



FINACONT TAX NEWSLETTER

Changes in environmental product tax under current draft legislation



Gábor Kis

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The bill includes new definitions and clarification of current terms and concepts.

The bill defines the following new terms:

- packaging;
- packaging element;
- packaging component;
- the part of packaging;
- packaging waste

According to the bill packaging waste means packaging material which has turned into waste material excluding manufacturing or residual waste left from industrial or manufacturing processes. Furthermore, the definition of commercial packaging and commercial packaging material will also change.

According to the bill the range of activities with possibility of paying flat rate product tax will be expanded, which means that taxpayers selling products (components or accessories of

vehicles) subject to product tax in Hungary or using these products for own purposes or taking them on stocks will be allowed to pay flat rate environmental product tax for vehicles if the bill is ratified.

The environmental product tax payment date will also change in some cases. Under current legislation tax liability emerges when the product subject to product tax is sold or used for own purposes. If the bill is ratified, taking products on stocks will also raise environmental product tax liability.

The bill would also extend the range of taxpayers subject to environmental product tax liability.

Taxpayers taking products on stocks, taxpayers who are first in the selling chain of packaging materials produced abroad and subject to product tax in Hungary and taxpayers who are the first owners of packaging waste from decomposing packaging would be added to this range.

According to the bill assigning the ownership of products subject to product tax in Hungary to entities settled in Hungary with business purposes or registered in Hungary **will not be subject to product tax liability in the future** if the product is transported abroad and transportation is properly verified.

New concepts of the bill are the following: product tax shortfall (product tax difference charged on the taxpayer if the difference has not been paid until its due date), product tax difference (difference between product tax included in the tax return and not

included in the tax return but assessed by the tax authority later) and product tax debt (product tax not paid till its due date).

Please contact our colleagues if you wish to have a detailed interpretation of this legislation as this newsletter offers general understanding.

Should you have any questions, please do not hesitate to contact us.

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