

Tax & Fiscal Alert

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New Electronic road transportation control system will be introduced in Hungary

Starting January 1st, 2015, the electronic Road Freight Control System (Közúti Áruforgalom Ellenőrző Rendszer (EKAER)) will be introduced.

As a result, any vehicle (trucks with a weight over 3.5 tons) subject to road toll, carrying goods on public roads:

- from EU member states to the territory of Hungary for the purpose of the procurement of goods or for any other import purpose
- From the territory of Hungary to EU member states to for the purpose of the sale of goods or for any other export purpose
- for the purpose of the FIRST taxable sale of goods to NON-end users on the domestic market

will **have to apply for an EKAER number**. This means that **each such carriage of goods will have to be reported twice**.

The following data (not an exhaustive list) will have to be reported within 15 days *before* the carriage of goods begins (this 15-day deadline should be met because the EKAER number will be valid for 15 days. Once it expires and the carriage of goods has not begun, a new number needs to be requested):

- Data of the parties involved in the transaction
- Place of loading
- Address of destination
- Time of loading
- Name and VTSZ number of product
- Gross weight
- Net value
- Registration number of vehicle
- Purpose of carriage (sale, commission work, etc.)

When carriage is *completed*, the time of arrival must be reported.

During the time of carriage, the following data may be modified with a single report:

- Gross weight
- Value
- Registration number
- Contact details

The requested EKAER number must be provided to the carrier. If the carrier does not have an EKAER number at the time of carriage, 40% of the net value of the goods may be imposed as a sanction. *The tax authority will apply the sanctions as of 1 February 2015.*

Later, it will be possible to **make the report on the EKAER Internet platform** (the platform is not yet ready) via the client portal.

The report must be made by the taxpayer subject to reporting. The taxpayer's representative may request permission for the person(s) entering the report on the platform.

Entities subject to reporting:

- In case of carriage from the EU to Hungary: the addressee (recipient) should apply for the EKAER number and report the time of arrival
- In case of carriage from Hungary to the EU: the sender should apply for the EKAER number and report the time of loading
- In case of not a first sale to non-end users within Hungary: the sender should apply for the EKAER number, and the arrival of the goods should be reported by the recipient

Handling of risky goods:

Risky goods should be dealt with within a separate procedure. The categories of risky goods are not yet regulated but they will initially be goods and clothing.

These should be reported even if they are carried by vehicles with less than 3.5 t in weight:

- For risky food items, if the carried weight is 200 kg or its value exceeds HUF 250 thousand
- For other risky goods, if the carried weight is 500 kg or its value exceeds HUF 1 million

The basic condition for reporting these products is that the taxpayer should be registered as a food company operating a first storage facility in Hungary – this is regulated in a separate decree.

The taxpayer must pay a risk guarantee.

The amount of the guarantee is 15% of the net value of the products which has been registered 60 days prior to the report being made and whose arrival at the destination address or whose loading has already been reported, plus the net value of products with a valid EKAER number.

The risk guarantee should be supplemented continuously up to the above amount.

Until the guarantee reaches the above amount, the tax authority will not issue a new EKAER number.

Any entity will be exempt from payment of the guarantee which

- has been operating for at least two years and
 - is included in the database of taxpayers without public dues
- or
- is included in the certified taxpayer's database as maintained by the tax authority.

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