

Foreign online shops will be required to appoint tax representatives in Hungary - brand new green tax rules to be considered.

Registration deadline: 30 April!

The foreign online shops distance-selling goods to Hungary will become liable to the extended producer responsibility (the “**EPR**”) fee and green tax obligations which also requires them to appoint a Hungarian tax representative and register with the Hungarian authorities before 30 April 2023 - even if they submit their VAT returns via the OSS system in their own country.

⇒ **What is the change?**

From July 2023, the Hungarian waste management regulations and environmental product charge (the “**green tax**”) rules will change significantly. Among other changes, with the effect of 1 July 2023, foreign **online shops** selling goods to Hungary within the framework of an **e-commerce service** will become liable to the **EPR fee** and **green tax** payments in Hungary. The two obligations can be offset against each other.

⇒ **What exactly triggers the liability for Hungarian public charges?**

The liability should arise if an online shop established outside Hungary sells any goods in the scope of the Hungarian EPR fee and green tax regulations to end-users (i.e. B2C sales to private individuals) with the addressee located in Hungary.

Such goods may be sold either on their own or as accessories or components of other products. Packaging materials as part of the product packaging may also be liable to public charges.

⇒ **How does it affect online shops?**

Most of the online shops are registered as taxpayers in their own countries and fulfil their VAT obligations via the One-Stop-Shop system (the “OSS”). Therefore, solely for VAT purposes, they should not be obliged to have a tax agent/representative in Hungary.

However, before 30 April 2023, they **still must appoint a Hungarian tax agent/representative** to fulfil their EPR and green tax obligations (registration, declaration, data reporting, record-keeping) in Hungary from 1 July 2023.

⇒ **What are the goods liable to the EPR fee and green tax?**

Goods liable to the EPR fee overlap significantly with goods subject to green tax, however there are some significant differences.



By virtue of packaging and packaging materials, any online shop selling goods to end-users in the territory of Hungary may be liable to public charges even if the goods are out of the scope of the EPR fee and green tax.

⇒ **What are the sanctions for non-compliance?**

The tax law sanctions imposed for non-compliance with the green tax regulations are as follows: tax penalty (50% of the established tax shortage), late fee payment, and default penalty (up to HUF 500,000 / EUR 1,300).

However, any non-compliance with the EPR fee regulations is subject to **waste management penalties** which are significantly higher.

⇒ **What VGD Hungary's experts can assist in?**

Acting as a tax representative on behalf of the online shops, VGD Hungary provides the following services:

One-off services:

- Review the goods (and their accessories), as well as the packaging sold to end users in Hungary with the aim of identification of those items that fall within the scope of the EPR fee and green tax; assessing the applicable public charges' rates;
- Register with the authorities if necessary;
- Provide assistance in setting up an appropriate record-keeping system enabling the data reporting in the format prescribed by law;
- Review the applicable invoice endorsing requirements.

On-going compliance services:

- Prepare and submit the quarterly data reports to the territorially competent waste management authority;
- Prepare and submit the quarterly green tax returns to the Hungarian tax authority;
- Submit notifications to the authorities on any relevant changes in due time;
- Support the audits by the relevant authorities (if any).

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The tax experts of VGD Hungary will be pleased to assist you:

Mr. Zoltan Horvath	Tax manager	zoltan.horvath@vgd.hu
Ms. Marina Lisznyanszkaja	Tax advisory supervisor	marina.lisznyanszkaja@vgd.hu
Ms. Agnes Molnar-Buti	VAT compliance supervisor	agnes.molnarbuti@vgd.hu