

Payment facilities for entities, private entrepreneurs

During the payment facilities proceedings, the National Tax and Customs Administration (NTCA) considers the economic difficulties caused by coronavirus epidemic hitting wide range of the taxpayers. These objective circumstances may adversely affect the fulfilment of the obligations of tax payment (taxes, contributions, levies, surcharges and other debts being kept on registry by the NTCA) and to overcome this, the following *payment facilities* may be granted **on request** within the legislation framework:

- payment deferrals,
- instalment scheme ,
- tax reduction and tax waiver.

The request for payment deferral can be filed *by legal entities and unincorporated businesses* obliged to keep contact by electronic means and *private entrepreneurs* using the form No. FAG01 and FAM01 respectively. The forms are available at the link:

https://nav.gov.hu/nav/letoltesek/nyomtatvanykitolto_programok

The first instance proceeding performed based on the **request** for payment deferral *filed by the private entrepreneur is duty exempt*.

The duty of the proceeding for payment facility, tax reduction filed to NTCA by *businesses* is **10 000 HUF** that must be paid to the account 10032000-01076064 held with the Hungarian Treasury (NAV eljárési illetékhöz kapcsolódó befizetések bevételi számla – ‘NTCA account for the payments related to document duties’).

The **reduction or waiver** of the payment obligation can only be granted for actual (overdue, not settled) debts. **The tax debt (capital) may only be reduced (waived) for private individuals**, but even in this sphere the debt of the tax and contribution deducted from natural persons by the payer cannot be reduced (waived) either. The inability of performing the economic activity is the condition of granting the reduction.

The statutory requirement of granting **payment facilities (instalment scheme, payment deferral)** is the existence of the temporary payment difficulty and the fact that the payment difficulty is not caused by the failure attributable to the taxpayer. The payment difficulty caused by coronavirus epidemic is not the failure attributable to the taxpayer. With regard to this the NTCA may also grant the payment deferral, instalment scheme (or the combination of them: even settlement in instalments after deferral) on request free of charge. **No payment facilities may be granted for the obligations of the payment of amounts deducted from the employees.**

For the applicant carrying out business activity, examination of the condition related to temporary payment difficulties is performed by the NTCA on the basis of **financial management data of the last business year preceding the year when the state of emergency was promulgated**, without asking for data of balance sheet related to the current year.

If the taxpayers cannot fulfil the *ongoing payment facilities* due to their difficulties caused by the coronavirus epidemic they can request rescheduling their debt on this reason. The way is the same as explained above.

The taxpayers have the possibility at any time to fulfil early repayment of the ongoing payment facilities, settle their debts earlier than the granted deadline.

The Government makes temporarily also possible, with regard to the state of emergency, further payment facilities to be granted.

On request of the taxpayer, the NTCA shall **at one time**

- grant payment deferral regarding the tax amounting to HUF 5 million at most as long as 6 months, as maximum, or instalment payment for 12 months without surcharges; or
- reduce tax debts of **non-natural person taxpayer** up to the threshold amount of HUF 5 million, by 20 per cent at most and with regard to one tax type,

including tax payment obligations of deducted type as well.

A request must be submitted in the way described already above to claim the payment facility. Together with submission of the claim, it must be justified that

- payment difficulties can be traced back to the state of emergency,
- business activities would become impossible because of reasons that can be traced back to the state of emergency, in the case of tax abatement.

If the subject of claim is payment facility, the taxpayer shall choose between payment instalments or payment deferral, combination of these two options cannot be granted. This new type of abatement can solely be granted by the NTCA on the request of legal persons and other entities, so decreasing capital debt becomes temporarily possible for them as well, including tax payment obligations of deducted type as well.

Such a claim can be submitted **until the 30th day following the cessation of state of emergency**. The procedure is **free of duty even in the case of business entities!**

It is an important legal restriction that the two types of new facilities cannot be granted together at the same time that is why we ask our customers to consider, even before making a decision, how, by claiming which payment facility option, they can manage their payment problems emerged during the state of emergency in most effective way.

At this time, links in this informative sheet refer to documents in Hungarian language. In the near future, we shall publish the content of the Data Sheets to be submitted by taxpayers on our website in English language.