



FINACONT TAX NEWSLETTER

Changes in technical requirements of online invoice data reporting liability



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Online invoice data reporting effective as of July 1, 2018 provides the tax authorities with a fast and effective source of information on the billing practices of businesses. In a recent analysis of the Online Invoice system the tax authorities has encountered a number of administrative problems.

For example, one of the recurring problems is the treatment of modifying invoices. According to the tax authorities' analysis businesses do not always recognize that they are issuing a modifying invoice. Thus, some of the modifying invoices are recorded as a base invoice in the tax authorities' data reporting system. The reason for this may be that taxpayers are unable to specify the base invoice which is modified that in the case of a two-step invoice correction many

people do not consider the second document as a modifying invoice.

Evaluating above problems tax authorities **tries to improve the data reporting qualities of taxpayers in several ways** such as providing information.

The information purpose is primarily provided to the taxpayers by the **statistics available in the Online Account system**. This might be important because, according to the tax authorities' experience, several billing programs do not show these errors to the users (although the tax authorities' system always sends this information to the program) or the information flow is inadequate at the company. The tax authorities hope that the taxpayers concerned **will realize without any additional tax authority influence that their data reporting system is inadequate** and will begin to investigate the causes of the discrepancies.

Changes that came into force from May 2019 are expected to have minimal impact on the daily work of billing program users.

These new requirements are mainly related to the technical aspects of the communication between the program and the servers of the tax authorities, which means that data will be uploaded into the system in a more interpretable and more easily processed way.

The description of the new requirements is already available on the NAV website, which makes it possible for the developers of the billing programs to start modifying their programs.

If the billing program is not prepared in time for the changes, the NAV system will not be able to receive invoice data. If the data reporting is not completed in time, the

penalty may be up to HUF 500,000 per each invoice concerned for each individual taxpayer.

The tax authorities plan to introduce further technical changes in autumn and now updated programs should be modified again in accordance with these new requirements. However, these new requirements of the autumn are not yet known.

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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