

Tasks regarding the tax refund for foreign entities of the professional field of specific competence at the National Tax and Customs Administration

On the basis of Section 63 of the Government Regulation no. 485/2015. (XII.29.) on the competence of the organizational units of the National Tax and Customs Administration, the Department of Tax Refund to Foreign Persons of the NTCA's Large Taxpayers Tax and Customs Directorate has the exclusive competence

1. to refund Value Added Tax to tax subjects not established in Hungary;
2. to operate the Mini One Stop Shop (MOSS) system for services at a distance (telecommunications, broadcasting or electronic services);
3. to refund VAT and excise tax paid by diplomatic and professional consular representations and international organizations of the same character as well as their members;
4. to refund VAT and excise tax paid by the institutions of the European Communities;
5. to adopt judgements regarding the VAT refund applications filed by persons or organizations pursuing activities of public interest; besides, beneficiaries of financial grants from bestowers of foreign residence;
6. to refund the income tax difference deducted from the income of a private individual of foreign tax residence originating from Hungary –especially from dividends, interests, or royalties, on the basis of international agreements to avoid double taxation:.

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Initiating a tax refund:

1. VAT tax refunds to tax subjects not established in Hungary

Legal background:

- (Sections 244-251) of Chapter XVIII of Act CXXVII of 2007 on Value Added Tax (henceforward: Act on VAT);
- Schedule XXII and XXIII of Act CL of 2017 on the Rules of Taxation (henceforward: Art);
- Decree No. 32/2009 (XII. 21.) PM of the Minister of Finance on the Provisions for the Enforcement of the Right of Taxable Persons Not Established in the Territory of Hungary to Refund of Value Added Tax in the Republic of Hungary, and the Right of Taxable Persons Established in the Territory of Hungary to Refund of Value Added Tax in Other Member States of the European Community.

In cases of tax subjects established in another country of the European Communities, the submission of the application may only take place electronically via the portal of the tax authority of the country where the tax subject is established, and the competent authority of the given Member State forwards it to the Hungarian tax authority.

As a main rule, the tax refund of tax subjects established in acknowledged third states (currently in the Swiss Confederation, the Principality of Lichtenstein and the Kingdom of Norway) will be based on written applications submitted on paper; however, there is also an opportunity to make

electronic submissions as well. In case the electronic submission is chosen, the IAFAK form is to be sent to the email account non-eu.vatrefund@nav.gov.hu . It is very important that this e-mail account was established for the receipt of electronic applications of tax subjects established in acknowledged third states, the applications of other tax subjects – or any other submissions not qualifying as applications – are disregarded by the tax authority!

Regarding further documents to be attached to applications, other conditions of refund and submission deadlines, please consult the above mentioned legal provisions which are available at the internet website of the National Register of Legal Regulations: www.njt.hu).

- 2. Tasks regarding the taxation of a taxable person established in the domestic territory of Hungary, but who is not established in the member state of performance, and any taxable person who is not established in the territory of the European Community (referred to collectively as taxable person), supplying services at a distance (namely telecommunications, broadcasting or electronic services) to non-taxable persons.**

Legal Background:

- Chapter XIII of Art.

For further information see: <https://moss.nav.gov.hu/index.xhtml>

- 3. VAT and excise tax refund to diplomatic and professional consular representations and international organizations of the same character as well as their members;**

Legal Background:

- Sections 107-108 of the Act on VAT; Point c. and i. of Section 12, Section 13 and Point d. of Subsection (1) of Section 53 of Act LXVIII of 2016 on Excise Tax;
- The Ministry of Finance Regulation no. 11/2010. (III. 31.) on the execution of the redemption of certain privileges, discounts and exemptions regarding the value added tax and the excise tax.

The application can only be submitted on established standard forms issued by the NTCA. The standard form for **representations** is called **IDIPL1**, whereas the form for **members of representations** is called **IDIPL2**. Since 2017, the newly established standard form called **IDIPL** is available and proper both for **representations** and **members of representations**. These forms and the **exemption certificates** can be downloaded from the internet website of NTCA through the ABEV programme.

If the representation or the member of the representation is accredited in Hungary, the so-called exemption certificates must also be attached. The exemption certificates are filled by the applicant and the Ministry of Foreign Affairs and Trade / Ministry of Defence countersigns it certifying the eligibility of the diplomat (and their members of family) for tax refund. In case of applications of representations it is sufficient to attach the exemption certificate (valid until repeal) only once in original copy. In case of members of representations, a valid, new exemption certificate must be attached to each application.

If the representation or member of representation is not accredited in Hungary, the exemption certificate is – upon their request – is countersigned by the competent and authorized authority of the host country.

The applications can be submitted at the seat (75-81 Dob u, 1077 Budapest) of the Large Taxpayers Tax and Customs Directorate where submissions belonging to the competence of the Department can be handed over on two days of the week – Monday and Wednesday between 08:00 and 16:15. Besides that, applications can be submitted at any customer service of the NTCA and via postal mail as well [1410 Budapest Post Office Box: 138].

For other certificates to be attached to the application, further conditions of refund and submission deadlines please consult the legal provisions indicated above which are available from the website of the National Register of Legal Regulations: www.njt.hu).

4. VAT and excise tax refund to institutions of the European Communities;

Legal Background:

- Act XXVII of 2005 on the reinforcement and publication of the Agreement between the European Communities and the Republic of Hungary implementing the protocol on the privileges and immunities of the European Communities regarding taxation matters in the republic of Hungary

The refund applications together with the copies of invoices which are certified to be identical with the originals by the competent authority of the European Communities must be annually sent to the Protocol Department of the Ministry of Foreign Affairs and Trade. The Ministry of Foreign Affairs and Trade will forward the applications to the Large Taxpayers Tax and Customs Directorate of the NTCA.

There is no standard and compulsory form issued by the tax authority for these applications, however Annex II of the Council Implementing Regulation (EU) No 282/2011 of March 15 2011 on the establishment of implementing resolutions of the Council Directive 2006/112/EC on the common system of value added tax contains a mandatory form of the 'Input and/or excise tax exemption certificate' for persons, organizations and representatives authorized and accredited in another country of the European Union.

For other certificates to be attached to the application, further conditions of refund and submission deadlines please consult the legal provisions indicated above which are available from the website of the National Register of Legal Regulations: www.njt.hu).

5. Adopting judgements regarding the VAT refund applications filed by persons or organizations pursuing activities of public interest; besides, beneficiaries of financial grants from bestowers of foreign residence

Legal Background:

- Section 100 and 257/A of the Act on VAT
- Regulation no. 15/2010 (XII. 28.) of the Ministry for National Economy on the certificatory obligations of persons, organizations performing activities of public interest, of bestowers of foreign residence and of beneficiaries of financial grants from such bestowers and on the compulsory data of value added tax refund applications; furthermore, on the procedural rules of subsequent refund of value added tax.

There is no standard and compulsory form issued by the tax authority for these applications: the reclaim can be initiated by an application drafted and signed by the applicant. For other certificates to be attached to the application, further conditions of refund and submission deadlines please consult the legal provisions indicated above which are available from the website of the National Register of Legal Regulations: www.njt.hu).

6. The refund of income tax difference deducted from the income of a private individual of foreign tax residence originating from Hungary –especially from dividends, interests, or royalties, on the basis of international agreements to avoid double taxation:

Legal Background:

- Schedule No. 7 to Act CXVII of 1995 on Personal Income Tax;
- The international agreement on the avoidance of double taxation, signed between the country where the individual has residence and Hungary.

There is no standard and compulsory form issued by the tax authority for these applications: the reclaim can be initiated by an application drafted and signed by the applicant.

For other certificates to be attached to the application, further conditions of refund and submission deadlines please consult the legal provisions indicated above which are available from the website of the National Register of Legal Regulations: www.njt.hu).