



FINACONT TAX NEWLETTER

Recording transactions documented with invoices in cash register



Kis Gábor

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Under the main rule of the Act CXXVII of year 2007 on Value Added Tax (VAT Act) taxpayers are required to issue invoices on products sold or services provided by the taxpayer. **If the taxpayer is exempted from his liability of issuing invoice as**

- the customer is not a taxpayer/tax subject and is not a legal entity,
- pays the purchase price in cash, a cash substitute payment instrument or a cash substitute instrument until fulfillment,
- the purchase price does not reach HUF 900 thousand,
- the customer does not request invoice,

the taxpayer will be required to issue a receipt.

This means that **one type of accounting document** (invoice or receipt if taxpayer is exempted from issuing invoice) should be issued **on one transaction**.

If the taxpayer is required to issue a receipt, the taxpayer should perform his liability with a cash register if relevant requirements of the Decree of the Minister of National Economy are met.

Both invoice and receipt **should not be issued** on the same transaction **under statutory requirement currently in force**.

This applies also to receipts issued with cash register as the Decree of the Minister of National Economy does not have such a requirement that a sale documented with an invoice should be recorded in cash register.

However, on the basis of information available to the Hungarian Tax Authority, it seems that part of taxpayers still continue to use the practice, established on the basis of regulation effective before 1 January 2008, that is the taxpayer records the price of the sale

paid in cash (or cash substitute payment instrument or a cash substitute instrument) and documented with invoice (invoice with simplified data content) in the cash register as well.

Under the provision of VAT Act effective as of 1 July 2020 the taxpayer is required to provide the Tax Authority with data on an invoice or a document equivalent with an invoice issued on the sale of products or services performed in Hungary to another taxpayer registered in Hungary. This liability will be applied to private person customers as well from 1 January 2021.

As a consequence of the new regulation, if the taxpayer continues to issue a receipt on the price of a transaction already documented with invoice, **the data of sale will be sent to the Tax Authority through both online invoice data reporting and online cash register system.** To avoid **double data reporting** because of the double documentation the taxpayer is recommended to end the above-described incorrect practice. Therefore, the Tax Authority suggests that taxpayers **should not issue receipt with online cash register on the price of a transaction already documented with an invoice.**

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

Beside above-written the taxpayer is allowed to continue the practice that the amount of money received as the price of a transaction documented with an invoice is kept together with income documented with the cash register (e.g. in the cash drawer). In this case an inpayment petty cash document should be issued with the cash register on the amount of money received as the price of a transaction documented with an invoice and put in the cash drawer. Issuing the inpayment document ensures that the amount of money kept in the cash drawer be equal to the balance of sales documented with the cash register and other cash movements.

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



Finacont Szolgáltató és Tanácsadó Kft.
H - 1062 Budapest, Aradi utca 16, II. em. 2.
Telefon: +36 1 345 0092

Kis Gábor
partner | Tax & Accounting

Mobil: +36 20 945 5040
E-mail: gabor.kis@finacont.com
Web: www.finacont.com