

Changes in the rules of invoice data reporting and invoicing, entering into force on 01.07.2020

Dear Partner,

Consistent with our aim to keep you up-to-date regularly with changes, this information pertains to the modification of the rules of invoice data reporting and invoicing, effective as of 01.07.2020.

The most important change is that each invoice issued by a taxpayer to another domestic taxpayer concerning a transaction performed in this country will have to be reported after 30 June 2020, irrespective of the output VAT in the invoice, i.e. even if the invoice contains output VAT of less than HUF 100,000 or none.

Accordingly, domestic reverse charge invoices, invoices documenting a tax-exempt transaction or, for instance, invoices for the sale of used goods taxed under a margin scheme will also have to be reported.

With tax-exempt transactions, there are two scenarios for the reporting obligation, depending on whether an invoice must be issued or not:

The sale of certain products and the provision of certain services are **exempt from invoicing obligation, as detailed in Section 165 of the VAT Act, in effect as from 01.07.2020.**

- **In case of tax-exempt transactions where the issuing of an invoice (or, if the preconditions stipulated by law apply, a receipt) is mandatory, the reporting obligation will of course apply (examples include tax-exempt dental services, tax-exempt real estate sales).**

- **However, it will still not be required to report the data of transactions that are exempt from tax on public-interest grounds or due to their special nature and for which Section 165 of the VAT states that issuing an accounting document other than an invoice is sufficient.** This means that it will not be necessary to report the data of documents issued regarding tax-exempt real estate lettings, even if the lessor uses an invoice pad or an invoicing software to document the transaction.

Reporting the data of invoices and of documents regarded equally with invoices will be mandatory where a domestic taxpayer selling products or providing services issues an invoice under the VAT Act with the place of performance in this country.

The definition of invoice covers: simplified invoices, summary invoices, invoices of prepayment included in the price of a transaction, and final invoices raised by factoring in any prepayment.

Documents regarded equally with invoices: a document amending any data in an invoice, such as reverse invoices and modifying invoices (including documents changing the tax base and/or the tax as well as documents that change e.g. the performance date shown in the original invoice).

The data reporting obligation will apply to electronic and paper-based documents alike.

The reporting obligation covers the data specified as mandatory for inclusion in an invoice or document regarded equally with invoices in the VAT Act (Section 169 of the VAT Act).

The date of issuing/raising the invoice or document regarded equally with invoices will determine whether the new rules apply: invoices issued on or after 1 July 2020 will be governed by the rules of the VAT Act entering into force on 1 July 2020 regarding the invoice data reporting obligation.



Könyvszakértő és Adótanácsadó Kft.
Auditing & Taxadvising Ltd.
Wirtschaftsprüfungsgesellschaft m.b.H

It is an important change concerning manual invoices, that the data must be **reported within one calendar day of issuing the invoice** if the amount of output tax in the invoice or document regarded equally with invoices **equals or exceeds HUF 500,000. Otherwise reporting must be completed within four calendar days of issuance.**

An important change concerning invoices is that the **first 8 digits of the tax numbers of domestic taxpayers** purchasing the goods or services must be stated in all invoices from 1 July 2020 on, regardless of the amount of the output tax.

A further important change relating to invoicing effective as from 1 July 2020 is that the reasonable time period for issuing the invoice will be **reduced from 15 to 8 days** as calculated from the date of performance (or, in the case of prepayments, from the date of incurring the tax liability). This shorter deadline for issuing an invoice will **first apply to invoices raised or issued for transactions where the performance date is later than 30 June 2020.**

Should you have any questions regarding the above, **feel free** to contact your account manager.

Yours sincerely,

The staff of Bergmann Iroda

