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Hungary

What is the tax called	VAT – Value Added Tax
What is the tax authority	Nemzeti Adó- és Vámhivatal (NAV)
What type of tax is it	Consumption based tax on consumers, on business transactions and imports
What is it due on	Taxable turnover - VAT is added to the value of supplies of goods and services where the 'place of supply' is Hungary
What are the VAT rates	Taxable: 27% - default (standard) rate 18% – reduced rate 5% - reduced rate Exempt
	18% – reduced rate eg <ul style="list-style-type: none"> • some kind of basic food
	5% - reduced rate eg <ul style="list-style-type: none"> • restaurant • accommodation, • meals • books • medicine • district-heating
	Exempt from VAT eg <ul style="list-style-type: none"> • Finance • Insurance • Real estate - lease and sell of land and properties (without limit) Subject to an option to tax: separately on lease/sell and on residential/non-residential property. • Health/welfare • Education • Postal services
What does a VAT number look like	12345678-1-11
Is there a registration limit	no limit
When does a non-established entity need to register	If it imports into or trades goods in HU or if the place of supply of services is deemed to be HU.
When is the place of supply in the HU	A supply that takes place in HU. Also, special rules for services, no matter where the supplier belongs, such as:

	<ul style="list-style-type: none"> • Land and property related • Digital, telecommunications and broadcasting • Services, including admissions, linked to physical performance, including artistic, cultural, educational, sporting, entertainment, exhibition and conferences/meetings • Restaurant and catering • B2C intermediary services • Hire of means of transport for short period
Any special rules	<p>Hungarian VAT is applied on sales of goods to non-taxable persons with a consignment value of under EUR 10,000 within the EU. Above the limit, the sales are taxable based on the rules of the country of destination, i.e. VAT registration is required in customers' countries. However the taxpayer may opt to tax the goods in the country of destination without limit.</p> <p>Regardless of the above, taxpayer may opt to use the OSS system, which enables the taxpayer not to register in every destination country, but only in its home country where the VAT-return and payments should be made, but sales are taxed at the VAT rates of the destination countries.</p>
Does a non-established entity need a fiscal representative	<p>Fiscal representation is required for all foreign business seated outside of the European Community. Only fiscal representative is allowed to communicate with the HU tax office. EC based business need only direct representative (pure agent) to file returns.</p>
How often do VAT returns need to be submitted	<p>Normally quarterly – can be monthly or yearly depending on the amount of accounted VAT in the second to last year. New taxpayer starts with monthly for the first two years.</p>
Are penalties imposed for late registration	<p>In case of voluntary registration penalty is up to HUF 500 000. In case a tax audit reveals a registration requirement, penalty may be up to HUF 1 million, up to 6 years the unpaid tax is due, plus 0-200% penalty, plus late fee. Penalties depend on many circumstances: how the error arose, whether concealed revenues were found, the cooperation of the taxpayer etc.</p>
Are penalties imposed in other circumstances	<p>Yes, general penalty is HUF 0 - 500 000 depending on the circumstances.</p> <p>Penalties are charged for:</p> <ul style="list-style-type: none"> • missing or improper or late VAT return plus 0%-50% of tax due • late payment (late payment interest)
Can VAT incurred by overseas businesses be recovered	<p>Where a non-HU established or non-HU VAT registered entity incurs VAT in HU whilst on business, such as in attending a conference, provided there is no registration requirement in HU and HU and other country concerned have reciprocal refund arrangements, or business is seated in the EC, NAV will refund the VAT incurred, subject to precise rules and the (annual) time limits for submission of claims.</p>
Can VAT be deducted	<p>VAT incurred on expenditure can be reclaimed where it is used in connection with 'taxable' sales, being at any VAT rate.</p> <p>VAT on expenditure used in connection with exempt supplies cannot usually be reclaimed.</p>

Do I need to issue an invoice	Invoices must be raised. receipts are also allowed in case of supplying private persons. There are specific requirements for what is included on invoices. Invoices may be raised in foreign currency, but the VAT amount must be quoted in HUF. ECB fx rates or HU Central Bank fx rates shall be applied.
Other	Data of every output invoice should be reported by the invoicing software directly to the tax office in real time (RTIR system).