

Hungary

13th Directive (86/560/EEC) VAT refunds

I. RECIPROCITY AGREEMENTS – Article 2(2)

1. Does your country have any reciprocity agreements?

Yes.

2. If yes, what countries are included in the reciprocity agreements?

Switzerland and Liechtenstein.

3. What is the equivalent third country tax to which the reciprocity agreements relate?

VAT.

4. What goods and services are allowable under the reciprocity agreements?

The same as under national rules.

5. Are there any specific or additional rules applicable in relation to the reciprocity agreements?

No.

6. If your country has no reciprocity agreements, do you still allow refunds?

Not applicable. (We do not allow refunds in relation to third countries which we have not concluded reciprocity agreements with.)

II. TAX REPRESENTATIVES – Article 2(3)

7. Does your country require the appointment of a tax representative?

No, it is not obligatory.

8. What conditions are imposed when appointing a tax representative?

The appointment of a tax representative is not a must, but foreign registered taxable persons may authorize someone to represent them, see point 16.

III. REFUND ARRANGEMENTS – Article 3(1)

9. What are the time limits that are applied for making a claim?

Foreign registered taxable persons may exercise their right to reclaim tax which arose during the year under review, by filing an application to the tax authority between the 1st of January of the calendar year following the year under review and the 30th of June of that year.

10. What periods are eligible for a refund?

Foreign registered taxable persons may reclaim tax

- regarding one calendar year

- quarterly, by the last day of the month following the quarter in question, if the amount claimed in any one application is not less than HUF 51,000
- at any time during the year if the amount claimed in any one application is not less than HUF 300,000

11. Where shall the applications be made?

Applications for tax refund shall be submitted in written form to the North-Budapest Office of the Tax and Financial Control Administration.

APEH Észak-budapesti Igazgatósága (North-Budapest Directorate of APEH)

/Dept. for Foreigners Affairs, postal address 1387 Budapest, Pf. 45./

1139 Budapest, Petneházy u. 6-8.

Telephone: +36 1 412-7460

Fax: +36 1 349-1393

Applications can be submitted personally in the following local offices in Budapest:

- II. district, Margit bld. 43.
- III. district, Kaszásdűlő str. 2
- IV. district Deák Ferenc str. 28.
- V. district, Hercegprímás str. 18
- XIII. district, Petneházy str. 6-8.

12. What is the minimum amount of VAT that can be refunded?

HUF 7,000

13. How can the applicant receive an application form?

Information instructions for the VAT refund claim allowable to taxpayers registered abroad are available on the following English site of the Hungarian Tax Administration:

<http://www2.pm.gov.hu/web/home.nsf/frames/english>

The application form can be found on the internet, at the following link:

<http://www2.pm.gov.hu/web/home.nsf/frames/english>

14. What languages may be used for completion of the form?

Hungarian and English.

15. What information is requested on the application form? Please could you provide a copy of the form or a website link?

<http://www2.pm.gov.hu/web/home.nsf/frames/english>

16. Is any information optional? If yes, what information?

Foreign registered taxable persons may be represented in dealings with the tax authority by a person vested with the power of representation in accordance with the relevant regulations, by an employee of legal age in possession of proper proof of authorization, or by a legal counsel, lawyer, law firm,

tax expert or tax consultant, or by an employee or member of a business association authorized to provide accounting, bookkeeping or tax consulting services. In such a case additional documents are needed concerning the authorization and the identity of the authorized person.

17. Who is authorised to sign the application form?

The applicant.

18. What evidence is required to support an application?

The foreign registered taxable person shall meet the following conditions:

- he shall certify that he is required to pay a tax that is considered the equivalent of value added tax during the year in which the invoice was issued, which indicates the amount of the tax or the tax rate, by means of a document (validity is 1 year) issued by the competent authority of the State in which he is registered as such a party;
- he shall attach the invoice made out in his name or in the name of a domestic commercial representative, or the invoice made in electronic means, or the resolution indicating the amount of tax in respect of imported products.

Additionally, he shall issue a declaration stating fulfilment of the conditions set out in point 20, and that he has claimed as business expenses the expenses entitling him to reclaim tax, and moreover that he repays any tax paid out erroneously.

19. What time-limits does your country apply to making a refund?

The tax authority shall take a decision concerning applications for tax refund within six months of the date of submission.

IV. ELIGIBILITY– ARTICLE 4(2)

20. Are there any other conditions applicable?

The foreign registered taxable person shall not have in Hungary his business, nor a fixed establishment from which his business transactions are effected, nor, if no such business or fixed establishment exists, his permanent address or usual place of residence. Additionally he must not be engaged in the supply of goods or services deemed to have been supplied in Hungary, with the exception of transport services, and services provided in cases where tax is payable solely by the person to whom they are supplied (pursuant to Article 196 of VAT Directive 2006/112/EC)

21. Are certain types of expenditure excluded and if so which?

Yes, charged tax may not be reimbursed in respect of

- a) the purchase of leaded or unleaded motor fuels,
- b) the purchase of passenger cars, motorcycles above 125 cc, yachts, sporting and leisure boats,
- c) purchases of foodstuffs and beverages,

- d) the services of restaurants, confectionery shops, and other public catering services,
- e) entertainment services,
- f) purchases and services received in connection with the operation and maintenance of passenger cars,
- g) using long distance or local taxi services,
- h) parking services and highway tolls, with the exception of parking services used and highway tolls paid for a motor vehicle whose gross weight is 3.5 tons or greater,
- i) purchases related to the construction or remodelling of residential properties,
- j) the purchase of residential property that is not eligible for exemption, provided that such purchase is not made with a view to resale, for the purpose of use as a direct material as shown in the records, or on behalf of another person.

Thirty per cent of the tax charged on local and long-distance telephone services, mobile telephone services, and on Internet-protocol-based voice transmission services cannot be deducted. This deduction restriction shall not apply to taxable persons who reinvoice at least thirty per cent of the services in question for the purpose of resale.

V. MAJOR DIFFERENCES BETWEEN REFUNDS UNDER THE 13TH AND THE 8TH (79/1072/EEC) DIRECTIVE

22. What are the main procedural differences between applying for a VAT refund based on the 8th Directive and a refund based on the 13th Directive?

No differences.

23. Do certain types of expenditure give rise to refund under the 8th Directive but not under the 13th Directive? If yes, please specify the types of expenditure.

Not applicable.