03. 2012.

¹¹⁹⁷ Established by Section 25 of Act XXXIII of 2014, effective as of 15 July 2014.

¹¹⁹⁸ Enacted: by paragraph (1) Section 38 of Act LXIX of 2012. In force: as of 20. 06. 2012.

(5) Compliance with the data disclosure for 2011, under Subparagraph *ba*) of Paragraph *b*) of Subsection (7) of Section 52, as established by Act LXIX/2012, shall be governed by the provisions in effect on 31 December 2011.

(6) Subsection (4) of Section 94, as established by Act LXIX/2012, shall apply to new proceedings opened after the entry into force thereof.

(7) Subsections (11) and (12) of Section 92, as established by Act LXIX/2012, shall apply to the notices dispatched or served in person after the entry into force thereof.

(8) Subsections (2) and (4) of Section 95, as established by Act LXIX/2012, shall apply to the requests dispatched or served in person after the entry into force thereof.

(9)¹¹⁹⁹ Subsection (3) of Section 104, as established by Act LXIX/2012, shall apply to inspections in progress at the time of entry into force thereof.

(10) Section 127/A, as established by Act LXIX/2012, shall apply to applications submitted after the entry into force thereof.

(11) Subsection (11) of Section 132, as established by Act LXIX/2012, shall apply to cases in progress on the day and after the date of entry into force thereof, where the fifteen-day deadline shall apply to requests made by the tax authority after the date of entry into force thereof.

(12) Subsection (5) of Section 141, as established by Act LXIX/2012, shall apply to cases opened after the date of entry into force thereof.

(13) Section 155/A, as established by Act LXIX/2012, shall apply to enforcement procedures in progress at, or opened after the date of entry into force thereof.

(14)¹²⁰⁰ Subsections (1), (1a), (2), (8)-(9) of Section 124, as established by Act LXIX/2012, shall apply to official documents dispatched or served in person after the date of this provision entering into force.

(15)¹²⁰¹ Subsection (13) of Section 24/C of this Act, as established by Act CXXXV of 2012 on the Amendment of Act XCII of 2003 on the Rules of Taxation, and Act CXXII of 2009 on Improving the Cost-Effectiveness of Publicly Owned Business Associations, shall also apply to proceedings in progress at the time of entry into force thereof.

(16)¹²⁰² Paragraph *d*) of Subsection (1) of Section 24/A, as established by Act CLXXXIX of 2012 on the Amendment of Regulations Relating to Government Control shall also apply to cases of government control pending at the time of Act CLXXXIX of 2012 on the Amendment of Regulations Relating to Government Control entering into force.

*Section 193*¹²⁰³

¹¹⁹⁹ Amended: by point 6 paragraph (1) Section 294 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013. The change does not effect the English version.

¹²⁰⁰ Enacted: by paragraph (2) Section 38 of Act LXIX of 2012. In force: as of 1. 01. 2013.

¹²⁰¹ Enacted: by paragraph (2) Section 1 of Act CXXXV of 2012. In force: as of 25. 09. 2012.

¹²⁰² Enacted: by paragraph (2) Section 9 of Act CLXXXIX of 2012. In force: as of 15. 12. 2012.

¹²⁰³ Enacted: by Section 39 of Act LXIX of 2012. In force: as of 1. 01. 2013.

(1) Section 31/B, as established by Act CLVI of 2011 on the Amendment of Tax Laws and Other Related Regulations, shall for the first time apply in connection with the obligation to submit a tax return for value added tax liability for the tax period beginning on or after 1 January 2013.

(2) Paragraph *i*) of Subsection (1) of Section 14, Subsections (3a) and (3b) of Section 38 and Subsection (20f) of Section 172, as established by Act LXIX of 2012 on the Amendment of Regulations Relating to Taxes, shall apply to cash payments made after the date of entry into force thereof.

*Section 194*¹²⁰⁴

(1) Exercising the option under Paragraph *i*) of Subsection (1) of Section 22, as established by Act CXLVI of 2012 on the Amendment of Regulations Required for the Implementation of the Action Plan for Employment Protection, may be notified on 1 January 2013, or for the value added tax period commencing thereafter.

(2) During the period of three years preceding the effective date of Point *J*)2 of Schedule No. 3, as established by Act CXLVI of 2012 on the Amendment of Regulations Required for the Implementation of the Action Plan for Employment Protection, the authority of issue of the certificate of entitlement for tax allowance shall *ex officio* disclose the details contained in said certificate of entitlement for tax allowance by way of electronic means to the state tax authority by 31 March 2013.

*Section 195*¹²⁰⁵

(1) Of the provisions of this Act, as established by Act CLXXVIII of 2012 on the Amendment of Tax Laws and Other Related Regulations (hereinafter referred to as “Act CLXXVIII/2012”):

a) Subsections (5) and (6) of Section 5/A, Subsections (6)-(7) of Section 7, Subsection (8) of Section 132/B, Subsection (6) of Section 136, Subsections (1) and (5) of Section 141, and Point 16 of Section 178 shall apply to proceedings opened after the entry into force thereof;

b) Subsection (4) of Section 16 shall apply to notifications made after the entry into force thereof;

c) Subsection (2b) of Section 24/C, Paragraph *a*) of Subsection (6) of Section 24/F, Subsection (5) of Section 43, Section 160/A, and Subsection (8) of Section 161 shall also apply to cases in progress at the time of entry into force thereof;

d) Section 27/A, and Subsections (3), (5) and (7) of Section 28/A shall for the first time apply to tax returns submitted for the 2012 tax year;

e) Subsection (4a) of Section 37 shall for the first time apply to tax returns submitted after the time of entry into force thereof;

f) Subsections (2a) and (3) of Section 132 shall also apply to requests for provisional tax assessment pending, and to those already decided, at the time of entry into force thereof;

g) Subsections (5)-(7) of Section 132 shall apply to requests and application submitted on or after 1 January 2013;

¹²⁰⁴ Enacted: by Section 10 of Act CXLVI of 2012. In force: as of 16. 10. 2012.

¹²⁰⁵ Enacted: by Section 292 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

h) Subsections (7a) and (12) of Section 132 shall also apply to proceedings pending at the time of entry into force thereof;

i) Subsection (1) of Section 133/A shall for the first time apply to personal income tax returns submitted for 2012;

j) Subsection (3) of Section 168 shall apply to self-audits submitted after the time of entry into force thereof;

k) Subsection (7) of Section 172 shall also apply to proceedings pending at the time of entry into force thereof;

l) Subsection (2) of Section 177 shall also apply to proceedings pending at the time of entry into force thereof.

(2) Subsection (5) of Section 42 of this Act, repealed by Act CLXXVIII/2012, in effect on 31 December 2012 shall be applied to cases notified for dutiable purposes pending on 1 January 2013.

(3) The withdrawal of a tax number under Paragraph *a)* of Subsection (6) of Section 24/F of this Act, as effective on the date of the entry into force of Act CLXXVIII/2012, amending Paragraph *a)* of Subsection (6) of Section 24/F shall not apply in the application of Subparagraph *ac)* of Subsection (2) of Section 24/C. This provision shall also apply to cases pending at the time of entry into force thereof.

(3a)¹²⁰⁶ If the state tax authority has withdrawn the taxpayer's tax number by final decision in accordance with Paragraph *a)* of Subsection (6) of Section 24/F in effect before the date of entry into force of Paragraph *a)* of Subsection (6) of Section 24/F as established by Act CLXXVIII/2012, the taxpayer may request by 15 February 2013 the annulment of the resolution on the withdrawal of the tax number. No application for continuation shall be accepted upon missing the deadline. The taxpayer shall enclose with the petition the questionnaire specified in Subsection (1) of Section 24/F completed. Based on the petition the state tax authority shall annul the resolution on the withdrawal of the tax number within thirty days of receipt of the petition, if the taxpayer has enclosed the questionnaire specified in Subsection (1) of Section 24/F completed. If the resolution on the withdrawal of the tax number has been reviewed by the supreme body, the supreme body shall amend its resolution that was not reviewed by a court of jurisdiction to annul the resolution on the withdrawal of the tax number. The state tax authority shall forthwith notify the court of registry on the withdrawal or annulment of the resolution. If the state tax authority decided to annul the resolution on the withdrawal of the tax number as requested, the resolution on the annulment cannot be appealed.

(3b)¹²⁰⁷ If the state tax authority decided to annul the resolution on the withdrawal of the tax number based on a petition submitted in accordance with Subsection (3a), it shall carry out the procedures for risk assessment under Subsection (1) of Section 24/F within one year from the date of submission of the petition.

(3c)¹²⁰⁸ If the resolution on the withdrawal of the tax number is annulled, and the obligation of declaration for the period between the effective date of the resolution on the withdrawal of the tax number and the effective date of the annulment is satisfied within fifteen days of the effective

¹²⁰⁶ Enacted: by paragraph (10) Section 43 of Act CCVIII of 2012. In force: as of 23. 12. 2012.

¹²⁰⁷ Enacted: by paragraph (10) Section 43 of Act CCVIII of 2012. In force: as of 23. 12. 2012.

¹²⁰⁸ Enacted: by paragraph (10) Section 43 of Act CCVIII of 2012. In force: as of 23. 12. 2012.

date of the annulment, the tax authority shall refrain from imposing a default penalty for such delay in declaration.

(4) Paragraphs *b*) and *d*) of Subsection (7) of Section 52 of this Act, as established by Act CLXXVIII/2012, shall for the first time apply in terms of data disclosure with respect to tax returns covering the period between 31 December 2011 and 1 January 2013, and shall for the first time be satisfied by 31 May 2013 to the state tax authority. As regards the professional staff members of the Magyar Honvédség (*Hungarian Armed Forces*), the Nemzeti Adó- és Vámhivatal (*National Tax and Customs Authority*), law enforcement agencies and the civilian national security services, as regards the data contained in tax returns filed for 2011, data disclosure shall for the first time be satisfied by 31 May 2013 to the state tax authority.

(5) The provisions of this Act in effect on 31 December 2012 shall apply to the assessment, declaration and refund of pension contributions deducted before 1 January 2013 in excess of the upper limit of compulsory contributions related to income comprising part of the contribution base, including the related statements.

(6) In the case of any false statement made before 1 January 2013 on reaching the upper limit of compulsory contributions, Paragraph *k*) of Subsection (1) of Section 172 in effect on 31 December 2012 shall apply.

(7) By way of derogation from Sections 72 and 79 of this Act, declarations on environmental product charges, energy taxes and public health product charges for periods preceding 1 January 2013 (including supplementary declarations and self-revision) shall be submitted by 14 February 2013 to the customs authority. The related functions concerning keeping records and for making corrections shall be carried out by the customs authority. Payments shall be made by 14 February 2013 to the customs authority.

(8) After 14 February 2013 declarations on environmental product charges, energy taxes and public health product charges (including supplementary declarations and self-revision) shall be submitted to the state tax authority. The related functions concerning keeping records and for making corrections shall be carried out by the state tax authority. After 14 February 2013 payments shall be made to the state tax authority.

(9) In proceedings opened before 31 December 2012 related to notices made in connection with environmental product charges the customs authority shall have competence.

(10) Proceedings opened before 1 January 2013 by the customs authority shall be conducted - apart from monitoring compliance with tax obligations and information-gathering inspections, from the processing and revision of declarations submitted before 14 February 2013, and from proceedings opened before 31 December 2012 related to notices made in connection with environmental product charges - by the state tax authority. Actions (appeals, requests for supervisory measure) brought against decisions of the customs authority of the first instance - other than the decisions adopted in proceedings for monitoring compliance with tax obligations and information-gathering inspections - shall be heard by the supreme body of the tax directorate of competent jurisdiction for the taxpayer affected at the time of submission of the request, and the same body shall proceed in redress procedures and court procedures opened *ex officio*. If the supreme body of the tax directorate of competent jurisdiction orders the reopening of the proceedings for the taxpayer affected, the order for reopening the proceedings shall be addressed to the tax directorate of competent jurisdiction for the taxpayer in question. An oversight inspection in connection with any inspection conducted by the customs authority may be conducted by the supreme body of the tax directorate of competent jurisdiction for the taxpayer affected. Any change in the person to whom the proceedings pertain shall be notified by the state tax authority to the court of jurisdiction.

Section 196¹²⁰⁹

(1) The provisions of this Act concerning the registration of tax consultants, tax experts and certified tax experts, as established by Act CCVIII of 2012 on the Amendment of Regulations in Support of and Underlying the Act on the Central Budget, and for other Purposes, shall apply to proceedings opened on or after 1 July 2013. As regards the cases pending on 30 June 2013, the provisions in force at the time of the opening of such proceedings shall apply.

(2) The authorizations of tax consultants, tax experts and certified tax experts issued by the minister in charge of taxation before 1 July 2013, which are still in effect on 30 June 2013, shall have attached the same rights and obligations - within their respective periods of validity - as the authorizations issued by the body operating the registration system on or after 1 July 2013.

Section 197¹²¹⁰

The minister in charge of taxation shall make available to the authority operating the registration system data, documents and information controlled by the minister in charge of taxation, which are necessary for the authority operating the registration system to discharge the functions delegated under its competence by Act CCVIII of 2012 on the Amendment of Regulations in Support of and Underlying the Act on the Central Budget, and for other Purposes, in a format and in a time frame so as to permit the authority operating the registration system to begin to carry out the tasks and duties governed under this Act effective as of 1 July 2013.

Section 198¹²¹¹

In facilitating compliance with the provisions of Section 176/B, as established by Act CCVIII of 2012 on the Amendment of Regulations in Support of and Underlying the Act on the Central Budget, and for other Purposes, the minister in charge of taxation shall provide assistance to taxpayers liable to meet the obligation of issuing receipts by means of a cash register, for the replacement of such cash registers in 2013 with cash registers fitted for online connection and with tax control module, as specified by the relevant legislation, or for the installation of a tax control module where applicable.

Section 199¹²¹²

Subsections (4)-(4a) of Section 37, Subsection (5) of Section 43 and Subsection (2a) of Section 92, as established by Act CXV of 2013 on the Amendment of Regulations Relating to the Economy (hereinafter referred to as “Act CXV of 2013”), shall apply to applications for central subsidies and for refunds of overpayments made after the date of entry into force of Act CXV of 2013.

¹²⁰⁹ Enacted: by paragraph (11) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

¹²¹⁰ Enacted: by paragraph (11) Section 43 of Act CCVIII of 2012. In force: as of 1. 07. 2013.

¹²¹¹ Enacted: by paragraph (12) Section 43 of Act CCVIII of 2012. In force: as of 1. 01. 2013.

¹²¹² Enacted: by paragraph (6) Section 4 of Act CXV of 2013. In force: as of 28. 06. 2013.

Section 200¹²¹³

(1) The provisions of this Act established by Act CC of 2013 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal shall apply as follows:

a) Subsection (12) of Section 24/A shall for the first time apply to proceedings of the first instance opened following the coming into force thereof;

b) Paragraph *a)* of Subsection (2) of Section 35 shall also apply to cases in progress;

c) Subsection (2a) of Section 43 shall also apply to cases in progress;

d) Subsection (5) of Section 43 shall also apply to requests for refund of overpayment and for the disbursement of central subsidies that was not time-barred at the time of entry into force thereof;

e) Subsection (6) of Section 92 shall apply to liquidation proceedings opened after the time of entry into force thereof;

f) Subsection (1) of Section 95 shall also apply to inspections in progress;

g) Paragraph *h)* of Subsection (2) of Section 119 shall also apply to ongoing checks;

h) Subsection (3) of Section 131 shall also apply to cases in progress;

i) Subsections (1), (4), (6), (7b), (9) and (13) of Section 132 shall apply to applications submitted after the time of entry into force thereof;

j) Subsections (1a) and (1b) of Section 146 shall also apply to enforcement procedures in progress;

k) Subsections (1) and (2) of Section 148/A shall also apply to enforcement procedures in progress;

l) Subsection (1) of Section 159 shall also apply to demurrers of enforcement already submitted pending at the time of entry into force thereof;

m) Subsection (6) of Section 164 shall also apply to requests for refund of overpayment and for the disbursement of central subsidies that was not time-barred at the time of entry into force thereof;

n) Point 7 of Schedule No. 4 shall also apply to cases in progress.

(2) The data disclosure under Point *R)* of Schedule No. 3, as established by Act CC of 2013 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall be provided as effective on 1 January 2013, and with respect to changes taking place before the time of entry into force of this provision, for the first time within thirty days from the date of entry into force of this provision.

Section 201¹²¹⁴

Of the provisions of this Act,

1. Subsection (4) of Section 132, as amended by Act XXXIII of 2014 on the Amendments of Financial Regulations, shall apply also to cases opened after the time of entry into force thereof; and

¹²¹³ Enacted: by Section 188 of Act CC of 2013. In force: as of 1. 01. 2014.

¹²¹⁴ Enacted by Section 26 of Act XXXIII of 2014, effective as of 15 July 2014.

2. Subsection (5) of Section 141, as amended by Act XXXIII of 2014 on the Amendments of Financial Regulations, shall also apply to cases in progress.

Section 202¹²¹⁵

(1) Subsection (12) of Section 92 of this Act, as amended by Act XXXIII of 2014 on the Amendments of Financial Regulations, shall also apply to cases in progress.

(2) Subsection (1) of Section 161 of this Act, as amended by Act XXXIII of 2014 on the Amendments of Financial Regulations, shall also apply to cases opened after 7 August 2012.

(3) Schedule No. 10 to this Act, as amended by Act XXXIII of 2014 on the Amendments of Financial Regulations, shall apply after 1 January 2015 with the exception of notification and registration.” The first reporting period begins on 1 January 2015.

Section 203¹²¹⁶

Subsection (7c) of Section 20, as established by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall also apply to cases in progress at the time of its entry into force, and to cases in respect of which a final judgment has already been delivered upon request.

Section 204¹²¹⁷

Taxpayers operating vending and automatic sales equipment for dispensing foods on 1 January 2015 shall satisfy their obligation of notification to the state tax authority by way of electronic means as provided for in Section 22/D by 31 March 2015.

Section 205¹²¹⁸

(1) Subsection (4) of Section 27, as established by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall for the first time apply to tax returns submitted for the 2014 tax year.

(2) The passage “changes in international legal commitments” in Subsection (3) of Section 132 and Paragraph *a*) of Subsection (1) of Section 132/A, as established by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall also apply to cases in progress at the time of its entry into force, and to cases in respect of which a final judgment has already been delivered.

¹²¹⁵ Enacted by Section 27 of Act XXXIII of 2014, effective as of 1 October 2014.

¹²¹⁶ Enacted by Section 221 of Act LXXIV of 2014, effective as of 27 November 2014.

¹²¹⁷ Enacted by Section 222 of Act LXXIV of 2014, effective as of 1 January 2015.

¹²¹⁸ Enacted by Section 223 of Act LXXIV of 2014, effective as of 1 January 2015.

(3) Subsection (3a) of Section 132, as established by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall also apply to resolutions adopted before the time of entry into force (including the resolutions adopted for the extension of the period and the applicability of validity of provisional tax assessment), with the exception that legal force shall apply from the date of Subsection (3a) of Section 132, established by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal entering into force.

(4) Subparagraphs *ac)-ad)* of Point I/B/3 of Schedule No. 1, as established by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall for the first time apply to tax periods commencing on 1 January 2015.

(5) Subparagraphs *ab)* and *an)* of Point I/B/3 of Schedule No. 1, as established by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall for the first time apply to taxpayers who registered with the tax authority after 31 December 2014.

(6)¹²¹⁹ Point I/C of Schedule No. 8, as established by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall for the first time apply to recapitulative statements to be submitted for tax periods commencing on 1 January 2015.

(7)-(9)¹²²⁰

Section 206¹²²¹

As regards the obligations of notification, tax assessment, declaration, tax payment, tax advance payment, issuing receipts, data disclosure and tax withholding for periods preceding 1 January 2015, Points 6 and 13 of Subsection (2) of Section 31 in force on 31 December 2014 shall apply.

Section 207¹²²²

After 31 December 2014, Paragraph *d)* of Subsection (6) of Section 24/F in force on 31 December 2014 shall remain to apply to resolutions provided for in Paragraph *c)* of Subsection (6) of Section 24/F in effect on 31 December 2014.

Section 208¹²²³

¹²¹⁹ Enters into force as under Point 6 of Section 440 of Act XCIX of 2014.

¹²²⁰ Repealed by Point 2 of Section 6 of Act I of 2015, effective as of 28 February 2015.

¹²²¹ Enacted by Section 285 of Act XCIX of 2014, effective as of 1 January 2015.

¹²²² Enacted by Section 286 of Act XCIX of 2014, effective as of 1 January 2015.

¹²²³ Enacted by Section 3 of Act I of 2015, effective as of 28 February 2015.

- (1) Risk guarantee shall for the first time be provided in the EKAER as of 11 March 2015.
(2) Subsection (19a) of Section 172 and Subsection (1) of Section 173 of this Act shall apply as of 1 March 2015.

Section 209¹²²⁴

(1) The disclosure obligations provided for in Section 22/E, as established by Act I of 2015 on the Amendment of Act XCII of 2003 on the Rules of Taxation Relating to the Electronic Public Road Transportation Control System, shall for the first time apply to transports commencing on or after 1 March 2015.

(2) Section 22/E, Points 43-47 and 51 of Section 178 of, and Schedule No. 11 to this Act shall also apply to EKAER numbers issued by the state tax and customs authority before 1 March 2015.

Schedule No. 1 to Act XCII of 2003

I

DATE OF FILING THE TAX RETURN WITH THE STATE TAX AUTHORITY

A) General Provisions

1.¹²²⁵ With the exception of the tax return specified in Subsection (2) of Section 31 and the tax returns for the income taxes, special taxes, simplified contributions to public revenues, health care contributions, company car taxes and other compulsory contributions of private individuals, taxpayers shall round off and indicate all figures in units of 1,000 forints, except for any sum payable to workers employed within the framework of simplified employment, which are to be shown in forints. The figures contained in the tax return specified in Subsection (2) of Section 31 shall be rounded off and indicated in units of 1,000 forints for each type of tax. Any difference accumulated due to the application of rounding off shall be taken into consideration within the same tax year for adjustment of the same tax or central subsidy of the following tax assessment period prior to rounding off. If the amount of the tax and/or central subsidy established is below 1,000 forints, the taxpayer concerned shall enter the amount as accumulated from the beginning of the year or carried over from the preceding tax period in his next return as a liability payable in the tax period in which it amounts to 1,000 forints. All figures in the tax returns for the income taxes, special taxes, simplified contributions to public revenues, and health care and other compulsory contributions of private individuals shall be indicated in Hungarian forints. Taxpayers - irrespective of their person - shall supply data in their tax returns for company car taxes indicated in Hungarian forints.

¹²²⁴ Enacted by Section 4 of Act I of 2015, effective as of 1 March 2015.

¹²²⁵ Established: by paragraph (1) Section 65 of Act CXVI of 2009. In force: as of 1. 01. 2010. Amended: by paragraph (1) Section 14 of Act LVII of 2010. In force: as of 29. 06. 2010. Amended: by point 7 paragraph (1) and point 1 paragraph (3) Section 36 of Act XC of 2010. In force: as of 16. 08. 2010.

2. Taxpayers not required to file monthly or mid-year tax returns shall file annual tax returns on all types of taxes separately for each period prescribed.

3.¹²²⁶ Taxpayers shall file returns on all taxes - with the exception of value added taxes and corporate taxes (tax advances), and the tax return specified in Subsection (2) of Section 31 - if the total amount of the net value added tax calculated and accounted for in the second year preceding the tax year, the net consumption taxes and excise taxes, the amount of income tax advances deducted from private individuals, or the total amount of income tax advances and income taxes deducted from private individuals:

- reaches 10 million forints

on a monthly basis,

- reaches 4 million forints

on a quarterly basis.¹²²⁷

4. A taxpayer established through reorganization (transformation, division, demerger, fusion, merger) following the last day of the second year preceding the tax year shall also submit a tax return in accordance with Point 3, and if the organization from which it has transformed, separated, was established through demerger, or with which it was fused or merged into was in compliance with the conditions set out in Point 3 in the second year preceding the tax year.

5. In the application of Point 3, the net amount of value added tax claimed for the second year preceding the tax year shall be disregarded for private individuals who are liable to pay value added tax.

6.¹²²⁸ Self-audit made during the current year for a previous tax assessment period, a tax return filed beyond the deadline, and posteriori tax assessment shall have no effect on the frequency of tax returns for the current year.

7.¹²²⁹ In respect of social fare support, annual recapitulative statements shall be filed for each product group and for each service group, while taxpayers required to file monthly or mid-year tax returns shall file quarterly recapitulative statements.

8. Taxpayers may submit the tax returns concerning taxes and central subsidies prior to the last day of the deadline specified in Part B) of this Schedule. In this case, the amount declared may only be corrected by self-audit; however, the self-audit surcharge shall be assessed from the first day following the deadline prescribed for filing.

¹²²⁶ Established by Section 38 of and Point 2 of Schedule No. 1 to Act LXXXV of 2005, effective as of 1 January 2006. As regards application see Subsections (5)-(6) and (8) of Section 40 of Act LXXXV of 2005.

¹²²⁷ Amended by Subsection (3) of Section 238 of Act LXI of 2006.

¹²²⁸ Established by Section 131 of and Point 1 of Schedule No. 6 to Act LXI of 2006, effective as of 1 January 2007.

¹²²⁹ Amended by Subsection (1) of Section 66 of Act XXVI of 2005. Amended: by point 35 Section 293 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

B) Tax Return Filing Deadlines

1. Filing deadlines for monthly and mid-year tax returns

a) Monthly tax returns shall be filed

by the 20th day of the following month,

and mid-year tax returns

by the 20th day of the month following the quarter

to the tax authority.

b)¹²³⁰ If a taxpayer who is liable to pay value added tax fails to fulfill the obligation prescribed in Subsection (2) of Section 135 of the Act on Value Added Tax in the last tax return filed for the tax year, the taxpayer may correct it by self-audit before 15 February of the following tax year without having to pay any self-audit surcharge.

2.¹²³¹ Filing deadlines for annual tax returns

a) Taxpayers who are not required to file monthly or mid-year tax returns - with the exceptions set out in Paragraphs *b)-g)* - shall file

by 25 February of the following tax year;

b) private individuals who are not engaged in entrepreneurial activities and are not liable to pay value added tax, shall file their personal income tax returns

by 20 May of the following tax year;

*c)*¹²³²

d) returns concerning any corporate tax advance supplement must be filed

by the 20th day of the last month of the year;

e) returns concerning corporate taxes and dividend taxes must be filed

by 31 May of the following tax year;

*f)-h)*¹²³³ taxpayers, other than private individuals, shall file their tax returns on tax charged on certain big ticket items

¹²³⁰ Established by Subsection (10) of Section 263 of Act CXXVII of 2007, effective as of 1 January 2008.

¹²³¹ Established: by Section 41 of Act LXXVIII of 2009. In force: as of 1. 01. 2010.

¹²³² Repealed: by point 8 paragraph (1) Section 36 of Act XC of 2010. No longer in force: as of 16. 08. 2010.

¹²³³ Repealed: by point 9 paragraph (1) Section 36 of Act XC of 2010. No longer in force: as of 16. 08. 2010.

2/A.¹²³⁴

3. Special provisions pertaining to the filing of tax returns

a) Taxpayers who are liable to pay value added tax shall

aa)¹²³⁵ file tax returns quarterly, subject to the exceptions set out in this Schedule;

ab)¹²³⁶ file tax returns monthly if the difference between the total amount of tax payable for the tax period(s) of the second previous year and the amount of value added tax that may be deducted originating from the same or previous tax periods, that have, however, been claimed during the tax period(s) of the second previous year (hereinafter referred to as “VAT liability”) is positive for the entire year - or has been prorated on an annual basis - and is at least one million forints, as well as the taxpayers referred to Subparagraphs aj), ak), al) and an);

ac)¹²³⁷ file a tax return annually if:

aca) the total amount of tax to be accounted for the second year preceding the tax year did not reach 250,000 forints (negative or positive) for the entire year - or has been prorated on a time basis for the year - and

acb) the total amount of consideration due in the second year preceding the tax year, exclusive of VAT, for supplies of goods and/or services under the Act on Value Added Tax does not exceed 50 million forints, if the taxpayer does not have a Community tax number;

ad)¹²³⁸ switch from filing annually to filing quarterly if the difference between the tax payable and deductible from the beginning of the current year has reached the amount limit specified in Subparagraph *aca*), or if the amount of consideration due, exclusive of VAT, for supplies of goods and/or services under the Act on Value Added Tax exceeded the amount limit specified in Subparagraph *acb*), or if the tax authority has assigned a community tax number during the course of the tax year. The first yearly tax return shall be filed by the deadline prescribed for quarterly tax returns and shall concern the period that begins on the first day of the year and ends on the last day of the quarter in which the amount limit is reached or in which the tax authority has issued the community tax number;

ae) switch from filing quarterly to filing monthly if the total amount of tax to be accounted from the beginning of the year is positive and amounts to at least one million forints. The first monthly tax return shall concern the month that follows the quarter in which the amount limit is reached;

af) switch from filing annually to filing monthly if the difference between the tax payable and deductible from the beginning of the current year is positive and amounts to at least one million

¹²³⁴ Repealed: by paragraph (1) Section 14 of Act LVII of 2010. No longer in force: as of 29. 06. 2010.

¹²³⁵ Amended by Subsection (4) of Section 40 of Act LXXXV of 2005, and by Subsection (10) of Section 27 of Act CLXIII of 2005.

¹²³⁶ Established by Section 137 of and Schedule No. 3 to Act LXXXI of 2008. Amended by Point 31 of Section 225 of Act LXXIV of 2014.

¹²³⁷ Established by Point 1 of Section 224, Point 1 of Schedule No. 10 to Act LXXIV of 2014, effective as of 1 January 2015.

¹²³⁸ Amended by Point 32 of Section 225 of Act LXXIV of 2014. Enters into force as under Section 438 of Act XCIX of 2014.

forints. The first yearly tax return shall concern the period that begins on the first day of the year and ends on the last day of the quarter in which the above-specified difference reaches the amount limit referred to in Subparagraph ab), and monthly tax returns shall be filed thereafter, beginning with the following month;

ag) tax shall be assessed

- for the period beginning with the first day and ending with the last day of the month for taxpayers required to file monthly,

- for the period beginning with the first day and ending with the last day of the quarter for taxpayers required to file quarterly,

- for the period beginning with the first day and ending with the last day of the year (tax assessment period) for taxpayers required to file yearly,

ah)¹²³⁹

ai)¹²⁴⁰ self-audit made relating to any tax return filed for the current year and posteriori tax assessment shall have no effect on the frequency of tax returns for the current year;

aj)¹²⁴¹ file tax returns monthly if subject to value added tax liability under the group taxation scheme;

ak)¹²⁴² the indirect customs representatives referred to in Section 96 and the VAT warehouse operators referred to in Section 89/A of the Act on Value Added Tax shall file tax returns monthly;

al)¹²⁴³ file tax returns monthly if not engaged in the supply of goods and/or services in the domestic territory that is subject to tax liability other than the importation of goods underlying the exemption in connection with the intra-Community supply of goods in accordance with the Act on Value Added Tax, whereby a tax return is not required for the month during which the taxpayer did not perform any supply of goods as specified in this Subparagraph;

am)¹²⁴⁴ the monthly tax returns referred to in Subparagraphs ak) and al) shall be submitted initially for the month during which the taxpayer is required to file a statement according to Paragraph f) or g) of Subsection (1) of Section 22 of the RTA or a declaration for releasing the

¹²³⁹ Repealed by Paragraph a) of Subsection (3) of Section 262 of Act CXXVII of 2007, effective as of 1 January 2008.

¹²⁴⁰ Enacted by Section 131 of and Point 2 of Schedule No. 6 to Act LXI of 2006, effective as of 1 January 2007.

¹²⁴¹ Enacted by Subsection (11) of Section 263 of Act CXXVII of 2007, effective as of 1 January 2008.

¹²⁴² Enacted by Section 17 of and Point 2 of Schedule No. 2 to Act VII of 2008. Amended by Point 33 of Section 225 of Act LXXIV of 2014.

¹²⁴³ Enacted by Section 17 of and Point 2 of Schedule No. 2 to Act VII of 2008, effective as of 1 May 2008. Initially applies where the procedure for the release of goods for free circulation opens on or after 1 May 2008. See Subsection (2) of Section 26 of Act VII of 2008.

¹²⁴⁴ Enacted by Section 17 of and Point 2 of Schedule No. 2 to Act VII of 2008, effective as of 1 May 2008. Initially applies where the procedure for the release of goods for free circulation opens on or after 1 May 2008. See Subsection (2) of Section 26 of Act VII of 2008.

goods into free circulation. If switching to monthly settlement during the course of the year, the taxpayer shall file a tax return for any period not previously covered together with the initial monthly tax return, and shall simultaneously pay the tax applicable, or may apply for a refund as of that date;

an)¹²⁴⁵ file tax returns monthly on value added tax liabilities for the year of registration and for the following year, if started up during the tax year without any predecessor.

b)¹²⁴⁶ The taxpayers established through transformation, merger, division shall submit tax returns for their value added tax liabilities in the same frequency as the organization from which they were transformed or established through merger or division. The taxpayers established by way of transformation, merger or division shall submit tax returns for their value added tax liabilities consistent with the predecessor who was required to file more frequently.

c)¹²⁴⁷ The value added tax payable in connection with the acquisition of new means of transport - exclusive of passenger cars and motorcycles that are subject to motor vehicle registration duty - in any Member State of the European Communities, if the buyer is a private individual or organization who (that) is not subject to the value added tax system, a legal person deemed non-taxable for the purposes of value added tax who is liable for the tax payable, a taxpayer engaged exclusively in activities without entitlement to tax deduction, a taxpayer claiming individual tax exemption or engaged exclusively in agricultural activities under special legal status, or a taxpayer taxed under the simplified entrepreneurial taxation system, shall be declared and paid to the state tax authority by the 20th of the month following the month of purchase.

d)¹²⁴⁸ Taxpayers claiming individual tax exemption, taxpayers engaged exclusively in activities without entitlement to tax deduction and taxpayers engaged exclusively in agricultural activities under special legal status shall file their value added tax returns monthly under any and all circumstances.

e)¹²⁴⁹ Taxpayers with community tax numbers, if a legal person deemed non-taxable for the purposes of value added tax who is liable for the tax payable and taxpayers taxed under the simplified entrepreneurial taxation system shall declare their transactions within the framework of intra-Community trading by the 20th day of the month following the chargeable event and pay the value added tax charged on such transactions at the time of filing the declaration. No declaration shall be filed for any period in which the taxpayer did not engage in any intra-Community trading. Taxpayers with community tax numbers, if a legal person deemed non-taxable for the purposes of value added tax and if liable for the tax payable in connection with

¹²⁴⁵ Enacted by Point 1 of Section 224, Point 2 of Schedule No. 10 to Act LXXIV of 2014, effective as of 1 January 2015.

¹²⁴⁶ Established by Point 1 of Section 224, Point 3 of Schedule No. 10 to Act LXXIV of 2014, effective as of 1 January 2015.

¹²⁴⁷ Established by Section 128 of and Point 1 of Schedule No. 15 to Act CXIX of 2005, effective as of 1 January 2006. Applies to tax assessment proceedings opened subsequently. Amended: by subparagraph e) paragraph (2) Section 62 of Act CX of 2009. In force: as of 1. 01. 2010.

¹²⁴⁸ Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹²⁴⁹ Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

services received from a taxable person established outside the Community, shall declare such services by the 20th day of the month following the chargeable event and pay the value added tax charged on such transactions at the time of filing the declaration.

f)¹²⁵⁰ As regards the frequency of filing value added tax returns required for private entrepreneurs, the value added tax charged on the transfer of a building structure (part of a building) and the land on which it stands, or the transfer of a building land (land parcel) as a private individual in a series of transactions shall be excluded.

g)¹²⁵¹ The provisions of Schedule No. 4 shall be applied in connection with the declaration of the income of foreign nationals.

h)¹²⁵² Private entrepreneurs engaged in auxiliary activities and required to pay health services contributions and pension contributions shall declare such health services contributions and pension contributions annually, in their personal income tax return.

4. Declaration of central subsidies

a) Central subsidies shall be established for a period between the first and last day of each month.

b) In derogation from Paragraph a), taxpayers shall establish the amount of conditional central subsidies in accordance with the provisions set out in the legislation that governs such subsidies. Proof of having satisfied such condition shall be attached to the application.

c) Upon a taxpayer's request, the tax authority may grant permission for central subsidies to be claimed more frequently (five, ten or fifteen days). A taxpayer who is eligible to claim central subsidies more frequently shall establish such subsidies monthly and shall file a return

by the 20th day of the following month.

5.¹²⁵³ Declaration of taxes not mentioned elsewhere

Any tax payment obligation not regulated in this Schedule shall be performed according to the provisions contained in the act prescribing it. If an act establishing a tax obligation concurrently orders the fulfillment of the obligation in the annual tax return or annual recapitulative statement, the taxpayer shall, in the absence of such return or declaration, comply

by 25 February of the following year.

II

DEADLINE FOR FILING DECLARATIONS PERTAINING TO EXCISE TAXES PAYABLE TO THE CUSTOMS AUTHORITY

¹²⁵⁰ Established by Subsection (12) of Section 263 of Act CXXVII of 2007, effective as of 1 January 2008.

¹²⁵¹ Designation amended by Section 230 of and Schedule No. 14 to Act CI of 2004.

¹²⁵² Established by Section 74 of and Schedule No. 5 to Act CXXXI of 2006, effective as of 1 February 2007.

¹²⁵³ Amended by Paragraph n) of Subsection (1) of Section 225 of Act LXXXI of 2008. See also Subsection (4) of Section 267 of Act LXXXI of 2008.

Taxpayers who are required to pay excise taxes shall declare excise taxes monthly, by the 20th day of the following month, regardless of the periods otherwise prescribed by law for fulfilling the obligation to file tax returns.

Schedule No. 2 to Act XCII of 2003

Due Dates of Taxes and Central Subsidies

I

Payments to be made to the State Tax Authority

General Provisions

1.¹²⁵⁴ Taxes shall be paid by the deadline prescribed in the Schedule, and central subsidies shall be disbursed from the date specified in this Schedule. In the cases described in Paragraphs *a)*-*c)* and *e)* of Subsection (3) of Section 33 of this Act, taxpayers shall pay the tax at the time they file their tax returns.

2.¹²⁵⁵ By way of derogation from the provisions set out in this Schedule, payment liabilities incurred prior to the date of the opening of liquidation shall be performed in accordance with the provisions of the Act on Bankruptcy Proceedings and Liquidation Proceedings. According to Subsection (6) of Section 33, taxpayers undergoing liquidation shall satisfy their tax liabilities after a tax return is submitted simultaneously with the final tax return for closing out the activities, according to the provisions on final tax returns for closing out the activities, after a tax return is submitted simultaneously with the tax return filed upon the conclusion of liquidation proceedings, according to the provisions on tax returns filed upon the conclusion of liquidation proceedings. Taxpayers undergoing dissolution shall satisfy their tax liabilities simultaneously with filing the tax return closing out their activities and the final tax return, and the declaration for the period covering the duration between the two tax returns shall be filed - in the absence of any provision to the contrary - according to the general provisions. According to Subsection (6) of Section 33, taxpayers undergoing dissolution shall be required to pay the tax at the time of submission of a tax return submitted simultaneously with the final tax return for closing out the activities, or the tax return filed upon the conclusion of dissolution proceedings.

2a.¹²⁵⁶ Taxpayers are required to pay the tax by the deadline for submission of the tax return prescribed under Subsection (12) of Section 33.

3.¹²⁵⁷ Taxes registered at the state tax authority - with the exception of income taxes, special taxes, simplified contributions to public revenues, and health care and other compulsory

¹²⁵⁴ Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹²⁵⁵ Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹²⁵⁶ Enacted: by subparagraph a) Section 291 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

¹²⁵⁷ Established: by Section 155 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 27 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

contributions paid by private individuals, as well as property acquisition duties and company car taxes charged to private individuals and sums payable within the framework of simplified employment - and central subsidies shall be paid in sums rounded off to units of 1,000 forints. Taxpayers - irrespective of their person - shall pay company car taxes in forints, without rounding off. Taxpayers shall not be required to pay income tax if they amount to less than 100 forints, and the tax authority shall not refund or keep records of any amount of income tax below 100 forints.

Deadlines

1. Personal income tax

A) Personal income tax advance

- a) Employers shall pay the income tax advances they have deducted

by the 12th day of the month following the month to which they pertain;

- b) payers shall pay the income tax advances they have deducted

by the 12th day of the month following the month of payment;

c) private individuals, if they receive incomes from a source other than a payer or if the payer does not deduct any tax advance for any reason, furthermore, private entrepreneurs and small-scale agricultural producers shall pay the tax advance quarterly

by the 12th day of the month following the quarter.

B) Personal income tax

a) Employers shall pay the differential of the personal income tax established at the end of the year and the tax advance already deducted and paid

by the 12th day of the month following the date of deduction.

If monthly accounting indicates an amount of refund liability higher than the total of tax and tax advance deducted during the same month, the employer may request the difference to be refunded as of the above date. In respect of year-end accounting, employers may request a refund of a tax difference at a time so as to have the amount of tax refunded available at the time of next payment of wages.

- b) Payers shall pay the income tax they have deducted

by the 12th day of the month following the date of deduction.

c) Private individuals not engaged in entrepreneurial activities, if not liable to pay value added tax, shall pay the personal income tax

by 20 May of the following tax year.¹²⁵⁸

¹²⁵⁸ Amended by Subsection (2) of Section 315 of Act CI of 2004.

d)¹²⁵⁹ Private individuals who are engaged in entrepreneurial activities or who conduct sales on which value added tax must be paid shall pay the personal income tax

by 25 February of the following year.

2. Value added tax

a)¹²⁶⁰ Taxpayers who are liable to pay value added tax shall pay the net amount of value added tax payable

- if filing monthly,

by the 20th day of the following month,

- if filing quarterly,

by the 20th day of the month following the quarter,

- if filing annually,

by 15 February of the following tax year

or may apply for a refund as of this date.

b)¹²⁶¹ Taxpayers required to file annual or quarterly tax returns may request permission to file, respectively, quarterly or once a month. The tax authority may authorize more frequent filing until the end of the tax year, particularly if the rate of deductible value added tax charged on the taxpayer's purchases is higher than the rate of value added tax charged by the taxpayer, or in respect of a development project in progress. The tax authority shall refuse the request for authorization if either of the following applies to the taxpayer:

within a period of two years prior to the date of submission of the request:

- the taxpayer's tax number had been suspended or withdrawn,
- the tax authority imposed a default penalty upon the taxpayer - by final decision - for failure to meet the obligation to issue invoices, or cash receipts, for the employment of any unregistered employee, or for obstructing the audit,
- the taxpayer's name appeared on the list to be published according to Subsection (3) or (5) of Section 55,
- the taxpayer is or has been adjudicated in an enforcement procedure for the recovery of a tax debt of 25 million forints or more.

If more frequent filing is permitted during the year, the tax liability for the period for which no tax return has yet been filed, which precedes the transition to the type of declaration prescribed by the permit, must be assessed, declared, and paid.

¹²⁵⁹ Amended by Paragraph o) of Subsection (1) of Section 225 of Act LXXXI of 2008. See also Subsection (4) of Section 267 of Act LXXXI of 2008.

¹²⁶⁰ Amended by Paragraph p) of Subsection (1) of Section 225 of Act LXXXI of 2008. See also Subsection (4) of Section 267 of Act LXXXI of 2008.

¹²⁶¹ Established: by subparagraph a) Section 291 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

The head of the competent tax authority may grant authorization under the principle of fairness in spite of the existence of any grounds for exclusion, if the reason for refusal of the authorization is not proportionate to the taxpayer's justified interests in increasing the frequency of filing.

3. Corporate tax

A) Corporate tax advance

a) A taxpayer

if paying tax advance monthly in accordance with the Act on Corporate Tax and Dividend Tax shall pay the tax advance

by the 20th day of each month;

if paying tax advance quarterly in accordance with the Act on Corporate Tax and Dividend Tax shall pay the tax advance

by the 20th day of the month following the quarter.

The tax advance for the last month or quarter for the tax year shall be paid together with the advance supplement prescribed in Paragraph b) if required to pay the advance supplement according to the Act on Corporate Tax and Dividend Tax.

b)¹²⁶² Taxpayers shall pay the tax advance supplement declared according to Point I/B/2./c) of Schedule No. 1 by the 20th day of the last month of the year to which it pertains.

B) Corporate tax

a) Taxpayers shall pay the corporate tax, the difference between the tax advances paid and the corporate tax assessed for the tax year,

by 31 May of the following year

or may request a refund of such as of this date.

b) Legal persons and other organizations transformed during the year or terminated by way of division, fusion, merger or other reasons, other than liquidation, shall pay the difference of the tax advances paid in the tax year and the corporate tax calculated up to the date of transformation or termination concurrently with filing the tax return on transformation or termination, or may request refund of such as of the same date.

c) In accordance with the provisions of the Accounting Act, entrepreneurs switching from forints to a foreign currency, from one foreign currency to another, or from a foreign currency to forints in respect of the data indicated in the balance sheet shall pay the difference of the tax advances paid in the tax year and the actual corporate tax calculated up to the date of transition concurrently with filing the tax return in respect of the transition or may request a refund of such as of that date.

C) Dividend tax

a) Payers shall pay the dividend tax

by the 12th day of the month following the deduction or payment.

¹²⁶² Established by Section 217 of and Point 2 of Schedule No. 11 to Act CXXVI of 2007, effective as of 1 January 2008.

b) Resident taxpayers receiving dividends may apply for refund of dividend taxes deducted by payers

as of 31 May of the following year.

c) The provisions set forth in Schedule No. 4 shall apply to the dividend tax liabilities of nonresident taxpayers.

4.¹²⁶³

5.¹²⁶⁴ Compulsory contributions

A)¹²⁶⁵ Health insurance contributions in kind, monetary health insurance contributions, labor market contributions and pension contributions

a) Employers shall pay withheld contributions

by the 12th day of the month following the month to which they pertain,

b) payers shall pay withheld contributions

by the 12th day of the month following the month of payment,

c) private entrepreneurs described in Paragraph *b)* of Section 4 of the SPA shall pay the contribution monthly

by the 12th day of the month following the month to which they pertain.

B)¹²⁶⁶

C)¹²⁶⁷ Health services contributions and pension contributions

a) Business associations shall pay the contributions monthly

by the 12th day of the month following the month to which they pertain;

b) private entrepreneurs engaged in auxiliary activities shall pay the contributions quarterly

by the 12th day of the month following the quarter.

D) Health services contribution prescribed under Section 39 of the SPA

¹²⁶³ Repealed: by paragraph (1) Section 14 of Act LVII of 2010. No longer in force: as of 29. 06. 2010.

¹²⁶⁴ Established by Section 131 of and Point 1 of Schedule No. 7 to Act LXI of 2006, effective as of 1 January 2007.

¹²⁶⁵ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by point 28 paragraph (1) Section 361 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹²⁶⁶ Repealed: by point 29 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

¹²⁶⁷ Established by Section 74 of and Schedule No. 6 to Act CXXXI of 2006, effective as of 1 February 2007.

Private individuals shall comply with requirements to pay contributions prescribed under Subsection (2) of Section 39 of the SPA

initially by the 12th day of the month following the month when registered,

and subsequently

monthly, by the 12th day of the following month.

6.¹²⁶⁸ Game tax

6.1.¹²⁶⁹ Subject to the exceptions set out in Point 6.2, taxpayers shall declare and pay the game tax, by the 20th day of the following month, and in the case of non-regular drawings by the 20th day of the month following the draw.

6.2. Taxpayers shall pay the annual tax on gaming machines simultaneously upon the submission of the related tax return.

6.3.¹²⁷⁰

6.4.¹²⁷¹

7.¹²⁷² Occupational rehabilitation contributions

Taxpayers shall pay the advance on contributions for rehabilitation purposes, calculated as defined by the relevant legislation, in the first three quarters

by the 20th day of the month following the quarter.

The difference between the advances paid and the annual contribution shall be paid for the tax year

by 25 February of the following tax year.

8.¹²⁷³

9.¹²⁷⁴ Payments not mentioned elsewhere

¹²⁶⁸ Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹²⁶⁹ Amended: by point 36 Section 293 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹²⁷⁰ Repealed by Point 6 of Subsection (1) of Section 226 of Act LXXIV of 2014, effective as of 1 January 2015.

¹²⁷¹ Repealed: by point 10 paragraph (2) Section 294 of Act CLXXVIII of 2012. No longer in force: as of 1. 01. 2013.

¹²⁷² Established by Section 137 of and Schedule No. 4 to Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

¹²⁷³ Repealed: by point 11 paragraph (1) Section 36 of Act XC of 2010. No longer in force: as of 16. 08. 2010.

¹²⁷⁴ Numbering amended: by Section 42 of Act LXXVIII of 2009. In force: as of 1. 01. 2010.

Taxes not listed above shall be paid in a manner and by the deadlines prescribed in specific other legislation. In the absence of such and if any advance payment is prescribed by law, they shall be paid by the 28th day of the month in question, the tax by the 20th day of the following month, and the tax established for the tax year concurrently with the annual tax return. Taxes established and corrected by self-audit, to be performed on the basis of any legislation that have been abolished, and the tax established by the tax authority shall be paid under the title of other payments while central subsidies may be applied to be refunded under the title of other subsidies.

II

Payments to Municipal Tax Authorities

General Provisions¹²⁷⁵

Taxpayers shall not be required to pay any tax liability of less than 100 forints owed to municipal tax authorities, and the municipal tax authorities shall not refund nor keep records of any tax refund less than 100 forints.¹²⁷⁶

A) Local taxes

1. Building tax and property tax

Taxpayers shall pay tax biannually in two equal installments

by 15 March and

by 15 September of the tax year.

2.¹²⁷⁷ Community tax, local business tax¹²⁷⁸

a) Private individuals shall pay tax biannually in two equal installments

by 15 March and

by 15 September of the tax year.

b) Entrepreneurs shall pay tax advances in biannual installments

by 15 March and

¹²⁷⁵ Enacted by Section 128 of and Point 3 of Schedule No. 16 to Act CXIX of 2005, effective as of 1 January 2006.

¹²⁷⁶ Established by Section 131 of and Point 2 of Schedule No. 7 to Act LXI of 2006, effective as of 1 January 2007.

¹²⁷⁷ Amended: by subparagraph c) paragraph (1) Section 193 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹²⁷⁸ Established: by paragraph (3) Section 14 of Act LVII of 2010. In force: as of 29. 06. 2010.

by 15 September of the tax year.

c)¹²⁷⁹ Entrepreneurs required to supplement the amount of corporate tax advance up to the amount of tax liability estimated for the tax year shall supplement local business tax advances up to the amount of tax estimated for the year

by 20 December of the tax year.

d)¹²⁸⁰ Local business tax on temporary (occasional) activities shall be paid by the 15th day of the month following the month when such activity is terminated.

e) Entrepreneurs shall pay the difference between the tax advance paid and the actual tax established for the tax year

by 31 May of the following tax year

or may request a refund of such as of this date.

f) Taxpayers shall pay or request a refund of the difference between the tax advance and the actual annual liability, rounded off to the nearest 100 forints.

3. Tourism tax

a)¹²⁸¹

by 15 March and

b) Taxpayers shall pay the tourism tax they have collected

by the 15th day of the month following collection

to the tax authority.

4. If a municipal government prescribes different rules regarding the deadlines for paying tax advances and tax, such payments shall be effected by the deadline specified in the relevant decree.

B) Tax on Motor Vehicles Registered in Hungary

a) Taxpayers shall pay tax on motor vehicles registered in Hungary - with the exceptions set out in Paragraph b) - biannually in two equal installments

by 15 March and

by 15 September of the tax year.

b) In respect of the commencement (change) of tax liability, taxpayers shall pay the tax charged for the commensurate period of the half year within 15 days of the date on which the resolution therefor becomes definitive.

¹²⁷⁹ Established: by Section 37 of Act XC of 2010. In force: as of 1. 01. 2011.

¹²⁸⁰ Established on the base: of paragraph (5) Section 14 of Act LVII of 2010. In force: as of 29. 06. 2010.

¹²⁸¹ Repealed: by point 3 paragraph (2) Section 36 of Act XC of 2010. No longer in force: as of 1. 01. 2011.

III

Central subsidies

1. Taxpayers may apply to the state tax authority for central subsidies rounded off to the nearest 1,000 forints.

2. Unless otherwise prescribed by the relevant legislation on subsidies,

a) taxpayers may apply for central subsidies established on a monthly basis

as of the 20th day of the following month;

b) for conditional central subsidies filed

as of the date of submission of the declaration

with the prescribed schedules attached.

3. Taxpayers may apply for agricultural and food export subsidies monthly

as of the 20th day of the following month.

4. More frequent use of subsidies, one-time advance

a) The tax authority shall disburse central subsidies upon a taxpayer's application, more frequently upon request and in justified cases, or may permit a one-time advance on central subsidies.

b)¹²⁸² In the event of the tax authority granting permission for more frequent (five, ten or fifteen days) use of central subsidies, the difference between the advances received during the month and the amount of eligibility for the month shall be applied for

as of the 20th day of the following month

or shall be paid by that date. The tax authority shall withdraw its resolution authorizing more frequent use of central subsidies, if the advance claimed under such authorization exceeds regularly - in at least three months within six consecutive months - the amount of eligibility by at least 10 per cent.

c) If a one-time advance is granted, it shall be available as of the 20th day of the first month in the relevant quarter, and it shall be repaid

by the 20th day of the month following the quarter.

5.¹²⁸³ Tax refund

Value added taxes shall be refunded on the last day of the month following the submission of the application therefor if the taxpayer concerned is not subject to value added tax liabilities but is allowed to request a refund of the value added tax charged on his purchases and if he has not

¹²⁸² Established: by subparagraph a) Section 291 of Act CLXXVIII of 2012. In force: as of 30. 11. 2012.

¹²⁸³ Amended: by point 28 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

applied for such as described in Subsection (15) of Section 22. Otherwise, the provisions of Subsection (4) of Section 37 shall be applied regarding the deadlines for such refunds.

IV

Tax Liabilities Pertaining to Excise Taxes Payable to the Customs Authority¹²⁸⁴

Payment of excise taxes

A) Excise tax advance

Taxpayers shall pay the excise tax advance monthly

by the 25th day of each month.¹²⁸⁵

B) Excise tax

Taxpayers shall pay the difference of the advance on the excise tax and the net excise tax established monthly

by the 20th day of the following month

or may apply for a refund as of that date. These provisions shall apply with respect to tobacco products only if the tax is paid by means other than tax seal.

General Provisions¹²⁸⁶

Taxpayers shall not pay any tax liability owed to the customs authority if they amount to less than 1,000 forints, and the customs authority shall not refund or keep records of any amount less than 1,000 forints.¹²⁸⁷

Schedule No. 3 to Act XCII of 2003

Data Disclosure

On the basis of Section 52 of this Act, data shall be disclosed as follows:

A) Disclosure of data by payers and employers

A/I.¹²⁸⁸

¹²⁸⁴ Title established by Section 217 of and Point 3 of Schedule No. 11 to Act CXXVI of 2007, effective as of 1 January 2008.

¹²⁸⁵ Amended by Subsection (5) of Section 156 of Act CXXXI of 2006.

¹²⁸⁶ Title enacted by Section 217 of and Point 4 of Schedule No. 11 to Act CXXVI of 2007, effective as of 1 January 2008.

¹²⁸⁷ Enacted by Section 217 of and Point 4 of Schedule No. 11 to Act CXXVI of 2007, effective as of 1 January 2008.

¹²⁸⁸ Repealed by Subsection (1) of Section 40 of Act LXXXV of 2005, effective as of 1 January 2006.

A/II.¹²⁸⁹ Payers shall disclose data on income received from the lease of land (land allotment) and on the tax deducted as well as on the lease contract that was concluded for a term covering the minimum duration for tax exemption if terminated inside of such duration and on the identification data of the leased land as contained in the land registry to the municipal tax authority responsible for the place where the land is located. The data disclosed shall include the reason for not deducting tax (payment in kind). Payers shall disclose data by 31 March of the following tax year on paper.

B)¹²⁹⁰

C) Data disclosure by the real estate supervisory authority¹²⁹¹

1.¹²⁹² The real estate supervisory authority shall supply to the state tax authority the data and information it has available and that are necessary for assessing duties, and in connection with any transfer of real estate properties, including the seller and the selling price shown in the relevant contract, furthermore, in connection with the transfer of arable land on the fact of transfer of the arable land, in the case of waiving any right in real property or the quid pro quo establishment, transfer (consignment) or termination of such right, on the private person transferring (consigning) the property or establishing or terminating such right and the contractual value of such right, and attach the filled out form described in Subsection (2) of Section 21 of this Act immediately upon the conclusion of the real estate registration proceedings, or in connection with financial leasing contracts where title to the real estate property is transferred at the end of the lease term as stipulated, following the registration of sale based on a reservation of title. Upon receipt of an official request containing a taxpayer's personal data, the real estate supervisory authority shall provide the tax authority with the data on all of the real property of record owned by such taxpayer.

2.¹²⁹³ The real estate supervisory authority shall disclose to the municipal tax authority, upon request, information on all real estate properties it has on record on 1 January of the year when the request is made and which are located within the area of competence of the municipal tax authority, once a year, free of charge in a format suitable for electronic processing - exclusively for the purpose of introduction, and for the imposition (levying) of building tax, property tax, community tax of private individuals, community tax - within thirty working days of receipt of the request. The request shall indicate the purpose for which the data and information is requested. The data received may be used only for the purpose thus indicated. If the municipal government requested data for the purpose of introducing of new tax, however, the decree on the introduction of such tax did not enter into effect by the first day of the year following the date when the request was made, the fee otherwise due for such data shall be paid by 31 January of the

¹²⁸⁹ Amended by Point 24 of Section 248 of Act LXXXI of 2008, Paragraph b) of Subsection (1) of Section 136 of Act CCXII of 2013.

¹²⁹⁰ Repealed by Point 2 of Section 29 of Act XXXIII of 2014, effective as of 15 July 2014.

¹²⁹¹ Amended by Subsection (4) of Section 85 and by Paragraph a) of Section 86 of Act CIX of 2006.

¹²⁹² Established: by Section 191 of Act CC of 2013. In force: as of 1. 01. 2014.

¹²⁹³ Established by Section 287, Point 1 of Schedule No. 2 to Act XCIX of 2014, effective as of 1 January 2015.

year following the date when the request was made. The data disclosed on independent real estate property located within the area of competence of the municipal government, and shown as such in the real estate register, shall cover:

a) all particulars contained on the real estate property in the real estate register as provided for in the Act on Real Estate Registration (such as in particular the address, land register reference number and size),

b) the owner of the real estate property and, if a natural person, this person's identification data, home address, contact address, or for legal persons the owner's name, registered office and contact address, including the ownership share of the owners, if there is more than one,

c) all rights recorded in the real estate register, including their holders, including the ownership share of the rightholders, if there is more than one, if the rightholder is a natural person, his identification data, home address, or if a legal person, its registered office and contact address,

d) in the case of an agreement for the transfer of ownership, right of use, asset management right, in the case of obtaining a right, the provisional registration of the agreement, statement on the right, and the date of such registration, the acquiring party, the identification data, home address of such party if a natural person, or if acquired by a legal person, the rightholder's registered address, contact address, including the ownership share of the owners, if there is more than one,

e) any ban on parcel reconfiguration or construction, the date of registration of such ban, if applicable.

3.¹²⁹⁴

D)¹²⁹⁵ Disclosure of data by credit institutions, payment service providers and investment service providers¹²⁹⁶

D/I. Disclosure of data by credit institutions

1.¹²⁹⁷

2-3.¹²⁹⁸

4.¹²⁹⁹

5.¹³⁰⁰ Payment service providers carrying current accounts shall notify the state tax authority concerning the opening and closing of current accounts - with the exception of the current

¹²⁹⁴ Repealed by Subsection (2) of Section 136 of Act CCXII of 2013, effective as of 15 December 2013.

¹²⁹⁵ Established by Section 217 of and Point 2 of Schedule No. 12 to Act CXXVI of 2007, effective as of 1 January 2008.

¹²⁹⁶ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

¹²⁹⁷ Repealed: by point 30 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

¹²⁹⁸ Repealed: by point 17 Section 171 of Act CXXII of 2010. No longer in force: as of 1. 01. 2011.

¹²⁹⁹ Repealed: by point 31 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

¹³⁰⁰ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

accounts registered by the registrar of companies - by the 15th day of the month following the date of opening or closing, with the relevant account numbers indicated.

D/II. Disclosure of data by investment service providers

Investment service providers shall supply data by way of electronic means to the state tax authority by 31 January of the year following the tax year in connection with an assignment to transfer securities from the securities account (securities escrow account) of a party to the securities account (securities escrow account) of another party, and if either or all of the persons (parties) to the transaction are private individuals, containing the identification data and tax identification code/tax number of the parties to the contract, the type of securities transferred and their face value, and - if the party on whose behalf the transfer was carried out verifies or declares - the profit made on the transfer of the said securities.

E)¹³⁰¹ Disclosure of data by municipal government notaries

Notaries of municipal governments shall disclose data on business licenses issued (revoked, revised) for commercial activities with excise products within fifteen days to the state tax authority.

F)¹³⁰² Disclosure of data by bodies providing pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers' annuities, provisional miners' allowances

The bodies providing pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers' annuities, provisional miners' allowances shall supply information - based on the electronic disclosures made by 31 January of the year following the tax year relating to persons pursuing any gainful activity while receiving pension benefits, benefits provided before the legal age limit, service emoluments, ballet dancers' annuities or provisional miners' allowances - including their natural identification data and tax identification codes - relying on the information contained in the tax returns submitted to the state tax authority according to Subsection (2) of Section 31 of the RTA, by way of electronic means to the state tax authority by 15 February of the year following the tax year concerning the amount of pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers' annuities, provisional miners' allowances paid out during the tax year. The state tax authority and the bodies providing pension benefits, rehabilitation benefits, benefits provided before the legal age limit, service emoluments, ballet dancers' annuities, provisional miners' allowances shall comply with the disclosure requirements specified above relating to private entrepreneurs engaged in auxiliary activities by 15 March and by 31 March, respectively, of the year following the tax year.

G) Disclosure of data by various authorities

1.¹³⁰³ The building authority shall send a copy of final and binding occupancy permits and final and binding continuation permits it has issued to the competent municipal tax authority and the state tax authority of jurisdiction by reference to the location of the given real estate property, also indicating the time when they were declared binding.

¹³⁰¹ Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³⁰² Established: by paragraph (4) Section 45 of Act CLIII of 2010. In force: as of 1. 01. 2011. Amended: by subparagraph i) Section 92 of Act CLXVII of 2011. In force: as of 1. 01. 2012.

¹³⁰³ Established: by Section 155 of Act CXXII of 2010. In force: as of 1. 01. 2011.

2.¹³⁰⁴ The body operating the registry of motor vehicles and the central body operating the register of personal data and address records of citizens shall supply data from its motor vehicle records, and from the records prescribed by Act LXVI of 1992 as current on the 1st of January to the municipal tax authorities and the - district government in Budapest, or the Government of District XIII as regards the Margitsziget - of competence for the imposition of motor vehicle taxes by 31 January, containing the following information:¹³⁰⁵

a) the registration plate number and chassis number of vehicles, the net weight of passenger cars and the net weight and allowable gross weight of trucks;

b) name and address, or registered address or place of business of the vehicle's owner - by definition of the Motor Vehicle Tax Act -, and the natural identification data of private individuals or the registration number of corporate entities, as applicable;

c) date of placing and removing the motor vehicle into or from service, and the reason for removing it from service;

d) data of change in ownership;

e) the environmental category of the vehicle;

f)¹³⁰⁶ the motor vehicle's capacity (kW, or alternatively LE) as specified in Points 3 and 7 of Section 18 of Act LXXXII of 1991 on the Motor Vehicle Tax, and the year of manufacture.

g)¹³⁰⁷ an indication if the truck or bus is equipped with air suspension or another similar suspension system (road-friendly axle).

3.¹³⁰⁸ The body operating the registry of motor vehicles and the central body operating the register of personal data and address records of citizens shall supply data from its motor vehicle records, and from the records prescribed by Act LXVI of 1992:

a) by the 20th day of each month, based on the status of the vehicle on the last day of the previous month if indicating any changes from the previous data disclosure period concerning tax liabilities (for example, placing and removing the motor vehicle into or from service, conversion, any change in performance specifications or in its environmental category),

b) by the 20th of January, concerning any notification of change in ownership made by the previous owner if it took place during the previous year,

c) by the 20th of January, the first and last day of ownership of any owner who failed to fulfill the obligation of registration and was subsequently registered as owner by the traffic control authority in the register of motor vehicles during the previous year, provided that the ownership right of this person existed on the first day of any calendar day (this owner hereinafter referred to as "intermediary owner"),

¹³⁰⁴ Established by Section 230 of and Point 2 of Schedule No. 15 to Act CI of 2004. Amended by Subsection (4) of Section 85 of Act CIX of 2006.

¹³⁰⁵ Amended: by subparagraph a) Section 19 of Act CXXVIII of 2013. In force: as of 20. 07. 2013.

¹³⁰⁶ Enacted by Section 131 of and Point 1 of Schedule No. 8 to Act LXI of 2006. Enters into force as amended by Subsection (4) of Section 156 of Act CXXXI of 2006 on 1 January 2007.

¹³⁰⁷ Enacted: by Section 155 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹³⁰⁸ Established: by Section 155 of Act CXXII of 2010. In force: as of 1. 01. 2011.

d) by the 20th of January, the first and last day of ownership of any intermediary owner who was subsequently registered by the traffic control authority in the register of motor vehicles during the period between 1 January 2006 and 31 December 2009

to the municipal tax authorities and the - district government in Budapest, or the Government of District XIII as regards the Margitsziget - of competence for the imposition of motor vehicle tax containing the information prescribed under Point 2.¹³⁰⁹

4.¹³¹⁰ The traffic control authority of the first instance shall convey by way of electronic means to the state tax authority information concerning the serial number of the postal money order in proof of payment of property acquisition duty presented by the client in connection with a motor vehicle or trailer in the course of proceedings for the registration of title of or operating rights for the motor vehicle, or any changes therein, as fixed in the computerized traffic administration system, the manufacturer's code and the amount of duty paid up, via the body operating the Registry of Motor Vehicles, furthermore, the body operating the Registry of Motor Vehicles shall supply information according to Subsections (1) and (2) of Section 9 of Act LXXXIV of 1999 on the Registry of Motor Vehicles, to the extent necessary for verifying payment of property acquisition duty on motor vehicles and trailers (make and model of the vehicle, its type, category, license plate number, engine size, chamber volume, horse power, total weight, year of manufacture, the identification data, home address or registered office and the tax identification number of the vehicle's owner or authorized operator).

5.¹³¹¹ District offices and the customs authorities shall supply data on record on the last day of the previous month by the 15th day of each month concerning the issue of temporary registration plates marked "E" and "P" to the competent municipal tax authority responsible for the place where the residence of the applicant is located. The notice shall contain the applicant's name, mother's name, place and date of birth and home address (registered address), and the model of the vehicle and the number of the registration plate.

6.¹³¹²

7.¹³¹³ The body operating the register of personal data and address records of citizens shall disclose by way of electronic means, using an access code:

a) to the state tax authority - by the 15th day of each month, effective as on the last day of the previous month,

¹³⁰⁹ Amended: by subparagraph a) Section 19 of Act CXXVIII of 2013. In force: as of 20. 07. 2013.

¹³¹⁰ Enacted by Section 217 of and Point 4 of Schedule No. 12 to Act CXXVI of 2007. Amended by Paragraph q) of Subsection (1) of Section 225 of Act LXXXI of 2008. Amended: by point 29 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by paragraph (2) Section 122 of Act CLXXXI of 2011. In force: as of 1. 01. 2012.

¹³¹¹ Second sentence established by Section 131 of and Point 2 of Schedule No. 8 to Act LXI of 2006. Numbering amended by Section 217 of and Point 4 of Schedule No. 12 to Act CXXVI of 2007. Amended: by subparagraph g) paragraph (1) Section 56 of Act XCIII of 2012. In force: as of 1. 01. 2013.

¹³¹² Repealed: by point 11 Section 190 of Act CC of 2013. No longer in force: as of 1. 01. 2014.

¹³¹³ Established by Section 287, Point 2 of Schedule No. 2 to Act XCIX of 2014, effective as of 1 January 2015.

b) to the municipal tax authority, upon request, by 15 January of each year, effective as on the last day of the previous year, the natural identification data, nationality, electronic mail address, customer port of entry identifier of those persons who opened a customer port of entry or terminated their existing one, including the date of opening and closure of the customer port of entry.

8.¹³¹⁴ The bureau operating the register of compulsory motor vehicle liability insurance policies and the body operating the registry of motor vehicles shall disclose data, respectively, from the central policy records or the register of motor vehicles, by 31 January of the following year, on compulsory motor vehicle liability insurance policies terminated due to non-payment of premium, and on proceedings opened for having a motor vehicle removed from registration, to the state tax authority - by way of electronic means - containing the following information:

a) name of the insured party (operator) (corporate name of legal persons and unincorporated business association, including registered number, registration number), place of birth, date of birth, mother's name and address, or registered office (branch);

b) the vehicle's distinguishing sign (registration plate) and chassis number;

c) the starting date of risk coverage and the date of termination of coverage;

d) the date of removing the motor vehicle from service.

H)¹³¹⁵ Disclosure of data by taxpayers engaged in the business of selling new motor vehicles in accordance with the Act on Value Added Tax

Taxpayers shall supply the following information to the state tax authority, using the prescribed form, by the 20th day of the month following the value added tax period that covers the date of supply:¹³¹⁶

a) the name and address of the buyer established in another Member State of the European Communities, if he does not have a Community tax number;

b) the particulars of the new means of transport and its price, exclusive of value added tax;

c) the invoice date or the date of first entry into service of the means of transport if earlier than the invoice date.

I)¹³¹⁷ Disclosure of data by the government employment agency

1. The government employment agency shall supply data electronically to the state tax authority by 31 January of the following tax year on the identification data and tax identification codes of persons in respect of whom the payment of unemployment benefits was terminated due to any gainful activity terminating entitlement to such benefits, and, if available, on the employers of such persons along with their tax numbers and the date when payment of unemployment benefits was terminated.

2.¹³¹⁸

¹³¹⁴ Enacted: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³¹⁵ Established by Section 18 of and Schedule No. 2 to Act XXVII of 2004, effective as of the operative date of the Act promulgating the treaty on the accession of the Republic of Hungary to the European Union.

¹³¹⁶ Amended: by point 63 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³¹⁷ Established on the base: of Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

J)¹³¹⁹ Disclosure of data on certificates of entitlement for tax allowance

1. Upon issuing a certificate of entitlement to a private individual for tax allowance (tax exemption), the agency making out the tax allowance certificate shall disclose data on such a certificate issued to the taxpayer by conveying the same information as contained in the certificate. Data shall be disclosed by way of electronic means to the competent state tax authority of the agency making out a tax allowance certificate by 31 January of the year following the tax year to which it pertains.

2. For the purpose of control of social contribution tax allowance that may be claimed with respect to long-term job-seekers and to workers employed after the payment of child-care benefits, child-care allowance and child-raising benefits, the agency of issue of the certificate of entitlement for tax allowance shall disclose the details contained in the certificate of entitlement for tax allowance made out for the given month by way of electronic means to the state tax authority by the fifth day of the following month.

K) Disclosure of data by distributors (resellers) of official forms

1.¹³²⁰ Distributors (resellers) of official forms, unless prescribed otherwise by the relevant legislation, shall disclose data separately on each purchaser of blocks of invoices, receipts suitable for tax identification purposes.

2. The data disclosed shall include:

- a)¹³²¹ description of the forms (invoice blocks, receipt blocks) sold,
- b) serial number (first and last) of the blocks,
- c) name and address (registered office or place of business) of the purchaser,
- d) tax number of the purchaser.
- e)¹³²² name and tax identification number of the private individual representing the purchaser.

Distributors (resellers) of such forms shall disclose data quarterly, by the 20th day of the month following the quarter to the state tax authority.¹³²³

L) Disclosure of data on certificates of entitlement for central subsidies

If the relevant legislation prescribes a certificate to be issued by another agency and submitted for eligibility for central subsidies, the agency issuing the certificate shall disclose data on the certificate issued by the 15th day of the month following the month of issue to the competent tax authority by the registered address, place of business or residence of the person requesting it. The data disclosed shall include the name, corporate name, tax identification number of the person

¹³¹⁸ Repealed by Point 7 of Subsection (1) of Section 226 of Act LXXIV of 2014, effective as of 1 January 2015.

¹³¹⁹ Established: by Section 11 of Act CXLVI of 2012. In force: as of 1. 01. 2013.

¹³²⁰ Amended: by point 65 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.
Amended: by point 7 paragraph (1) Section 294 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹³²¹ Amended: by point 66 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.
Amended: by point 8 paragraph (1) Section 294 of Act CLXXVIII of 2012. In force: as of 1. 01. 2013.

¹³²² Enacted: by Section 155 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹³²³ Amended by Subsection (4) of Section 85 of Act CIX of 2006.

requesting the certificate, as well as the facts, circumstances and data indicated therein and the legal title for request. Issuing a certificate may be denied if the applicant fails to disclose the legal title for requesting subsidies. The certificate must indicate the legal title for the requested subsidies, as it may be used solely for the subsidy indicated.

M)¹³²⁴ Special cases of data disclosure

Any taxpayer terminated without succession and any private individual who is recognized as a private entrepreneur under the Personal Income Tax Act and has terminated such activities or if the official authorization for such activities has been withdrawn by final decision, shall be required to satisfy the obligation of data disclosure prescribed in this Act or other acts pertaining to taxes or central subsidies simultaneously with the interim tax return to be filed on annual taxes.

N)¹³²⁵

O)¹³²⁶ Disclosure of data by municipal government notaries

1. Notaries shall supply data to the state tax authority within forty-five days following the deadline for filing tax returns on taxes charged on real estate properties concerning the members (shareholders) of foreign companies with any real estate holding within the municipal government's area of jurisdiction valued up to 500 million forints if the tax is assessed based on the adjusted market price, or holding a building of up to 1,000 square meters or a landed property up to 10,000 square meters if it is calculated on net floor space or net area, including the shares of each member relying on the information contained in the tax returns filed by the foreign companies on building tax, property tax.

2. Inside the time limit referred to in Point 1, notaries shall disclose to the state tax authority the amount of income of a person who is resident in any other Member State of the European Union in connection with his arable land located within the municipal government's area of jurisdiction.

P)¹³²⁷

R)¹³²⁸ Disclosure of data by the Klebelsberg Intézményfenntartó Központ (*Klebelsberg Institution Maintenance Center*) and by municipal governments

1. With a view to carrying out the functions conferred upon the state tax authority in connection with the State taking over the operation of public education institutions maintained by municipal governments:

a) the Klebelsberg Intézményfenntartó Központ shall disclose to the state tax authority the names and tax numbers of the institutions involved, together with the names and tax numbers of

¹³²⁴ Enacted by Section 230 of and Point 3 of Schedule No. 15 to Act CI of 2004, effective as of 1 January 2005. Amended: by paragraph (15) Section 76 of Act CXV of 2009. In force: as of 1. 01. 2010.

¹³²⁵ Repealed: by point 32 paragraph (1) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

¹³²⁶ Established by Point 2 of Section 224, Schedule No. 11 to Act LXXIV of 2014, effective as of 1 January 2015.

¹³²⁷ Repealed: by point 8 paragraph (2) Section 361 of Act CLVI of 2011. No longer in force: as of 1. 01. 2012.

¹³²⁸ Enacted: by Section 191 of Act CC of 2013. In force: as of 1. 01. 2014.

municipal governments operating such institutions as provided for in Act CLXXXVIII of 2012 on the Transfer of Public Education Institutions Maintained by Municipal Governments to the State, indicating also the date when operation of such institutions had in fact been transferred, and

b) the municipal governments that did not themselves operate an institution referred to in Paragraph a) shall disclose to the state tax authority the names and tax numbers of the institutions involved, together with the names and tax numbers of budgetary agencies, business associations operating such institution, functioning as the successors, indicating also the first day of operation of such institutions.

2. No data shall be disclosed under Paragraph b) of Point 1 if the municipal government itself operates the institution provided for in Paragraph a) of Point 1, the state tax authority shall proceed in the absence of data disclosure under Paragraph b) of Point 1 in due consideration thereof.

3. Data disclosure shall be implemented by the 25th day of the month following the month to which it pertains. The time limits pertaining to the state tax authority's responsibilities relating to tax accounts, including payment transactions for disbursements, shall be calculated from the date of receipt of data, if the data was received after the occurrence of circumstances provided for by law, otherwise serving grounds for the beginning of the time limit.

4. In the event of any changes in the data specified in Point 1, data disclosure relating to such changes shall be implemented by the 25th day of the month following the month to which it pertains.

S)¹³²⁹ Data disclosure of insurance companies

Insurance companies shall inform the state tax authority by 30 April 2015 on the amount of payment made under a life insurance contract to a person who is resident in any other Member State of the European Union.

Schedule No. 4 to Act XCII of 2003

Special Rules of Taxation Applicable to the Income of Foreign Nationals

1.¹³³⁰ In respect of the income of nonresident private individuals received from payers subject to the obligation to deduct taxes and tax advances in connection with activities performed in Hungary and of the income of such persons of domestic origin as per the place of the gainful activity, such as interest, remuneration paid to performing artists and athletes or for presentations and exhibitions, royalties and dividends (hereinafter referred to as "taxable income"), the provisions of this Schedule shall be applied.

2.¹³³¹ Payers shall assess and deduct the tax from the taxable income of nonresident private individuals, and pay it¹³³²

¹³²⁹ Enacted by Section 287, Point 3 of Schedule No. 2 to Act XCIX of 2014, effective as of 1 January 2015.

¹³³⁰ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by point 19 Section 171 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹³³¹ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹³³² Amended: by point 30 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

by the 12th day of the month following the time of payment.

The payer shall deduct the tax according to the relevant international agreement if the nonresident private individual, or his representative, provides the certificates and statements prescribed in this Schedule by the date of pay-out.

3.¹³³³ No tax shall be deducted, declared and paid on an income that is exempt from taxation under international agreement, and if the nonresident private individual verifies his domicile.

4.¹³³⁴

by 31 May of the following tax year.

5.¹³³⁵ If the tax deducted from a nonresident private individual is higher than the tax rate to be applied by virtue of international agreement, the foreign person concerned may submit an application for refund to the state tax authority, with a certificate from the payer and a certificate of domicile attached. The tax authority shall remit payment of such tax difference to the payment account indicated by the nonresident private individual.

6.¹³³⁶ In connection with any tax refund the nonresident private individual may be represented in front of the tax authority by his custodian with proper authorization, or by his proxy if registered in the payer's register of shareholders at the time of payment of the dividends. The custodian or the proxy may give and grant authorization for representation to a person with proper entitlement.

7.¹³³⁷ Foreign domicile shall be verified by a document made out in English by the relevant foreign tax authority or by an international organization, the Hungarian translation thereof, or a copy of either of these documents, to verify entitlement for tax exemption (hereinafter referred to as "proof of domicile"). Proof of domicile shall be produced each tax year, even if it has not changed since the last verification was filed. Nonresident private individuals shall present such proof of domicile prior to the date of first payment in a tax year or, in respect of any changes in their resident status, prior to the first payment following such change. If a foreign person is unable to verify his domicile by the due date of payment, the payer may accept a written statement from such person concerning his domicile. If the nonresident private individual fails to

¹³³³ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹³³⁴ Repealed: by point 20 Section 171 of Act CXXII of 2010. No longer in force: as of 1. 01. 2011.

¹³³⁵ Amended by Subsection (2) of Section 66 of Act XXVI of 2005, and by Subsection (4) of Section 85 of Act CIX of 2006. Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009. Amended: by point 31 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹³³⁶ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by point 32 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹³³⁷ Last sentence enacted by Section 230 of and Point 1 of Schedule No. 16 to Act CI of 2004, effective as of 1 January 2005. Amended: by point 33 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011. Amended: by point 67 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012. Amended: by point 27 Section 189 of Act CC of 2013. In force: as of 1. 01. 2014.

produce any proof of his domicile by the deadline for filing his tax return, the payer shall declare and pay the tax not deducted at the time of payment (or not paid upon receipt of benefit) as an obligation for the last month of the tax year. If the proof of domicile is presented after the tax return has been filed, the payer may apply corrections by way of self-audit. Payers shall be required to retain such statements and proof of domicile. Any resident investment service provider that is engaged in the provision of cross-border services may accept in proof of foreign residence the customer's identification document that indicates the customer's nationality, together with the customer's affidavit concerning his residence.

8.¹³³⁸ A nonresident private individual shall file a statement - translated into Hungarian - prior to the date of payment in which he declares whether he is recognized as the beneficial owner regarding such payment, if this condition has any effect on his tax liability according to the pertinent treaty on double taxation. The custodian may issue a statement, under unlimited and joint and several liability for tax, to the payer in which he declares whether the nonresident private individual is recognized as the beneficial owner. This statement shall concern the payments made under a given contract and under a given title during the calendar year until any changes in the circumstances. The payer shall correct the amount of tax if the nonresident private individual files the statement after the payment is made but before the payer files his return. In this case, the payer shall indicate in his tax return the liability established in view of the statement on beneficial ownership; he shall pay or reclaim the difference and settle the balance with the nonresident private individual. The same procedure applies where the nonresident private individual corrects his previous statement prior to filing his return. The payer shall correct his tax return by way of self-audit within the term of limitation based on a statement issued after the tax return has been filed. The payer shall be required to retain such statement.

9.¹³³⁹ If the payer pays the dividend that is due to a nonresident private individual to a proxy (nominee), the proxy shall disclose before the last day of the calendar year in which the payment was received the nonresident private individual's name, residence address, date and place of birth, nationality, the amount of dividend paid out or payable in forints and his ownership share, in a document written in Hungarian, or in Hungarian and English and duly signed, based on which the payer shall make out the certificate and comply with its data disclosure obligation. If the proxy makes the statement following the payment of dividends, the payer shall make out and deliver the certificate within thirty days following receipt of the statement. The payer shall make out the certificate at the time of payment if the proxy provides all information required for the payer's certificate before the dividends are actually paid out, with a certificate of domicile and a statement on beneficial ownership also attached. If the payer is unable to provide any information based on the statement on the nonresident private individual to whom dividends are paid, the same scope of information shall be provided on the proxy, including his name (corporate name), address, tax identification number if a resident, and the amount of dividend paid out.

10.¹³⁴⁰ If the private individual to whom dividends are paid is a nonresident, the payer may effect payment and disclose data in the absence of a tax identification number.

¹³³⁸ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010. Amended: by point 34 Section 154 of Act CXXII of 2010. In force: as of 1. 01. 2011.

¹³³⁹ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹³⁴⁰ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

11.¹³⁴¹ If a payer must pay tax because he provided a nonresident private individual with taxable income by means other than money, as a result of which he has paid the tax in the amount prescribed by law, the payer may show in his tax return the tax in the amount stipulated in the relevant treaty if he has sufficient proof of domicile or a statement on beneficial ownership when the tax return is filed. If the certificate of domicile or the statement on beneficial ownership is presented after the tax return is filed, the payer may correct the amount of tax by self-audit within the term of limitation and on the basis of such documents.

12.¹³⁴² If the payer was not subject to the obligation of tax deduction or if a nonresident private individual received his income that is taxable in Hungary not from a payer, such nonresident private individual shall satisfy the obligation of declaration, and the obligation of payment of the tax and tax advance in accordance with the provisions of the Personal Income Tax Act and this Act. Concerning the assessment of tax, the nonresident private individual shall apply the tax rate as applicable pursuant to the relevant international agreement on double taxation.

13.¹³⁴³ Payers shall be under full liability for taxes deducted erroneously and those not deducted or declared.

14.¹³⁴⁴ Nonresident private individuals posted to perform work in a temporary assignment at the main office or establishment of legal persons and unincorporated business associations shall file their tax return for the tax year by the 20th of May of the following year, provided that the payer was not subject to the obligation of tax deduction or if a nonresident private individual received his income, which is taxable in Hungary, not from a payer. The tax authority shall establish the tax of nonresident private individuals posted to perform work by way of resolution, if the taxpayer has left the country before the end of the tax year without any intention to return during the tax year to continue engaging in taxable activities or in gainful activities. When leaving the country the tax authority must be notified thirty days in advance, and the documents necessary to determine the tax shall be enclosed with the notification. If lodging the notice and the enclosure of documents as per the above is not possible within the prescribed time limit, this obligation shall be satisfied collectively within fifteen days of the time when they become possible.

15.¹³⁴⁵ Members of companies with real estate holdings are not required to declare and pay tax advance. Members of companies with real estate holdings shall assess and pay the tax by 20 November of the year following the calendar year to which it pertains, and shall declare it using the form prescribed for this purpose.

16.¹³⁴⁶ Where a member of a company with real estate holdings is unable to assess and declare his tax liability on account of the company's failure to notify the state tax authority of this status,

¹³⁴¹ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹³⁴² Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³⁴³ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹³⁴⁴ Established: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹³⁴⁵ Enacted: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

¹³⁴⁶ Enacted: by Section 110 of Act LXXVII of 2009. In force: as of 1. 01. 2010.

the company with real estate holdings shall be subject to unlimited and joint and several liability for any tax the state tax authority has subsequently imposed upon the member in question.

Schedule No. 5 to Act XCII of 2003

Rules on the Taxation of Persons Paying Flat-rate Tax or Itemized Flat-rate Tax

The provisions of this Act shall apply regarding the taxation of persons paying flat-rate tax or itemized flat-rate tax (hereinafter referred to collectively as “flat-rate tax”) in accordance with the Personal Income Tax Act, with the exceptions set out in this Schedule.

1.¹³⁴⁷ Private entrepreneurs, agricultural smallholders and private individuals providing private lodging services may select flat-rate taxation as declared in a formal statement attached to the annual tax return, filed in due time, for the previous period. Agricultural smallholders shall be entitled to declare their selection of flat-rate taxation by the filing deadline for the previous year’s return even if they are not required to file a tax return.

2.¹³⁴⁸ Private entrepreneurs commencing business activities, or in the case of combined operations the widow or heir shall report the selection of flat-rate taxation, respectively, upon registration or within the time limit prescribed for notification of their intention to carry on the operations. No special declaration is required if such selection is carried over into the following year.

3. The aforementioned formal statement may not be filed or withdrawn after the prescribed deadline unless the legitimate conditions for the selection of flat-rate taxation were absent at the time of filing the statement. Declarations shall contain all available data necessary for flat-rate tax classification.

4. Taxpayers shall maintain their records until the filing of the declaration described in Point 1 in accordance with the rules applicable for the previous year.

5. On the basis of such declaration, the tax authority shall enter the taxpayer in the registry of flat-rate taxpayers.

6. Any modification of or addition to the activities having an effect on flat-rate tax classification shall be reported prior to the first sale causing such change. Any circumstances precluding flat-rate taxation shall be reported within fifteen days of occurrence, with such circumstance specifically stated.

7. If flat-rate taxation is terminated during the course of the year due to the failure to fulfill statutory requirements or if the taxpayer learns of the failure to fulfill the statutory requirements for using flat-rate taxation subsequently, the taxpayer concerned shall prepare his records for the year in question in accordance with the general rules within fifteen days of the day on which the circumstance that provides the grounds for termination occurs, or the day on which the taxpayer becomes aware of such circumstance.

8. A taxpayer opting for flat-rate taxation shall establish his tax by way of self-assessment.

9. Flat-rate tax advances shall be paid by the 12th day of the month following the quarter.

¹³⁴⁷ First sentence amended by Subsection (1) of Section 315 of Act CI of 2004, and by Subsection (2) of Section 66 of Act XXVI of 2005.

¹³⁴⁸ Established by Section 137 of and Schedule No. 6 to Act LXXXI of 2008, effective as of 1 January 2009. See also Subsections (1)-(3) of Section 267 of Act LXXXI of 2008.

Tax Assessment, Declaration and Tax Payment Obligations of Taxpayers where the Financial Year Differs from the Calendar Year

Taxpayers whose financial year differs from the calendar year shall comply with the tax-related obligations prescribed in this Act and other relevant legislation with the following exceptions:

Taxpayers whose financial year differs from the calendar year shall satisfy their obligations concerning the assessment, declaration and payment of corporate tax, dividend tax and local business tax or tax advances in accordance with the provisions in effect on the first day of the financial year in question.¹³⁵⁰

1. Obligation to file tax returns with the state tax authority

Taxpayers shall satisfy their obligation to file tax returns concerning corporate tax and dividend tax by the last day of the fifth month following the last day of the tax year to which it pertains.¹³⁵¹

2. Tax payment obligations to the state tax authority

a)¹³⁵² Taxpayers shall pay the corporate tax or the difference between the tax advance and the corporate tax assessed for the tax year or request a refund by the last day of the fifth month following the last day of the tax year.

b) Taxpayers required to pay the advance supplement according to the Act on Corporate Tax and Dividend Tax shall declare the amount of difference of corporate tax advances already declared for the tax year based on the amount estimated for the year by the 20th day of the last month of the tax year in question, and shall satisfy any payment obligation accordingly. Taxpayers required to pay the advance supplement shall pay the last monthly or quarterly tax advance for the tax year together with the advance supplement.

c)¹³⁵³ Resident taxpayers receiving dividends may apply for a refund of dividend taxes deducted by payers as of the last day of the fifth month following the last day of the tax year.

3. Obligation to file tax returns with municipal tax authorities

a)¹³⁵⁴ Taxpayers whose financial year differs from the calendar year shall file their tax returns by the last day of the fifth month following the last day of the tax year to which they pertain.

b) Companies required to supplement the amount of corporate tax advance up to the amount of tax liability estimated for the tax year shall file a tax return on the local business tax advance supplement by the 20th day of the last month of the tax year.

4. Tax payment obligations to municipal tax authorities

¹³⁴⁹ Established: by paragraph (6) Section 14 of Act LVII of 2010. In force: as of 29. 06. 2010.

¹³⁵⁰ Amended on the base: of point 4 paragraph (2) Section 36 of Act XC of 2010. In force: as of 1. 01. 2011.

¹³⁵¹ Amended: by point 68 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³⁵² Amended: by point 69 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³⁵³ Amended: by point 70 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³⁵⁴ Amended: by point 71 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

a)¹³⁵⁵ Taxpayers shall pay the local business tax advances in two installments: by the 15th day of the third month and the 15th day of the ninth month of the tax year.

b)¹³⁵⁶ Enterprises required to supplement the amount of corporate tax advance up to the amount of tax liability estimated for the tax year shall supplement the local business tax advances up to the amount of tax estimated for the year by the 20th day of the last month of the tax year.

c)¹³⁵⁷ Enterprises shall pay, or request a refund, for the difference between the tax advances and the actual tax for the tax year by the last day of the fifth month following the last day of the tax year.

5. For the purposes of Point B)1 of Schedule No. 1 to this Act, the value limits for determining the frequency of filing tax returns for the year shall be calculated on the basis of data for the second calendar year prior to the subject year.

6. If the relevant legislation prescribe that payment for the taxes falling under the scope of this Schedule must be made monthly, quarterly or biannually, the first day of the taxpayer's financial year shall be construed as the first day of such period. The calendar position of the first day of the month of the first tax year shall be the basis for the calendar position of the first day of the months of all subsequent tax years. If the calendar position of the first day of the month of a tax year is higher than the number of calendar days in the following month, the first day of the following month of the tax year shall be the last day of the following calendar month. Within the meaning of the tax year, quarter and half-year shall consist of three and six months, respectively.

Schedule No. 7 to Act XCII of 2003¹³⁵⁸

Disclosures on Interest Payments

1.¹³⁵⁹ Payers shall supply to the state tax authority the following information by the 31 January of the following year using the prescribed form, electronically:¹³⁶⁰

a) their own name (corporate name) and registered address or place of business;

b) name of the beneficial owner, his permanent residence or, in the absence of such, place of abode; if his permanent residence or place of abode is unknown, the Member State where the beneficial owner's passport, personal identification document or any other identification

¹³⁵⁵ Amended: by point 5 paragraph (2) Section 36 of Act XC of 2010. In force: as of 1. 01. 2011.

¹³⁵⁶ Amended: by point 5 paragraph (2) Section 36 of Act XC of 2010. In force: as of 1. 01. 2011.

¹³⁵⁷ Amended: by point 72 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³⁵⁸ Established by Section 18 of Act XXVII of 2004, effective as of 1 July 2005 in accordance with Subsection (2) of Section 66 of Act XXVII of 2004 as amended by Subsection (3) of Section 316 of Act CI of 2004. Applies to interests paid subsequently.

¹³⁵⁹ Amended by Point 30 of Section 248 of Act LXXXI of 2008.

¹³⁶⁰ Amended by Subsection (1) of Section 66 of Act XXVI of 2005. Amended: by point 73 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

document held by the beneficial owner was issued, and if available, his tax identification code issued by the Member State of residence, or in the absence of such, his place and date of birth;

c)¹³⁶¹ the payment account number of the beneficial owner or, if unavailable, identification of the debt claim giving rise to the interest; and

d) the amount of interest paid according to the following:

da) the amount of interest paid or credited under Point 4 a);

db) in the case of an interest payment within the meaning of Point 4 b) or d): either the amount of interest or income referred to in those Paragraphs or, if this is unknown, the full amount of the proceeds from the sale, redemption or refund;

dc)¹³⁶² in the case of an interest payment within the meaning of Point 4 c), income deriving from interest payments either directly or through the UCITS referred to in Act XVI of 2014 on Collective Investment Trusts and Their Managers, and on the Amendment of Financial Regulations, an entity treated as a UCITS by virtue of the certificate referred to in Point 3 or a collective investment trust established outside the territory of the European Communities, or indirectly through an entity referred to in Point 3;

dd) in the case of an interest payment within the meaning of Point 5: the amount of interest attributable to each of the members of the entity referred to in Point 3, if residents of other Member States and if considered beneficial owners.

2.¹³⁶³ For the purposes of this Schedule, ‘payer’ means any economic operator or other organization who pays interest to or secures the payment of interest for the immediate benefit of a beneficial owner established in another Member State of the European Communities.

3.¹³⁶⁴ An economic operator, with or without legal personality, or other organization who pays interest to or secures interest for the beneficial owner members of an entity established in another Member State, is subject to compulsory data disclosure. This payer is also required to supply information to the state tax authority by the 20th of March of the following year by way of electronic means, and shall communicate the name and address of the entity and the total amount of interest paid to or secured for the entity, unless able to provide proper evidence of being a legal person or is subject to corporate taxation in the Member State where established or it operates as a UCITS or is recognized as a UCITS as verified by a certificate issued by the competent authority of the Member State in which the entity is established. Within the meaning of this Paragraph the following shall not be treated as legal persons:¹³⁶⁵

a) in Finland: avoin yhtiö (Ay) and kommandiittiyhtiö (Ky)/öppet bolag and kommanditbolag;

b) in Sweden: handelsbolag (HB) and kommanditbolag (KB).

4. For the purposes of this Schedule, ‘interest payment’ means:

¹³⁶¹ Amended: by paragraph (1) Section 125 of Act LXXXV of 2009. In force: as of 1. 11. 2009.

¹³⁶² Established by paragraph (4) Section 162 of Act CXCI of 2011. Amended by Section 271 of Act XVI of 2014.

¹³⁶³ Amended by Paragraph d) of Subsection (4) of Section 155 of Act CCLII of 2013.

¹³⁶⁴ Established by Section 38 of and Point 1 of Schedule No. 4 to Act LXXXV of 2005. Amended by Subsection (2) of Section 193 of Act CXIX of 2005, and by Point 31 of Section 248 of Act LXXXI of 2008.

¹³⁶⁵ Amended: by paragraph (4) Section 162 of Act CXCI of 2011. In force: as of 1. 01. 2012.

a) interest paid or credited to an account, relating to debt claims of every kind, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities; penalty charges for late payments shall not be regarded as interest payments;

b) interest accrued or capitalized at the sale, refund or redemption of the debt claims referred to in Paragraph a);

c)¹³⁶⁶ interest paid by a UCITS or an entity recognized as a UCITS by virtue of a certificate referred to in Point 3, or by a collective investment trust established outside the territory of the European Communities indirectly through an entity referred to in Point 3;

d)¹³⁶⁷ income realized upon the sale, refund or redemption of shares or units in a UCITS, an entity recognized as a UCITS by virtue of the certificate referred to in Point 3 or a collective investment trust established outside the territory of the European Communities, if they invest directly or indirectly, via a UCITS, an entity recognized as a UCITS, or a collective investment trust established outside the territory of the European Communities with more than 40 per cent of their assets in debt claims as referred to in Paragraph a); this income shall be treated as realized from interest only to the extent that it corresponds to gains directly or indirectly deriving from interest payments within the meaning of Paragraph a) and b).

5. Interest shall also mean any payment made by a payer referred to in Point 3 who is subject to compulsory data disclosure, to an entity referred to in Point 3.

6. When a payer has no information concerning the percentage of the assets invested in debt claims or in shares or units as defined in Point 4 d), that percentage shall be considered to be above 40 per cent.

7. When a payer has no information concerning the proportion of the income which derives from interest payments in accordance with Points 4 c)-d), the total amount of the income shall be considered an interest payment. Where he cannot determine the amount of income realized by the beneficial owner, the income shall be deemed to correspond to the proceeds of the sale, refund or redemption of the shares or units.

8. The percentages referred to in Point 4 d) shall be determined by reference to the investment policy as laid down in the fund rules or instruments of incorporation of the entities concerned and, failing which, by reference to the actual composition of the assets of the entities concerned.

9. The percentages referred to in Point 4 d) and in Point 6 shall be 25 per cent effective as of 1 January 2011.

10. For the purposes of this Schedule, 'beneficial owner' means any individual who is a resident of another Member State and who receives an interest payment or any individual for whom an interest payment is secured, unless he provides evidence that it was not received or secured for his own benefit, that is to say when:

a) he acts as a payer;

b)¹³⁶⁸ he acts on behalf of a legal person, an entity which is taxed on its profits under the general arrangements for corporate taxation, an entity recognized as a UCITS or an entity referred to in Point 3 and, in the last mentioned case, discloses the name and address of that entity

¹³⁶⁶ Amended: by paragraph (4) Section 162 of Act CXCVI of 2011. In force: as of 1. 01. 2012.

¹³⁶⁷ Amended: by paragraph (4) Section 162 of Act CXCVI of 2011. In force: as of 1. 01. 2012.

¹³⁶⁸ Amended: by paragraph (4) Section 162 of Act CXCVI of 2011. In force: as of 1. 01. 2012.

to the economic operator making the interest payment and the entity being subject to compulsory data disclosure who is paying or securing the interest communicates such information to the state tax authority;

c) he acts on behalf of the beneficial owner and discloses to the payer the name and address of that beneficial owner.

11. The payer shall take reasonable steps to establish the identity of the beneficial owner in accordance with Point 12 if the individual who receives an interest payment or for whom an interest payment is secured is the representative of the beneficial owner. If the payer is unable to identify the beneficial owner, it shall treat the individual in question as the beneficial owner.

12. The payer shall establish the identity of the beneficial owner as follows:

a) for contractual relations entered into before 1 January 2004 and other transactions underlying the interest payment, the payer shall establish the identity of the beneficial owner, consisting of his name, permanent and temporary home address, by using the information at its disposal, in particular pursuant to Act XV of 2003 on the Prevention and Combating of Money Laundering and on the basis of other regulations in force; or

b) for contractual relations entered into, or transactions carried out in the absence of contractual relations, on or after 1 January 2004, the payer shall establish the identity of the beneficial owner, consisting - in addition to the information provided under Paragraph a) - the tax identification number allocated by the Member State of residence for tax purposes established on the basis of the passport or of the official identity card presented by the beneficial owner. If it does not appear on that passport or on that official identity card, the permanent address or place of abode shall be established on the basis of any other documentary proof of identity presented by the beneficial owner with an official Hungarian translation attached. If the tax identification number is not mentioned in the passport, on the official identity card or any other documentary proof of identity, including, possibly, the certificate of domicile for tax purposes, presented by the beneficial owner, the identity shall be supplemented by a reference to the latter's date and place of birth established on the basis of his passport or official identification card.

13. The beneficial owner's residence shall be determined according to his permanent address or, if unknown, his place of abode. If the passport or official identity card held by the beneficial owner and issued by a Member State does not contain his permanent residence or place of abode or if he declares to be resident in a third country, residence shall be established by means of a certificate of domicile with an official Hungarian translation attached. Failing the presentation of such a certificate, the Member State which issued the passport or official identity card or any other documentary proof of identity presented by the beneficial owner shall be considered to be the country of residence.

14.¹³⁶⁹ For the purposes of this Schedule the transitional period shall begin on 1 July 2005 and shall end on 31 December 2010. Initially, the obligation of disclosure shall be satisfied by 20 March 2006 concerning the interest income earned subsequent to 30 June 2005. Where an interest payment that was made after 30 June 2005 contains any interest income that was earned before 1 July 2005, the disclosure shall contain only the information pertaining to interest earned after 30 June 2005.

¹³⁶⁹ First sentence amended by Subsection (2) of Section 316 of Act CI of 2004. Second and third sentences enacted by Section 38 of and Point 2 of Schedule No. 4 to Act LXXXV of 2005, effective as of 17 July 2005.

15.¹³⁷⁰ During the transitional period the state tax authority shall open a euro account for receiving payments of withholding tax from Member States where this form of tax is levied on 75 per cent of the amount withheld. Within thirty days from the date when payment is received the tax authority shall transfer this payment to the beneficial owner's tax account, plus 25 per cent, translated to forints by the official MNB exchange rate in effect on the day of transfer, if the competent authority of the Member State in question supplies sufficient information for the identification of the taxpayer, and as regards the amount withheld, or if this information is provided by the individual supported by documentary evidence with an official Hungarian translation attached. By way of derogation from the previous provisions, in connection with any interest income obtained after 1 September 2006, that is taxable in the domestic territory, the accounting of any withholding tax transferred from a Member State levying withholding tax shall take place at the taxpayer's request. The taxpayer's request shall contain sufficient information for the identification of the taxpayer, the amount withheld, and the official Hungarian translation of the documents which are necessary for establishing the legal title of the interest income and the time when it was acquired. The state tax authority shall comply with the taxpayer's request if the taxpayer has satisfied his obligation of declaration and payment of any interest income that is taxable in the domestic territory.

16. Bonds and other negotiable debt securities which have been first issued on or before 28 February 2001 or for which the original issuing prospectuses have been approved before that date by the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority), or by the competent authorities of Member States or by the responsible authorities in third countries shall not be considered as debt claims within the meaning of Point 4 a) of this Schedule, provided that no further issues of such negotiable debt securities are made after 28 February 2002.

17. However, if the transitional period is extended by law, during the time of extension the following negotiable debt securities shall not be treated as debt claims within the meaning of Point 4 a) of this Schedule:

- a) which contain gross-up and early redemption clauses; and
- b) where the payer is established in a Member State applying withholding tax and that payer pays interest to or secures the payment of interest for the immediate benefit of a beneficial owner resident in another Member State.

18.¹³⁷¹ The body of the state tax authority designated by the relevant government decree shall forward by 20 June following the tax year in question the data and information received from the payers and from other persons in this respect to the competent authority of the Member State where the beneficial owner is established.

*Schedule No. 8 to Act XCII of 2003*¹³⁷²

Recapitulative Statements

¹³⁷⁰ Established by Section 131 of and Schedule No. 9 to Act LXI of 2006, effective as of 1 September 2006.

¹³⁷¹ Enacted: by paragraph (2) Section 52 of Act XXXVII of 2013. In force: as of 21. 04. 2013.

¹³⁷² Enacted: by paragraph (2) Section 60 of Act CX of 2009. In force: as of 1. 01. 2010.

1. A) The taxable person liable for payment of value added tax shall submit a recapitulative statement containing:

a) his Community tax number issued by the state tax authority and, in connection with any transaction under Subsection (4) of Section 89 of the Act on Value Added Tax, the tax number of the taxable person identified for VAT purposes issued by the competent authority of the other Member State of the Community where the transaction is taxable;

b) the tax number of the persons to whom he has supplied goods and/or services or from whom he has received goods and/or services;

c)¹³⁷³ the supply of goods under Subsections (1), (3) and (4) of Section 89 of the Act on Value Added Tax to customers identified for VAT purposes in another Member State of the Community (including the case when the indirect customs representative files a declaration on behalf of the importer, or the VAT warehouse operator files a declaration in place of the person liable for the tax payable in connection with the supply of goods performed by the importer or the person liable for the tax payable);

d) the supply of goods to customers identified for VAT purposes in another Member State of the Community, to whom he has supplied goods which were supplied to him by way of intra-Community acquisitions referred to in Section 52 of the Act on Value Added Tax, and the purchase of goods from suppliers identified for VAT purposes in another Member State of the Community, which were supplied to him under Section 52 of the Act on Value Added Tax

e)¹³⁷⁴ the services he has supplied under Section 37 of the Act on Value Added Tax (including payments on account) to taxable persons identified for VAT purposes in another Member State of the Community, and the non-taxable legal persons not identified for VAT purposes, that is taxable in the Member State where the transaction is carried out, and for which the recipient is liable to pay the tax;

f)¹³⁷⁵ the goods he has acquired from a taxable person identified for VAT purposes in another Member State of the Community, or the services he has received under Section 37 of the Act on Value Added Tax (including payments made on account for the service in question), for which he is liable to pay the tax as being recognized as the acquirer or customer;

g) the total value of the transactions described in Paragraphs c)-f) exclusive of value added tax, broken down according to acquirers and recipients (vendors, suppliers), or the total value of the transactions conducted under Subsection (4) of Section 89 of the Act on Value Added Tax;

h) the amount of adjustment where the taxable amount is reduced subsequently under Section 77 of the Act on Value Added Tax (recapitulative statement).

B) The taxable person who is required to file a value added tax return on a monthly basis shall submit the recapitulative statement to the state tax authority each month, by the 20th day of the month following the month to which it pertains, or if required to file quarterly, by the 20th day of the month following the quarter.

¹³⁷³ Amended by Point 34 of Section 225 of Act LXXIV of 2014.

¹³⁷⁴ Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³⁷⁵ Established: by Section 362 of Act CLVI of 2011. In force: as of 1. 01. 2012.

C)¹³⁷⁶ Irrespective of the frequency of the filing requirement applicable, the taxable person required to file the recapitulative statement quarterly shall switch to filing monthly, if:

a) the total value of the goods supplied under Subsections (1) and (4) of Section 89 of the Act on Value Added Tax, and the goods supplied within the framework of intra-Community transactions according to Subsection (2) of Section 91, or

b) the total value of the intra-Community acquisition of goods under Section 19, Section 21 and Subsection (1) of Section 22 of the Act on Value Added Tax,

for the quarter, exclusive of value added tax, exceed the sum equivalent to 50,000 euro. In this case, the recapitulative statement for the period when the transition took place shall cover the period beginning on the first day of the quarter and shall end on the last day of the quarter when the amount limit was surpassed, and shall be filed by the 20th day of the following month. The euro sum referred to in this Point shall be translated to forint using the conversion rate specified in Section 256 of the Act on Value Added Tax.

D) If during a period of four calendar years following the time of transition under Point C) the taxpayer does not exceed the amount limit defined therein, and if not required to file a value added tax return on a monthly basis in respect of the tax period following the fourth calendar quarter, he shall be required to submit quarterly recapitulative statement for tax period following the fourth calendar quarter.

2. Taxpayers with community tax numbers, if a legal person deemed non-taxable for the purposes of value added tax who is liable for the tax payable, taxpayers engaged exclusively in activities without entitlement to tax deduction, taxpayers claiming individual tax exemption or engaged exclusively in agricultural activities under special legal status, and taxpayers taxed under the simplified entrepreneurial taxation system shall submit the recapitulative statement on transactions conducted within the framework of intra-Community trading on a monthly basis, by the 20th day of the month following the time of the transaction in due observation of the provisions laid down in Points 1. A) and 3. A).

3. A)¹³⁷⁷ On the transactions (sums) referred to in Points 1 and 2 relating to intra-Community transactions a recapitulative statement shall be submitted for the period when the chargeable event took place. The sum referred to in Paragraph *h*) of Point 1.A) shall be indicated in the recapitulative statement submitted for the period when the person to whom the goods and services are supplied was notified of the amount of adjustment where the taxable amount is reduced subsequently under Section 77 of the Act on Value Added Tax. The amount of adjustment - if the price of the service referred to in Paragraph *h*) of Point 1. A) is corrected subsequently - shall be indicated in the recapitulative statement submitted for the period when the person to whom the service is supplied was notified of the amount of adjustment.

B) If the taxpayer referred to in Point 1 switches from filing the value added tax return annually to quarterly or monthly, or from quarterly to monthly according to Point I./B/3 of Schedule No. 1 on account of having received a Community tax number or for other reasons, and becomes liable for the value added tax payable in connection with an intra-Community transaction in respect of a

¹³⁷⁶ Established by Point 3 of Section 224, Schedule No. 12 to Act LXXIV of 2014, effective as of 1 January 2015.

¹³⁷⁷ Established: by Section 155 of Act CXXII of 2010. In force: as of 1. 01. 2011.

period that is not covered by the tax return pertaining to the transition, the taxpayer shall submit the recapitulative statement together with the tax return.

4. A) No recapitulative statement is required for any period in which the taxpayer did not engage in any intra-Community transaction.

B) For legal aspects, the recapitulative statement shall be treated as a tax return.

C) The taxpayer shall submit the recapitulative statement to the state tax authority by way of electronic means, using the standard electronic form prescribed by the state tax authority.

5.¹³⁷⁸ In the application of this Schedule, ‘tax number’ shall mean - by way of derogation from Point 1 of Section 178 - in the case of Member States of the Community other than Hungary, a code comprised of letters and/or numbers assigned in the Member State to a taxable person identified in that Member State for payment of value added tax, that is considered equivalent according to the national law of the Member State affected to Article 215 of Council Directive 2006/112/EC on the common system of value added tax.

Schedule No. 9 to Act XCII of 2003¹³⁷⁹

I. Provisions relating to applications for refund of value added tax

1. Applications submitted under Council Directive 2008/9/EC by taxable persons established in Hungary for the refund of value added tax charged in any other Member State of the European Community (hereinafter referred to as “VAT refund application”) shall be governed by the provisions of this Act, subject to the exceptions set out under this Title.

2. A) ‘Taxable person established in Hungary’ means any person who - within the meaning of the Act on Value Added Tax - has established his business in the domestic territory or has his permanent address or usually resides in the domestic territory during the period to which the VAT refund application pertains.

No application for refund may be submitted by any taxable person established in Hungary who:

a) is engaged exclusively in activities without entitlement to tax deduction (Sections 85-86 and Paragraph a) of Section 87 of the Act on Value Added Tax), or

b) has selected individual tax exemption; or

c) is recognized as a taxpayer engaged exclusively in agricultural activities according to Chapter XIV of the Act on Value Added Tax.

B)¹³⁸⁰ ‘Member State of refund’ means the Member State of the European Community - other than Hungary - in which the value added tax was charged to the taxable person referred to in Point A) in respect of goods or services supplied to him by other taxable persons in that Member State or in respect of the importation of goods into that Member State.

¹³⁷⁸ Amended: by point 17 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

¹³⁷⁹ Enacted: by paragraph (2) Section 60 of Act CX of 2009. In force: as of 1. 01. 2010. Shall apply to refund applications submitted after this date, also if the application pertains to a refund period preceding the time of entry into force.

¹³⁸⁰ Amended: by point 75 paragraph (1) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

C) 'Refund period' means the period mentioned in Article 16 of Council Directive 2008/9/EC covered by the VAT refund application.

D) The meaning of value added tax is contained in Subsection (1) of Section 258 of and Schedule No. 9 to the Act on Value Added Tax.

3. A) The taxable person shall submit the application for refund of value added tax charged in the Member State of refund by 30 September of the year following the refund period to the state tax authority by way of electronic means, using the standard electronic form made available by the state tax authority in the Hungarian and English languages.

B) The taxable person may enter the information supplied in the application in any official language of the European Community. Where the Member State of refund specified the language or languages to be used by the applicant for the provision of information in the refund application, the application shall be made out in that language or languages.

4. A) The application shall be considered submitted if presented by the taxable person in the form referred to in Point 3. A), made out in the mandatory layout prescribed in specific other legislation in an official language of the European Community. If the Member State of refund applies Article 11 of Council Directive 2008/9/EC, and notifies the state tax authority thereof according to Article 34a (3) of Council Regulation (EC) No. 1798/2003, the applicant is required to provide a description of his business activity in accordance with Article 11 of Council Directive 2008/9/EC.

B) The state tax authority shall notify the applicant without delay, by electronic means, of the date on which it received the application that is considered submitted.

5. A) The state tax authority shall refuse the application within fifteen days of receipt, where either of the grounds for exclusion referred to under Point 2. A) apply to the applicant.

B) Apart from the reasons set out in Point A) the application may not be refused on any other grounds, notice for subsequent disclosure may not be issued and the procedure may not be suspended in the first instance.

C) The state tax authority shall deliver its resolution to refuse the application by way of electronic means.

6. A) If the application cannot be refused on the grounds indicated in Point 5. A), the state tax authority shall forward the taxable person's application according to Article 34a (1) of Council Regulation (EC) No. 1798/2003 within fifteen days of receipt to the competent authority of the Member State of refund. If the taxable person is found in conformity according to the state tax authority's records with the conditions set out in Point 2. A), however, he did not have a tax number on any day of the refund period, he shall notify - by way of electronic means - at the time the application is forwarded the competent authority of the Member State of refund thereof and of the time of cancellation of the tax number and - if known - of the time when the new tax number was issued.

B) The decision to forward the application may not be appealed. If the tax authority finds after forwarding the application, within the term of limitation of the right of tax assessment in its proceeding conducted *ex officio* that having the application forwarded violates the law, it shall so inform the competent authority of the Member State of refund by way of electronic means, and the taxable person as well.

7. A) If following the electronic notice under Point 4. B) the deductible proportion indicated in the VAT refund application is adjusted in accordance with Section 123 of and Schedule No. 5 to Act on Value Added Tax, the taxable person is required to correct the amount of refund requested.

B) The taxable person shall apply the correction in the VAT refund application submitted in the year following the refund period to which the adjustment pertains, or failing this in his statement submitted to the state tax authority by way of electronic means (statement of correction).

C) The standard electronic forms to be used for such statements of correction, and in terms of language requirements the provisions of Point 3 shall apply *mutatis mutandis*. A statement of correction shall be considered submitted if presented by the taxable person in the form referred to in Point 3. A), made out in the mandatory layout prescribed in specific other legislation in an official language of the European Community.

D) The state tax authority shall forward a statement of correction that is considered submitted without substantive examination, by way of electronic means to the competent authority of the Member State of refund indicated in the application, and shall simultaneously notify the taxable person, by electronic means, of the date on which it received the statement of correction.

8. If the VAT refund application (statement of correction) is submitted while participating in or in respect of the group taxation arrangement, for the purposes of Point 2. A) the member of the group taxation arrangement shall be treated as a taxable person established in Hungary. At the time of forwarding the said member's refund application (statement of correction), submitted in his capacity as a taxable person established in Hungary, as referred to in Point 6. A), the state tax authority shall inform by way of electronic means the competent authority of the Member State of refund to the extent that:

a) the member's Hungarian VAT identification number - in effect at the time the application was submitted, or as applicable to the refund period - is a group identification number, and

b) the member is entitled to submit a VAT refund application (statement of correction) irrespective of taking part in the group taxation arrangement.

9. A) The mandatory layout and format of value added tax refund applications and statements of correction specified in Point 7, including optional information and the instructions for filling them out are laid down in specific other legislation.

B) For the purposes of this Title, the provisions pertaining to electronic communication conducted in accordance with Subsection (3) of Section 5 of this Act through the customer port of entry and the central electronic services network shall apply.

II. Provisions relating to the entitlement of taxpayers established in another Member State of the Community and taxpayers established in a third State for exercising the right to claim value added tax refund in Hungary¹³⁸¹

1. The procedures relating to the value added tax refund applications of taxpayers established in another Member State of the Community or in a third State, as defined in the Act on Value Added Tax (hereinafter referred to as "taxpayer"), and relating to their statements of correction

¹³⁸¹ Amended: by point 18 paragraph (2) Section 360 of Act CLVI of 2011. In force: as of 1. 01. 2012.

(hereinafter referred to as “application”) the provisions of this Act shall apply subject to the exceptions set out under this Title.

2. For the purposes of this Title:

a) ‘electronic communication’ shall mean a means of communication conducted electronically in accordance with Subsection (3) of Section 5 of this Act through the customer port of entry and the central electronic services network;

b) ‘communication via electronic mail’ shall mean a mode of communication, other than electronic communication, where

ba) the state tax authority transmits its decision relating to the application, as well as other notices to the electronic mail address the applicant has supplied in the application executed by means of an electronic signature in conformity with the requirements for administrative procedures, or

bb) the taxpayer shall transmit his application, if sent to the state tax authority by way other than via the tax authority of the Member State of establishment, from the electronic mail address indicated in his application to the electronic mail address specified by the state tax authority;

c) if the taxpayer or his representative, according to the state tax authority’s records:

ca) has been registered as per Subsection (5) of Section 17 of this Act, and if having notified the state tax authority thereof, the provisions on electronic communication shall apply,

cb) failed to satisfy the condition set out in Subparagraph *ca)*, electronic communication or communication via electronic mail shall be applied according to the taxpayer’s selection.

3. The state tax authority shall notify the applicant - if able to meet the condition referred to in Subparagraph *ca)* of Paragraph *c)* of Point 2 - within two days, by electronic means, of the date on which it received the application according to Subsection (2) of Section 251/D of the Act on Value Added Tax. In the notice the state tax authority shall inform the taxpayer concerning the key rules applicable (such as deadlines and the mode of communication with the authority).

4. In connection with a taxpayer who meets the condition referred to in Subparagraph *cb)* of Paragraph *c)* of Point 2, the state tax authority shall send the notice referred to in Point 3 by way of electronic communication. In this case the state tax authority shall, furthermore, inform the taxpayer concerning the electronic mail address mentioned in Subparagraph *bb)* of Paragraph *b)* of Point 2, and of the fact if neither the taxpayer nor his representative is found in compliance with the condition set out in Subparagraph *ca)* of Paragraph *c)* of Point 2.

5. The taxpayer shall communicate his selection under Subparagraph *cb)* of Paragraph *c)* of Point 2 within fifteen days of receipt of the application, to the state tax authority via electronic mail. If the taxpayer has selected electronic communication, the taxpayer or his representative shall make the notification referred to in Subsection (5) of Section 17 of this Act to the state tax authority within thirty days of the time of receipt of the application. The deadline for the aforesaid selection and for filing the notice as per Subsection (5) of Section 17 shall apply with prejudice; no application for continuation shall be accepted upon missing the deadline.

6. If the taxpayer fails to make the selection under Point 5 in due time, or if the taxpayer or his representative fails to file to notice referred to in Point 5 in due time, the proceedings relating to the application shall be conducted in the first instance by way of communication via electronic mail.

7. If the taxpayer reports to the state tax authority the termination of his electronic mail address indicated in the application, the proceedings may not be continued by way of communication via electronic mail. Following such notice, the state tax authority shall communicate its decisions and other notices to the taxpayer by post, and the taxpayer shall communicate his notices to the state tax authority by post or in person.

8. If, in the absence of the taxpayer's notice, the state tax authority discerns from the information at its disposal that communication via the electronic mail address the taxpayer has supplied in the application is not possible due to technical or other reasons (hereinafter referred to as "failed communication"), the provisions contained in Point 7 shall apply after communication has been declared to have failed. The state tax authority shall deliver any decision or notice affected by the failed communication to the taxpayer by post at the time when the decision to declare communication to have failed is adopted. The decision to declare the communication to have failed may not be appealed.

9. In the case of communication via electronic mail:

a) the decision and other notice sent by the state tax authority according to Subparagraph *ba*) of Paragraph *b*) of Point 2 shall be deemed served on the fifth day following to the time of dispatch; and

b) the notices sent by the taxpayer to the state tax authority according to Subparagraph *bb*) of Paragraph *b*) of Point 2 shall be deemed submitted on the day of receipt.

10. The state tax authority shall notify the taxpayer without delay, by way of communication via electronic mail, of the date recognized as the time of delivery of its decisions and other notices, or as the time of submission of the taxpayer's notices.

11. The matters relating to proceedings conducted by way of communication via electronic mail, which are not regulated in this Title - apart from the provisions relating to electronic communication set out in Subsections (1) and (2) of Section 7 of this Act - the provisions of this Act shall apply. The provisions of the act on the service of official documents by electronic means and on the acknowledgement of receipt by electronic means shall not apply to proceedings conducted by way of communication via electronic mail.

*Schedule No. 10 to Act XCII of 2003*¹³⁸²

Special Provisions Relating to Taxable Persons Supplying Services at a Distance

1. Taxable persons established in the domestic territory as provided for in the Act on Value Added Tax, but who is not established in the Member State of performance, and any taxable person who is not established in the territory of the European Community (for the purposes of this Schedule hereinafter referred to collectively as "taxable person"), supplying services at a distance to non-taxable persons shall satisfy the obligation of payment and declaration of value added tax on such services at his discretion through the state tax authority. If the taxable person decided to exercise the above option, the provisions of this Act shall apply with the derogations

¹³⁸² Established by Section 30, Schedule No. 4 to Act XXXIII of 2014, effective as of 1 October 2014.

set out in this Schedule, having regard to the relevant, binding legislation of the European Union (hereinafter referred to as “special scheme”).

2. If the taxable person opted for the application of the special scheme, it shall apply to all Member States where services are supplied and where the taxable person is not established.

3. For the purposes of this Schedule:

3.1. ‘Member State of performance’ shall mean the Member State that is considered under the Act on Value Added Tax the place of supply of services supplied to non-taxable persons at a distance.

3.2. ‘VAT return’ shall mean the statement containing the information necessary to establish the amount of value added tax (for the purposes of this Schedule hereinafter referred to as “VAT”) due under the special scheme.

4. Special provisions relating to taxable persons not established in the territory of the European Community

4.1. Rules relating to enlistment, notification, updating records, and registration

4.1.1. Taxable persons shall supply to the state tax authority for the purpose of issuing a registration number the following information before starting up the provision of services supplied at a distance in any Member State of the European Community:

4.1.1.1. the company’s name, corporate name(s), if other than the company name,

4.1.1.2. complete postal address, e-mail address, company’s electronic contact information (website),

4.1.1.3 tax identification number for his home State, if any,

4.1.1.4. country where the taxable person is established,

4.1.1.5. IBAN or OBAN bank account number,

4.1.1.6. BIC code,

4.1.1.7. name and phone number of the person assigned to communicate with the tax authority (contact person),

4.1.1.8. a statement declaring that the taxable person is not registered in the VAT records of another Member State of the European Community,

4.1.1.9. date of taking up the activity falling within the scope of the special scheme.

4.1.2. Taxable persons shall report changes affecting their tax liability falling within the scope of the special scheme to the state tax authority by way of electronic means, within the time limit provided for in the relevant, binding legislation of the European Union. Such change shall include the termination of the activity falling within the scope of the special scheme, or if the taxable person no longer satisfies the conditions for the application of the special scheme.

4.1.3. The tax authority shall enter the taxable person upon receipt of notification in the register of taxable persons not established in the territory of the European Community, issue an identification number and shall notify the taxable person accordingly by electronic means.

4.1.4. Taxable persons shall meet all tax liabilities to the state tax authority electronically from the time of application of the special scheme.

4.1.5. The state tax authority shall remove a taxable person from the register of taxable persons not established in the territory of the European Community, to whom it has issued an identification number, in the following cases:

4.1.5.1. if the taxable person no longer supplies services falling within the scope of the special scheme,

4.1.5.2. if it may be assumed that the taxable person's activities covered by the special scheme have ceased,

4.1.5.3. if the taxable person no longer meets the conditions necessary for the application of the special scheme,

4.1.5.4. if the taxable person persistently fails to comply with the rules relating to this special scheme.

4.1.6. The state tax authority shall keep in the register of taxable persons falling within the scope of the special scheme data pertaining to taxable persons for a period of five years from the end of the calendar year when the taxable persons supplied such data for registration (notification) and the data contained in their tax returns, or from the year when the taxable person has been excluded from using or has decided to terminate the use of the special scheme.

4.1.7. During the effect of the special scheme, or when the taxable person has been excluded from using or has decided to terminate the use of the special scheme, the VAT return can be amended - within the framework of the special scheme - inside a period of three years after the deadline prescribed for filing the VAT return.

4.2. Particular provisions relating to VAT returns, payment of VAT and VAT records

4.2.1. Taxable persons shall submit by way of electronic means a VAT return for each calendar quarter, whether or not services falling within the scope of the special scheme have been supplied. The VAT return shall be submitted within twenty days following the end of the tax period covered by the return.

4.2.2. The VAT return shall contain:

4.2.2.1. the identification number,

4.2.2.2. for each Member State of performance in which VAT is due, the total value, exclusive of VAT, of services supplied at a distance during the tax period,

4.2.2.3. total amount per rate of the corresponding VAT,

4.2.2.4. the applicable rates of VAT for each Member State of performance in which VAT is due,

4.2.2.5. the total VAT payable for each Member State of performance in which VAT is due.

4.2.3. The VAT return shall be made out in euro, converted by applying the exchange rates published by the European Central Bank for the last day of the tax period. If there is no publication on that day, the exchange rate published on the next day shall be applied.

4.2.4. The taxable person shall pay the VAT by way of credit transfer, making reference to the relevant VAT return, when submitting the VAT return, at the latest by the deadline prescribed for filing the VAT return, to the bank account denominated in euro, designated by the state tax authority. Any expense incurred by the tax authority for reasons attributable to the taxable

person, such as the costs of erroneous, unidentifiable transfers, shall be covered by the taxable person.

4.2.5. The records of taxable persons prescribed in Section 44 shall have sufficient facilities for an audit to be conducted by the tax authority of a Member State of performance. When so requested, taxable persons shall make available such records by electronic means as well. Taxable persons shall retain these records for ten years from the last day of the year comprising the date of supply provided for in the Act on Value Added Tax for services supplied at a distance.

5. Provisions relating to taxable persons established in the domestic territory

5.1. Rules relating to enlistment, notification, updating records, and registration

5.1.1. Taxable persons, when opting to enter the special scheme, shall supply the following information to the state tax authority:

- 5.1.1.1. the company's name, corporate name(s), if other than the company name,
- 5.1.1.2. complete postal address, e-mail address, company's electronic contact information (website),
- 5.1.1.3. the complete postal address of fixed establishment(s) situated in other Member States of the European Community,
- 5.1.1.4. tax identification number in Hungary,
- 5.1.1.5. country where the taxable person is established, if established outside the territory of the European Community,
- 5.1.1.6. IBAN bank account number,
- 5.1.1.7. BIC code,
- 5.1.1.8. name and phone number of the person assigned to communicate with the tax authority (contact person),
- 5.1.1.9. VAT identification number issued by any Member State of the European Community where the taxable person's fixed establishment is located, or tax reference number in the absence thereof,
- 5.1.1.10. VAT identification number issued to the taxable person by any Member State of the European Community where the taxable person is not established,
- 5.1.1.11. date of taking up the activity falling within the scope of the special scheme.

5.1.2. Taxable persons shall report changes affecting their tax liability falling within the scope of the special scheme to the state tax authority by way of electronic means, within the time limit provided for in the relevant legislation of the European Union that is binding in its entirety. Such change shall include the termination of the activity falling within the scope of the special scheme, or if the taxable person no longer satisfies the conditions for the application of the special scheme.

5.1.3. Upon receipt of notification, the state tax authority shall enter the taxable person in the register of taxable persons falling within the scope of the special scheme, and shall send to the taxable person an electronic confirmation thereof.

5.1.4. Taxable persons shall meet all tax liabilities falling within the scope of the special scheme to the state tax authority electronically, through the central electronic services network, from the time of application of the special scheme.

5.1.5. With the exception of notifications, with regard to other aspects of the tax liabilities under this subtitle, the provisions of specific other legislation governing compliance with tax liabilities before the state tax authority by electronic means shall apply *mutatis mutandis*.

5.1.6. The state tax authority shall exclude the taxable person from the special scheme:

5.1.6.1. if the taxable person no longer supplies services falling within the scope of the special scheme,

5.1.6.2. if it may be assumed that the taxable person's activities covered by the special scheme have ceased,

5.1.6.3. if the taxable person no longer meets the conditions necessary for the application of the special scheme, and

5.1.6.4. if the taxable person persistently fails to comply with the rules relating to this special scheme.

5.1.7. The state tax authority shall keep in the register of taxable persons falling within the scope of the special scheme data pertaining to taxable persons for a period of five years from the end of the calendar year when the taxable persons supplied such data for registration (notification) and the data contained in their tax returns, or from the year when the taxable person has been excluded from using or has decided to terminate the use of the special scheme.

5.1.8. During the effect of the special scheme, or when the taxable person has been excluded from using or has decided to terminate the use of the special scheme, the VAT return can be amended - within the framework of the special scheme - inside a period of three years after the deadline prescribed for filing the VAT return.

5.2. Provisions relating to VAT returns, the payment of VAT and VAT records

5.2.1. Taxable persons shall submit by way of electronic means a VAT return for each calendar quarter, whether or not services falling within the scope of the special scheme have been supplied. The VAT return shall be submitted within twenty days following the end of the tax period covered by the return.

5.2.2. The VAT return shall contain:

5.2.2.1. the identification number,

5.2.2.2. for each Member State of performance in which VAT is due, the total value, exclusive of VAT, of services supplied at a distance during the tax period,

5.2.2.3. total amount per rate of the corresponding VAT,

5.2.2.4. the applicable rates of VAT for each Member State of performance in which VAT is due,

5.2.2.5. the total VAT payable for each Member State of performance in which VAT is due,

5.2.2.6. In addition to the above, where the taxable person has one or more fixed establishments in another Member State of the European Community, from which services are supplied at a distance, the VAT return shall include the total value of supplies of services covered by the special scheme, for each Member State in which he has an establishment, together with the individual VAT identification number or the tax reference number of this establishment, broken down by Member State of performance.

5.2.3. The VAT return shall be made out in euro, converted by applying the exchange rates published by the European Central Bank for the last day of the tax period. If there is no publication on that day, the exchange rate published on the next day shall be applied.

5.2.4. The taxable person shall pay the VAT by way of credit transfer, making reference to the relevant VAT return, when submitting the VAT return, at the latest by the deadline prescribed for filing the VAT return, to the bank account denominated in euro, designated by the state tax authority. Any expense incurred by the tax authority for reasons attributable to the taxable person, such as the costs of erroneous, unidentifiable transfers, shall be covered by the taxable person.

5.2.5. The records of taxable persons prescribed in Section 44 shall have sufficient facilities for an audit to be conducted by the tax authority of a Member State of performance. When so requested, taxable persons shall make available such records by electronic means as well. Taxable persons shall retain these records for ten years from the last day of the calendar year comprising the date of supply provided for in the Act on Value Added Tax for services supplied at a distance.

*Schedule No. 11 to Act XCII of 2003 on the Rules of Taxation*¹³⁸³

¹³⁸³ Repealed by Point 3 of Section 6 of Act I of 2015, effective as of 1 March 2015.