

Proposal on the amendment to certain tax acts

The Ministry for National Economy submitted a proposal on 3 May 2016 to amend certain tax acts and other related legislation, including proposed amendments to Act CXXII of 2010 on the National Tax and Customs Administration of Hungary (NAV) – including Act XXII of 2014 on Advertisement Tax (“ATA”), as well as amendments to Act CIII of 2011 on Public Health Product Tax (“PHPT”).

According to the proposed PHPT amendment, supplemented with new definitions – for example, the concept of „beverage with medicinal herbs”, which in addition to meeting the required criteria under the Excise Act on alcoholic beverages must also comply to criterion that includes the beverage to contain no additives and at least seven different types of herbs (herbal plants, medicines) – and in addition to the total herbal plant content of the beverage having to exceed the quantity set forth, the beverage shall also meet the criteria pertaining to the flavour and scent of the predominant herbs it contains. Under the proposed amendment, from 1 January 2017 – among others – only beverages with medicinal herbs that comply with these criteria would be eligible for exemption from tax liability under the newly amended legislation.

If the proposed amendment to the ATA is approved as drafted, it would solely affect publishers, as it would impose additional burdens – in order to register publishers as entities liable for taxation under the tax authority (foreigners), and to comply with publishers’ statement obligations (those publishers who have not recorded themselves in the publishers registry), as well as to ensure that these entities comply with their tax reporting- and payment obligations (all publishers who are liable for taxation). Under the proposed draft bill, the provisions amending the ATA would enter into force on 1 January 2017. A detailed summary concerning these amendments can be found on our website under the “News, Publications” menu.

We hereby wish to highlight that the above amendments are only proposals.