



KMLZ VAT NEWSLETTER

Introduction of electronic system to monitor the supply of goods in Hungary

1. Introduction of EKAER-System on 1 January 2015

On 1 January 2015, the Hungarian tax authorities will introduce an electronic system to control the physical supply of goods on Hungary's roads. The EKAER-System monitors the following supplies of goods transported with a vehicle of more than 3.5 tons.:

- supplies of goods arriving from other EU member states (including the supply of goods for the purpose of tolling);
- supplies of goods to other EU member states; and
- taxable supplies of goods within Hungary (except final supplies to consumers)

These supplies will have to be declared prior to their transportation by applying for an EKAER-Number.

Increasing requirements for logistics

On 1 January 2015 the Hungarian tax authorities will introduce an electronic system designed to monitor the transportation of goods sent via truck (EKAER). Once again, VAT-registered companies in Hungary are facing additional administrative burdens which are unique within Europe. The EKAER-System requires all truck-transported goods to be reported in advance. Failing the reporting obligation will lead to default penalties of up to 40 percent of the goods' value or even seizure of the goods. VAT-registered companies in Hungary should immediately verify to what extent the introduction of the EKAER-System affects their business activities.

Generally, it will be the responsibility of the taxable person who performs the taxable supply of goods to apply for an EKAER-Number prior to the commencement of the transportation or loading:

- Intra-Community acquisitions have to be registered by the acquirer.
- Intra-Community supplies and export supplies have to be registered by the supplier.
- Taxable supplies within Hungary have to be registered by both, the supplier and the customer.

The taxable person registering the supply will have to provide detailed information regarding the supplier, the customer, the goods supplied and the means of transport. The information regarding the supplied goods must include the following details:



Contact: Ronny Langer
Certified tax consultant, Dipl.-FW (FH)
Phone: +49 (0)89 / 217 50 12 - 50
ronny.langer@kmlz.de

- description of the goods
- customs tariff number
- weight
- article number

The EKAER-Number will be introduced for the purposes of identifying the transported goods. Once the EAKER-Number has been issued, it is valid for 15 days.

The application will take place by using the same portal that is used in order to file VAT-returns. Nevertheless, special EKAER-access will be necessary in order to be able to apply for EKAER-numbers.

2. Compulsory registration of risky goods

Apart from goods transported by vehicles of more than 3.5 tons, there is a general obligation to register goods associated with some risks, regardless of the weight of the vehicle. For the purpose of identifying these “risky” goods, the Hungarian tax authorities have published a list of the goods concerned. Food and groceries brought into Hungary from foreign countries are, in particular, deemed to be risky goods.

In addition to the obligation to register risky goods, it is mandatory that collateral security be provided by the supplier. The collateral obligation has to cover 15 percent of the goods’ net value. The security must either be deposited into a blocked account of the Hungarian tax authorities or provided in the form of a bank guarantee. Enterprises that have been registered as debt-free taxable-persons in the database of the Hungarian tax authorities are exempt from providing the said collateral security.

3. Breach of EKAER-obligations

If goods are transported after January 31, 2015 without a valid EKAER-Number they are deemed to be goods without a certificate of origin. In such cases, the Hungarian tax authorities are entitled to impose default penalties of up to 40 percent of the goods value or even seize the goods.

4. Consequences for the practice

Due to the introduction of the EKAER-System at such short notice, companies registered in Hungary need to prepare now. The extensive information regarding the supplier, the customer, the goods supplied and the information needed regarding the means of transportation requires different departments within all affected companies to collaborate.

In fact, how the actual implementation of the EKAER-system will function remains to be seen and will only become apparent when the first companies seek to register for EKAER-access.

In order to manage the additional administrative obligations, companies registered in Hungary should verify to what extent the introduction of the EKAER-system will affect their business and promptly apply for the additional EAKER-access. Additionally, standardized processes should be implemented within the departments that need to be involved.

There have been several attempts to postpone the introduction of the EKAER-system to July 2015 and to reduce the list of risky goods for which EKAER-numbers are mandatory. Nevertheless, the Hungarian government intends to abide by its original plan to introduce the EKAER-system on 1 January 2015.