

## Basic Rules of Issuing Invoices and Receipts 2022

The VAT taxable persons shall ensure that an invoice is issued in respect of all supplies of goods or services. This information booklet describes the basic rules for this. The requirements pertaining to invoicing are contained in Act CXXVII of 2007 on Value Added Tax (hereinafter referred to as VAT Act)<sup>1</sup> and the decrees issued based on this act.<sup>2</sup>

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### 1. Invoicing Obligation

The **taxable person** shall ensure that an invoice is issued in respect of **all supplies of goods or services which he has made in the domestic territory for consideration** according to the general rule of the VAT Act to the customer (if a person or organization other than the taxable person).<sup>3</sup> As stated in the VAT Act, this invoicing obligation relates

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<sup>1</sup> Act CXXVII of 2007 on Value Added Tax.

<sup>2</sup> Decree of the Minister of National Economy No. 23/2014 (VI. 30.) NGM on the Identification of Receipts and Invoices by the Tax Administration and the Control of Invoices Saved Electronically (hereinafter: **Decree on Invoices**), besides, Decree of the Minister of National Economy. 48/2013 (XI. 15.) NGM on the Technical of Cash Registers and the Turnover, Use and Maintenance of Cash Registers Capable of Issuing Invoices and the Transfer of Data Recorded by Cash Registers to the Tax Authority (hereinafter: **Decree on Cash Registers**).

<sup>3</sup> Section 159(1) of the VAT Act.

to the completion of a transaction (and not to the payment obligation of the customer to whom the products or services are supplied).

**The invoicing obligation** stated in the VAT Act **does not extend** to cases, which do not qualify as supply of products or services by the taxable person for the purposes of the VAT Act, i.e. e.g. no invoice needs to be issued for exercising executive powers, for compensation payment, or for legal costs granted by the court (etc.), specified in Section 7 of the VAT Act.

However, unless otherwise provided in the VAT Act, **the invoicing obligation pertains** also to transactions that are free of charge but, for the purposes of the VAT Act, they qualify as the supply of products or goods for consideration.<sup>4</sup> (Naturally the VAT taxable person is obliged to issue an invoice even in those cases, if the products and services are supplied to a person or organisation, other than the taxable person.)

Considering that a VAT liability is generated at the time of obtaining the advance – as a general rule –, **an invoicing obligation is also linked to the acquisition of a pecuniary advantage** of supply of products, services that can be included in their consideration, i.e. an advance provided on the basis of an agreement between the parties.<sup>5</sup> The invoice issued for the received advance shall contain the data of the supply of goods and services for the consideration of which the advance may be included.<sup>6</sup>

The obligation to issue invoices on payments on account is not general in nature. It does not cover advances included in the consideration for tax-free intra-Community supplies of goods.<sup>7</sup> There is no obligation to issue invoices on payments on account paid by non-legal non-taxable persons if the amount of payment on account (containing the tax also) is less than 900,000 HUF if the purchaser of the product or service does not request an invoice to be issued on the payment on account. If the advance payment is HUF 900,000 or more, invoicing is obligatory, regardless of the request of the purchaser of the product or the recipient of the service.<sup>8</sup>

There is also an **obligation to issue invoices** in the case of **the supply of goods and services performed abroad**, if the taxable person has a place of residence for economic purposes most directly affected by the performance of the transaction or in the absence of such a place his permanent address or usual place of residence. In order to invoice a transaction performed abroad, the VAT in the case of a transaction carried out in another Member State of the European Community (hereinafter referred to as the Community), an additional condition is that the supply of goods or services is subject to **reverse charge** in the Member State of performance, i.e. the obligation to pay tax after the transaction should not be borne by the person obliged to issue a domestic invoice, but by the purchaser of goods and services in another Member State).<sup>9</sup>

The obligation to issue an invoice means not only the production of the invoice, but also its transfer or delivery to its addressee, i.e. the purchaser of the goods or services.

### **1.1 According to the Hungarian rules when is the invoicing obligation to be fulfilled?**

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<sup>4</sup> Section 11(1)-(2) and Section 14(1)-(2), and cases of Section 12 and 18/A of the VAT Act.

<sup>5</sup> Section 159(2) a) and b) of the VAT Act.

<sup>6</sup> Section 159(3) of the VAT Act.

<sup>7</sup> Section 159(4) of the VAT Act.

<sup>8</sup> Section 159(2) b) of the VAT Act.

<sup>9</sup> Section 159(2) c) and d) of the VAT Act.

Apart from the preservation obligation, **as regards the obligations relating to invoicing, according to the general rule the provisions of the VAT Act are applicable when the place of supply of the goods or services are supplied is the domestic territory** pursuant to the VAT Act.<sup>10</sup>

**Even though the supply is made in the domestic territory, the provisions of the VAT do not need to be applied**, when the following conditions met together:

- the established business of the taxable supplier or his fixed establishment that is most directly involved in the transaction or, in the absence of such a place of business, permanent address or usual residence is in a different Member State, and does not have an established business site in Hungary or their permanent domestic site – in accordance with Paragraph 137/A of the VAT Act – is not involved in performing supplies of products or services,
- the person liable for the payment of the VAT is the person to whom the goods or services are supplied,
- the invoice is issued by the taxable supplier established in another Member State or his authorized domestic representative other than the purchaser, i.e. not self-invoicing.

In such cases invoicing shall be subject to **the rules applying in the Member State in which the supplier of the goods or services** has established his business or has a fixed establishment that is most directly involved in the transaction in question, (or in the absence of such places his permanent address or usual place of residence).<sup>11</sup>

Not the rules on invoicing of the VAT Act shall apply in case of the supplies of products, services provided domestically, for which the tax payment and tax return obligations are performed by a taxable person who has registered in the one-stop shop in another Member State of the Community.<sup>12</sup>

**Even though the supply is made within the domestic territory, the provisions of the VAT Act pertaining to invoices must be applied** in the following cases:

- if ***the place of supply is deemed to be outside the Community*** pursuant to the provisions of the VAT Act and the established business of the supplier or his fixed establishment that is most directly involved in the transaction or, in the absence of such a place of business, permanent address or usual residence is inland,<sup>13</sup> or
- if the seat of the business activities of the tax subject who performs the transaction, or their established permanent site most directly involved in the performance in the lack of that, the permanent address or usual dwelling place is located inland, but ***the place of supply*** pursuant to the VAT Act is deemed to ***be in another Member State*** and has tax payment obligation is accrued by the purchaser of the product or the recipient of the service provided that not self-invoicing occurs<sup>14</sup>

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<sup>10</sup> Section 158/A. (1) of the VAT Act.

<sup>11</sup> Sections 158/A.(2) a) and 158/A (3) of the VAT Act.

<sup>12</sup> Section 158/A (4) of th VAT Act.

<sup>13</sup> Section 158/A. (2) b) of the VAT Act.

<sup>14</sup> Sections 158/A. (2) a) and 158/A (3) of the VAT Act.

if a transaction is a supply of products, services performed in another Member State, on which the taxable person performs the obligations in the one-stop shop in Hungary<sup>15</sup>.

## 1.2 In which cases can be released from the obligation?

**A taxable person is exempt from invoicing in relation to any supply of goods and services which is tax exempt in view of the public interest or special nature of the activity,<sup>16</sup> providing that the taxable person issues a document<sup>17</sup> for the transaction in compliance with the provisions of the Accounting Act.<sup>18</sup>** The accounting document of such a transaction – e.g. tax-free renting of a property or provision of financial services – must therefore comply with the provisions of the Accounting Act. This must also apply if the taxable person includes the name of the invoice on the receipt, or issues it on an invoicing form or by using of an invoicing programme. The continuity of the serial numbering of the invoicing program is not impaired if the invoice and the accounting document are issued in the same serial number range.<sup>19</sup> This exemption from invoicing obligation will not lead to an obligation for the supply of the issue a receipt.<sup>20</sup>

The following **tax-exempt transactions will not be exempted from the obligation to issue an invoice**, i.e. no accounting document can be issued instead of an invoice:

- other tax-free education due to its public interest nature,<sup>21</sup>
- the tax-free transaction of a dentist or dental technician due to its public interest nature,
- the tax-free healthcare activity provided by a non-public service operator due to its public interest nature,
- the tax-free service of a cooperating community due to its public interest nature,
- the tax-free real estate sales due to its special nature.<sup>22</sup>

**In case the acquirer of a service whether tax subject or not does not request it, no invoice needs to be issued on tax exempt international air passenger transport** with a foreign place of departure or arrival.<sup>23</sup> In the lack of a request for the issue of an invoice by the acquirer of the service, the tax subject must issue an accounting record in accordance with the provisions of the Act on Accounting. In case the acquirer of the service does request the issue of an invoice, an invoice must be issued in accordance with the provisions of the VAT Act and the legal regulation issued on the basis of its authorization.<sup>24</sup>

**Below the limit of HUF 900,000, inclusive of VAT**, the taxable person shall be exempted from the invoicing obligation if **the customer is a non-taxable person** apart from non-taxable legal persons who **pays the consideration inclusive VAT, by the date of supply, without requesting an invoice from the taxable person.**<sup>25</sup> The taxable person, if

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<sup>15</sup> Section 158/A (4) of the VAT Act.

<sup>16</sup> Exempt supplies of goods and services pursuant to Section 85(1) a), b), f)-o) and Section 86(1) a)-i), l) m) of the VAT Act.

<sup>17</sup> Section 165(1) a) of the VAT Act .

<sup>18</sup> Act C of 2000 on Accounting .

<sup>19</sup> Section 8(4) of the Decree on Invoices.

<sup>20</sup> Section 166(1) of the VAT Act.

<sup>21</sup> Section 165(5) of the VAT Act applicable from 1 July 2020.

<sup>22</sup> Section 165(1) a) of the VAT Act applicable from 1 July 2020.

<sup>23</sup> Tax exempt supply of service pursuant to Section 105 of the VAT Act.

<sup>24</sup> Section 165(1) c) and Section 165(4) of the VAT Act.

<sup>25</sup> Section 165(1) b) of the VAT Act.

exempted from the obligation of invoicing, shall ensure that a receipt is issued to the customer.<sup>26</sup>

The taxable person is exempt from the obligation to issue an invoice also if **the non-taxable person** excluding non-taxable legal persons **makes an advance payment of less than HUF 900,000 and does not request an invoice**. If the taxable person is exempted from the obligation of invoicing for such a reason, they are not obliged to issue a receipt on the received advance payment.

The fact that such an advance is not subject to an obligation to issue an invoice or receipt does not mean that there is no supporting document for the provision, receipt or crediting of the advance under other legislation, such as the Accounting Act. If the advance is provided by the transfer of cash, a cash substitute payment instrument, a non-cash payment instrument or other property, such as a product, the transfer of the advance must be documented, which may be done, for example, by an accounting document issued by the recipient of the advance. If the advance is paid by bank transfer, the transfer of funds may be documented, for example, by a bank receipt.

**There is no opportunity for exemption from invoicing** in the following cases:

- supply of goods and services to a *VAT taxable person* provided that the transaction is not a tax exempt supply of products, services for which it is sufficient to issue an accounting document, and provided that the user of the air transport exempted from tax payment<sup>27</sup> requests the issue of the invoice<sup>28</sup>,
- supply of goods and services to a *legal person, who is not a VAT taxable person* (provided that the transaction does not fall within the scope of the tax exemption for which it is sufficient to issue an accounting document, and provided that the user of the air transport service exempted from tax payment<sup>29</sup> requests the issue of an invoice<sup>30</sup>,
- advance of supply of goods and services to a *VAT taxable person or non-taxable legal person* <sup>31</sup>,
- payment at least HUF 900,000 or more of advance by a *VAT non-taxable person* (who is not a legal person either),<sup>32</sup>
- payment less than HUF 900,000 of advance by a *VAT non-taxable person*, who is not a legal person either, if the customer requests an invoice,<sup>33</sup>
- supply of goods or services to a *VAT non-taxable person* (who is not a legal person either), the consideration inclusive VAT for which is paid in any way by the date of supply, providing that the consideration, inclusive of VAT, is at least HUF 900,000 or more.<sup>34</sup>,
- supply of goods or services to a *VAT non-taxable person* (who is not a legal person either), which consideration, inclusive VAT, is paid in any way by the date of supply,

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<sup>26</sup> Section 166(1) of the VAT Act.

<sup>27</sup> Tax exempt service on the basis of Section 105 of the VAT Act.

<sup>28</sup> Section 165(1) and (3) a) of the VAT Act.

<sup>29</sup> Tax exempt service on the basis of Section 105 of the VAT Act.

<sup>30</sup> Section 165(1) and (3) a) of the VAT Act.

<sup>31</sup> Section 159(2) and (4), 165(1) and (3)a) of the VAT Act.

<sup>32</sup> Section 159(2) b) ba) of the VAT Act.

<sup>33</sup> Section 159(2) b) bb) of the VAT Act.

<sup>34</sup> Section 165(2) b) and (3) b) of the VAT Act.

providing that the consideration, inclusive of VAT, is less than HUF 900,000, and the customer requests an invoice.<sup>35</sup>

- the supply of goods or services to a *VAT non-taxable person* (who is not a legal person either), the consideration for which is not (necessarily) paid by the date of supply.<sup>36</sup>
- *tax exempted international air passenger transport service*<sup>37</sup>, provided that the user of the service – whether taxable person or not – requests the issue of an invoice<sup>38</sup>
- *Intra-Community supply of goods*<sup>39</sup>, including also the inter-Community sale of any new transport means by a taxable person under the Section 6(4) a) of the VAT Act<sup>40</sup>
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- *Distance sales*<sup>41</sup> with the exception of the cases if the taxable person performs the tax return and tax payment obligations in one-stop shop system. If the latter is the case the issue shall be issued on the request of the buyer.<sup>42</sup>
- *sale of a real property in a series of transactions*,<sup>43</sup>
- *supplies of goods or services outside the territory of the Community*, provided that the taxable person has established his business that is most directly involved in the transaction in question inside the domestic territory or, in the absence of such a place of business, has his permanent address or usually resides inside the domestic territory,<sup>44</sup>
- *supplies of goods or services made in another Member State within the territory of the Community*, and the person liable for the payment of the VAT is the person to whom the goods or services are supplied, provided that supplier taxable person has established his business that is most directly involved in the transaction in question inside the domestic territory or, in the absence of such a place of business, has his permanent address or usually resides inside the domestic territory.<sup>45</sup>

### 1.3 How long should be the invoice issued?

According to the main rule an invoice must be issued by **the chargeable event** according to the VAT Act by the receipt and credit of payments on account **or within<sup>46</sup> a reasonable timeframe.**

Considering **the reasonable time** determined in the VAT Act the invoice must be issued:

1. **immediately** by the chargeable event according to the VAT Act where the consideration is paid in cash, or using a cash-substitute payment instrument provided that

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<sup>35</sup> Section 165(1) b) and (3) b) of the VAT Act.

<sup>36</sup> Section 159 and 165(1) b) of the VAT Act.

<sup>37</sup> Tax exempt service pursuant to Section 105 of the VAT Act.

<sup>38</sup> Section 165(1) c) and (4) of the VAT Act.

<sup>39</sup> Section 89 of the VAT Act.

<sup>40</sup> Section 165 (2) of the VAT Act.

<sup>41</sup> Section 29(a) of the VAT Act.

<sup>42</sup> Section 165 (6) of the VAT Act.

<sup>43</sup> Section 6(4) b) and 165(2) of the VAT Act.

<sup>44</sup> Section 159(2) d) of the VAT Act.

<sup>45</sup> Section 159(2) c) of the VAT Act.

<sup>46</sup> Section 163(1) of the VAT Act.

- the supply of goods is not intra-Community tax exempt supply
  - the supply does not comply with the rules described in point 6.
  - the amount of the consideration, including tax is reimbursed to the taxable person by the use of an automatic device under Art<sup>47</sup>. In cases covered by the exceptions, the invoice must, as a general rule, be issued within 8 days.<sup>48</sup>
2. immediately for any payment on account, the amount of which does not pertain to the consideration for the supply of a service in line with point 6., and is paid in cash, or using a cash-substitute payment instrument.<sup>49</sup>
  3. supplies of a product or service, the price of which is settled differently from the method described in point 1; that is not by means of cash or a cash substitute or after the supply, and the invoice contains the VAT amount payable or should contain such an amount, in which case **the invoice must be issued within 8 days i.e. not later than on the 8th day after the supply.**<sup>50</sup>
  4. the invoice on an advance must be issued within 8 days from the date on which the payment on account is not settled by cash or cash substitute and the invoice contains the VAT amount payable or should contain that amount.<sup>51</sup>
  5. the **invoice** for any intra-Community tax-free supply of goods **must be issued by no later than the 15<sup>th</sup> day of the month that follows the month of the supply.**<sup>52</sup>
  6. the invoice must be issued by no later than the 15<sup>th</sup> day of the month that follows the month of the supply in relation to any service, which, pursuant to Section 37(1) of the VAT Act is supplied in another Member State, and the person liable for the payment of VAT is the person to whom the service is supplied.<sup>53</sup>

#### 1.4 Fulfilment of the Invoicing Obligation by an agent

**An invoice may be issued either by the supplier himself** i.e., the VAT taxable person supplying the goods or services or, in his name and on his behalf, **by an agent of his choice**. In the latter case, the supplier (obligor) and the agent must agree in advance in writing, laying down, in particular, the terms and conditions for the issue of invoices.<sup>54</sup> A power of attorney for invoicing services may be made out pertaining to invoicing procedures for a single transaction only, or for compliance with invoicing obligations on a general basis.<sup>55</sup> A power of attorney shall be made in writing.

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<sup>47</sup> Act CL of 2017 on the Rules of Taxation (furthermore referred to as Art.).

<sup>48</sup> Section 163(2) b) of the VAT Act.

<sup>49</sup> Section 163(2) b) of the VAT Act.

<sup>50</sup> Section 163(2) b) of the VAT Act.

<sup>51</sup> Section 163(2) c) of the VAT Act.

<sup>52</sup> Section 163(2) a) of the VAT Act.

<sup>53</sup> Section 163(2) a) of the VAT Act.

<sup>54</sup> Section 160(1) of the VAT Act.

<sup>55</sup> Section 161 of the VAT Act.

An invoice may be issued on behalf of the supplier by the customer, the person to whom goods or services are supplied, or by a third party (agent). The agent must issue the invoice in the name of the supplier i.e. the obligor/principal. **Invoices shall contain: the words “önszámlázás” (“self-invoicing”) where the customer receiving the goods or services issues the invoice as an agent.**<sup>56</sup>

The **invoicing obligation connected to a particular transaction** - if not satisfied by the obligor himself - may be satisfied **by one agent** only, regardless of any additional agents involved given powers of attorney on the part of the obligor.<sup>57</sup> The **obligor and the agent shall be subject to joint and several liability** concerning compliance with the obligations laid down by statutory provisions relating to the issue of invoices regardless of any provision set out in the agreement to the contrary.<sup>58</sup>

In the case of invoice issued on paper by the person or organization authorized by the party with the invoice issue obligations, the authorized party sends a copy of the invoice to the person having the obligation without delay. In the case of an electronically issued invoice, the invoice is made available to the obliged party electronically and without delay. In case of invoices created with an online program, the party obliged and the person authorized by them must have a prior written agreement about the range of invoice serial numbers to use when invoices are created, which range must also be recorded in a registry kept by the obliged party<sup>59</sup>. Besides the contents defined in the VAT Act, the Decree on Invoices issued on the basis of the VAT Act, and the Civil Code<sup>60</sup>, the authorization may contain any issues considered important by the parties.

## 2. The Invoice

**An invoice** is any document that meets the conditions laid down in Chapter X. of the VAT Act. **Any document or message, other than the documents that amends<sup>61</sup> and refers specifically and unambiguously to the initial invoice and that meets the conditions laid down in the VAT Act<sup>62</sup> shall be treated as an invoice.** In the case of taxable persons established in any Member State of the Community other than Hungary, the invoice is a document issued on the supply of goods and/or services, that is considered equivalent to Sections 226-231 and 238-240 of the VAT Directive<sup>63</sup> in the Member State of the Community where established according to the national law of that Member State of the Community.<sup>64</sup>

Pursuant to the provisions of the VAT Act,<sup>65</sup> the **authenticity of the origin, the integrity of the content and the legibility of an invoice shall be ensured** from the time of issue **until the end of the period for storage of the invoice.** ‘Authenticity of the origin’ means

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<sup>56</sup> Section 169 1) of the VAT Act.

<sup>57</sup> Section 160 (3) of the VAT Act.

<sup>58</sup> Section 160(2) of the VAT Act.

<sup>59</sup> Section 15 of the Decree on Invoices.

<sup>60</sup> Act V of 2013 on the Civil Code.

<sup>61</sup> Section 168(1) of the VAT Act.

<sup>62</sup> Section 170 of the VAT Act.

<sup>63</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax.

<sup>64</sup> Section 168(3) of the VAT Act.

<sup>65</sup> Section 168/A (1) of the VAT Act.



the assurance of the identity of the supplier or the issuer of the invoice.<sup>66</sup> ‘Integrity of the content’ means that the content of the invoice required by the VAT Act has not been altered.<sup>67</sup> ‘Legibility of the invoice’ means that the invoice must be readable without any thorough investigation or explanation. Pursuant to the general rule<sup>68</sup> pertaining to that obligation, the requirements of the authenticity of the origin, the integrity of the content and legibility may be satisfied by any business controls which create a reliable audit trail between an invoice and a supply of goods or services. The persons issuing and receiving an invoice both must fulfil the requirement pertaining to the authenticity of the origin and integrity of the content. The parties can satisfy the requirement also irrespective of each other.

The **business controls** referred to in the VAT Act indicate a very wide concept. The business controls refer to any procedure, which is applied by the taxable person in order to verify the invoice against his own financial claims and obligations. It is an important aspect of business controls that the invoice is controlled within the business and accounting process and is not managed as an independent separate document. The taxable person selects and elaborates his own business controls and, in the procedure verifies primarily, as the person issuing and accepting an invoice in his own interest:

- whether the invoice is substantially acceptable, i.e. the transaction indicated in it was fulfilled in the quantity and quality stated in the invoice,
- and, as the person accepting the invoice,
- he checks whether the claim of the issuer of the invoice is actually the same as stated in the invoice,
  - if the bank account number stated by the issuer of the invoice is accurate and other items of the invoice in order to make sure that only those invoices will be paid that are his obligations to pay.

**An invoice may be issued electronically or in paper-based form.**<sup>69</sup> According to the definition in the VAT Act<sup>70</sup>, an **electronic invoice** is an invoice that contains the information required in the VAT Act, and which has been issued and received in any electronic format (therefore, the invoice sent only in email qualifies as an electronic invoice without consideration to the issue whether the data of the invoice are generated and inserted into the electronic message directly from an invoicing program or if the invoice is a scanned copy of the paper-based version). The general rules applicable to invoices also apply to electronic invoices.

However, considering that the customer to whom the goods or services are supplied has technical requirements in relation to the acceptance of an electronic invoice, or the authenticity of the origin, the integrity of the contents and legibility, **the cooperation of the parties is a fundamental requirement in electronic invoicing**. Consequently, as a further condition of issuing an electronic invoice, the VAT Act requires the consent of the person accepting the invoice (which may not be only formal consent, but can also be an

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<sup>66</sup> Section 259 6/A. of the VAT Act.

<sup>67</sup> Section 259 1/A. of the VAT Act.

<sup>68</sup> Section 168/A (2) of the VAT Act.

<sup>69</sup> Section 174 of the VAT Act.

<sup>70</sup> Section 259(5) of the VAT Act.

implicit consent by paying the consideration stated in the invoice) as well as a prior written agreement of the parties on the application of the EDI system.<sup>71</sup>

The **electronic invoice** (including the electronic invoices both issued and received by the taxable person) **must be saved<sup>72</sup> electronically**. In case of an audit by the tax authority, it must be made available in accordance with the provisions of the Decree on Invoices that had been referred to, that is

- the information of the invoice kept in an xml format must be presentable in accordance with the annex 2 of the Decree on Invoices and in a data structure given in annex 3,
- the information of the invoice kept in any other electronic format must be presentable in accordance with the annex 2 of the Decree on Invoices and in a data structure given in annex 3 or in pdf format.<sup>73</sup>

The VAT Act specifies two procedures where, **based on the power of the law, it is obvious that the electronic invoice fulfils the requirements of the authenticity, of the origin and the integrity of the content.**<sup>74</sup>

Such invoices are as follows:

- an invoice containing a qualified electronic signature,
- any invoice made or sent by EDI electronic data.

For such electronic invoices the persons issuing and accepting the invoice do not need to apply business controls according to the requirements of the VAT Act. Naturally, a taxable person may conduct such business controls in such cases too, especially considering that such controls serve the economic interests of the taxable person (even irrespective of the provisions of the VAT Act). For other electronic invoices (as for paper invoices), the integrity of data and the authenticity of the origin can be substantiated typically with business controls.

- Further information is available in the information booklet '**Electronic invoices**' [https://nav.gov.hu/ado/afa/Az\\_elektronikus\\_szaml20200416](https://nav.gov.hu/ado/afa/Az_elektronikus_szaml20200416) [available in Hungarian only].

If a **printed invoice** is used, besides the provisions of the VAT Act on invoicing, attention must also be paid to the stipulations of the Decree on Invoices. That is to say, besides other issues, the following must be paid attention to: only those invoices are used which serial numbering range is established by the tax authority (the issued serial number in ranges can be queried on the website on the National Tax and Customs Administration (hereinafter: "NTCA") under the heading "Databases"). The form producers and distributors may sell invoice forms only to taxable persons, and, on the invoice for the supply of the form, must indicate not only the name of the sold form, but also the respective serial numbering range, as well as the tax number of the customer buying the form. The VAT taxable person using the form as an invoice must treat it according to the rules pertaining to forms subject to strict numeric control.<sup>75</sup>

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<sup>71</sup> Section 175(3) of the VAT Act.

<sup>72</sup> Third sentence of Section 179(2) of the VAT Act.

<sup>73</sup> Section 19 of the Decree on Invoices.

<sup>74</sup> Section 175(2) of the VAT Act.

<sup>75</sup> Sections 3-7 of the Decree on Invoicing.

**In case of invoices issued by cash registers**, shall apply the provisions of Decree on Cash Registers in addition to the rules of the VAT Act relating to invoicing.

**When an invoice is issued with an invoicing program**, shall apply the provisions of Decree on Cash Registers in addition to the provisions of VAT Act on invoicing. Thus, among others, the followings: The invoicing program must allocate consecutive serial numbers without any omission or repetition.<sup>76</sup>

The copy remaining at the issuer of the invoice issued with an invoicing program and printed on paper may also be maintained as an electronic file provided that it is kept in accordance with the requirements<sup>77</sup> of electronic archiving.<sup>78</sup> The invoicing program must have a function called "**data disclosure for inspection by the tax authority**", which can be started to export data during a possible tax audit.<sup>79</sup>

The invoicing program shall meet the requirement to be able to provide the **online data disclosure** of the mandatory data content of the invoices issued and documents treated as invoices to the NTCA.<sup>80</sup> A receipt which pursuant to the Point 1 of the Annex 10 of the VAT Act is the subject of the online data disclosure obligation, cannot be issued with an invoicing program that cannot provide an online data disclosure

- Additional useful information about the online data disclosure can be found in the information booklet '**Rules on invoice data disclosure effective from 4 January 2021**' at the link [https://nav.gov.hu/ado/afa/A\\_szamlakibocsatok\\_sz20201231](https://nav.gov.hu/ado/afa/A_szamlakibocsatok_sz20201231) [available in Hungarian only].

**Invoices** may be issued **in Hungarian** or in any spoken foreign language.<sup>81</sup> If the invoice is issued **in a language other than Hungarian**, during an audit conducted within the framework of administrative tax proceedings, the taxable person issuing the invoice may be compelled to provide an official Hungarian translation at his own expense provided that there is no other way to ascertain the relevant facts of a case.<sup>82</sup>

## 2.1. Data Contents of the Invoices

The VAT Act defines the mandatory contents of the invoices, i.e. the data that must be included in an invoice in order to comply with the requirements of the VAT Act. Apart from the mandatory data, any other data may also be indicated in an invoice according to a statutory obligation, the agreement of the parties, or the decision of the issuer.

**Mandatory data contained in an invoice**<sup>83</sup>:

a) **invoice data:**

- the date of issue;
- a sequential number, which uniquely identifies the invoice;

b) **identification data of the supplier of the goods or services:**

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<sup>76</sup> Section 8 of the Decree on Invoicing.

<sup>77</sup> The stipulations to be applied are given in the ITM Regulation No. 1/2018 (VI. 29.) on Digital Archiving.

<sup>78</sup> Section 17(1) of the Decree on Invoicing.

<sup>79</sup> Sections 8(1) c) and 11/A of the Decree on Invoicing.

<sup>80</sup> Section 8(1) d) of the Decree on Invoicing.

<sup>76</sup> Section 178(2) of the VAT Act.

<sup>82</sup> Section 178(3) of the VAT Act.

<sup>83</sup> Section 169 of the VAT Act.

- the tax number under which the taxable person supplied the goods or services in the case of a group VAT taxation arrangement, in addition to the tax number of the member performing the transaction, the group identification number<sup>84</sup>,
- the full name and address,

**c) identification data of the customer:**

- the full name and address,
- the tax number in case of reverse taxation under which the customer received a supply of goods or services in respect of which he is liable for payment of value added tax, or
- in the case of tax-free intra-Community sales, the (Community) tax number of the other Member State under which the customer received the intra Community supply of goods, or
- the first eight digits of the customer's tax number or of the group identification number in connection with a group VAT taxation arrangement under which the taxable person registered in the domestic territory received a supply of goods or services, provided that the supplier of the goods and/or services has established his business in the domestic territory (or in the absence of such a place of business, has his permanent address or usually resides in the domestic territory);

**d) data of the supply of goods/services:**

- the name and the quantity of the goods sold, or the name and the quantity of the service provided that it can be expressed in some natural unit of measurement;
- the date of supply or the date of receipt, credit or acceptance of the advance, if other than the date of issue of the invoice;
- the taxable amount, the unit price of goods exclusive of tax or the unit price of services exclusive of tax, if it can be expressed in some natural unit of measurement, and any discounts or rebates if they are not included in the unit price;
- the tax rate applied;
- the amount of the output tax, except where, in accordance with the VAT Act, such a detail is excluded;
- in the case of tax exemption, reference to the applicable provision of the VAT Act or the VAT Directive, or any other reference indicating that the supply of goods or services is exempt;

**e) data to be indicated in relation with special provisions of the VAT Act:**

- the term "fordított adózás" ("reverse charge procedure") where the customer is liable for payment of VAT;
- in the case of the tax exempt Intra-Community supply of a new transport vehicle, the data related to new transport vehicles determined by the VAT Act<sup>85</sup>;
- the term "pénzforgalmi elszámolás" ("cash accounting") when using the special taxation scheme defined under Chapter XIII/A;
- the term "önszámlázás" ("self-invoicing") where the customer (as the authorized person) receiving a supply of goods or services issues the invoice;
- in connection with the activities of tour operators governed under the special provisions of Chapter XV of the VAT Act, the words "különbözet szerinti szabályozás - utazási irodák" ("margin scheme - travel agents")
- where one of the special arrangements applicable to second-hand goods, works of art, collectors' items and antiques is applied under the special provisions of Chapter XVI of the VAT Act, the term "különbözet szerinti szabályozás - használt cikkek" ("margin

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<sup>84</sup> Section 30(2) of the Act on Rules of taxation.

<sup>85</sup> Section 259(25) of the Act on VAT.

scheme - second-hand goods”); “különbözet szerinti szabályozás - műalkotások” (“margin scheme - works of art”) or “különbözet szerinti szabályozás - gyűjteménydarabok és régiségek” (“margin scheme - collector’s items and antiques”) respectively

- where a financial representative is involved, the name, address and tax number of the financial representative.

The invoice shall **indicate the output tax amount payable in HUF** even in the case where all other details are expressed in another currency.<sup>86</sup> If the tax base is expressed in any foreign currency, the tax must be converted into HUF in compliance with Sections 80 and 80/A of the VAT Act. The exchange rate applicable shall be an exchange rate which is quoted by a credit institution authorized in the domestic territory to engage in money exchange operations as the selling rate; or is officially quoted by the National Bank of Hungary (hereinafter referred to as “NBH”) or the European Central Bank (hereinafter referred to as “ECB”). The NBH or ECB exchange rate may be applied only if the taxable person has previously notified the National Tax and Customs Administration (notification form, change reporting form) of his decision to choose the NBH or ECB exchange rate in advance (the NBH and ECB exchange rate together cannot be used). Apart from the applicable exchange rate, the VAT Act also defines the exchange rate, effective on a specific date that must be applied for the HUF conversion.<sup>87</sup> According to the general rule, the exchange rate, effective on the date of supply according to the provisions of the VAT Act must be used.

**The invoice issued for the advance** shall contain the data of the supply of goods or services to which the payment on account pertains in terms of the consideration payable.<sup>88</sup>

The domestic taxable person supplying of goods or service **must indicate the Community tax number in another Member State of the person to whom the products or services are supplied**, if

- the transaction is a tax exempt intra-Community supply of goods (for which the customer is liable for the payment of tax under the title of intra-Community purchase of goods),
- a supply of goods in another Member State (e.g. sale of products for installation or assembly) or is a supply of service in another Member State [e.g. pursuant to Section 37(1) of the VAT Act], for which the person to whom the services supplied is obliged to pay the tax.

The domestic taxable person supplying of goods **must indicate the first eight digits of the tax number of the domestic customer to whom the products or services are supplied**, if the person to whom the products and services is VAT taxable person registered domestically and acts in the transaction as such a person.

A foreign company/entrepreneur registered as a domestic VAT taxable person without an established business in the domestic territory or in the absence of such a place of business, a permanent address or place of residence is exempted from this obligation. But the

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<sup>86</sup> Section 172 of the VAT Act.

<sup>87</sup> Section 80(1) of the VAT Act.

<sup>88</sup> Section 159(3) of the VAT Act.

indication of the tax number of the domestic taxable person receiving the goods or services in the invoice is practical in such cases too.

If the transaction is subject to **domestic reverse charge procedure**<sup>89</sup>, 11-digit tax number of the purchaser of the goods, services shall be indicated on the invoice. Neither a foreign entrepreneurship, nor an entrepreneur registered as a domestic taxable person is exempted from this obligation.

In view of the fact that the VAT Act leaves it to the taxable person to decide whether or not to indicate his **customs tariff number** and the **TESZOR number** of the service. Pursuant to the VAT Act, the issued invoice may not be deemed erroneous or incomplete, even if they do not contain a customs tariff number or TESZOR number. Nonetheless, the indication in the invoice of the customs tariff number or TESZOR number referred to the VAT Act could be useful both to the issuer of the invoice and to the person accepting it. The indication in the customs tariff number, referred to the Annexes 6/A-6/B of the VAT Act could be especially useful because, pursuant to the Annex 6/C of the VAT Act information regarding the sale and acquisition of these products under the reverse charge procedure listed in these Annexes must be provided in a system broken down in accordance with customs tariff numbers.

The law may also contain further provisions for the data contents of the invoice.<sup>90</sup> but may not make it obligatory to contain a signature<sup>91</sup> If an invoice does not contain the data required in acts other than the VAT Act, or they are contained erroneously, such a mistake or deficiency of the invoice does not affect the receiver's right of deduction.

## 2.2. Simplified Invoice

A simplified invoice **may be issued in the following cases:**

- a) the invoice is issued for an advance provided that the data on the invoice are expressed in HUF,<sup>92</sup>
- b) invoices issued for transactions, the consideration for which is paid by the person to whom the goods or services are supplied by the supply of the goods providing that the data in the invoice are otherwise stated in HUF.<sup>93</sup>
- c) invoices issued for transactions, where the total amount stated in the invoice, inclusive of the tax, is lower than HUF 25,000<sup>94</sup>, providing that the transaction does not classify as tax exempt intra-Community supply of goods or distance sales and does not comply with the provisions of sub-paragraphs d)-e)<sup>95</sup>
- d) the invoice is made out in compliance with the provisions of the VAT Act for the supplies of goods or services where the place of supply is in another Member State,

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<sup>89</sup> Section 142 of the VAT Act.

<sup>90</sup> Such a provision is contained e.g., in the Accounting Act, in the Act CLXXXVIII of 2013 on a Standard Image of Utility Invoices, in the Act CIII of 2011 on the Public Health Product Tax and in the Act LXVIII of 2016 on the Excise Tax.

<sup>91</sup> Section 177 of the VAT Act.

<sup>92</sup> Section 176(1) a)-b) of the VAT Act.

<sup>93</sup> Section 176(1) b) of the VAT Act.

<sup>94</sup> The HUF equivalent of the EUR 100 limit stated in Section 176 (1) d) of the VAT Act, calculated as described in Section 256 of the VAT Act.

<sup>95</sup> Section 176(1) d) of the VAT Act.

provided that the taxable person has established his business that is most directly involved in the transaction in question inside the domestic territory or, in the absence of such a place of business, has his permanent address or usually resides inside the domestic territory and the person to whom goods or services are supplied is liable for payment of VAT.<sup>96</sup>

- e) the invoice is made out in compliance with the provisions of the VAT Act for the supplies of goods or services where the place of supply is outside the territory of the Community (third country), provided that the taxable person has established his business that is most directly involved in the transaction in question inside the domestic territory or, in the absence of such a place of business, has his permanent address or usually resides inside the domestic territory.<sup>97</sup>

Contrary to the general rules pertaining to invoices, **the simplified invoices issued in cases specified in sub-paragraphs a)-c), certain data may be indicated as follows:**<sup>98</sup>

- instead of the tax base and the unit price, exclusive of VAT, the amount of consideration payable, inclusive of VAT
- 27%, 18% or 5% per cent of the output VAT cannot be stated. Where a payment expressed in monetary terms is made such that it contains VAT, the percentage of VAT it contains shall be 21.26 per cent for the 27% VAT rate, 15.25 for 18% VAT rate 4.76% for the 5% VAT rate,<sup>99</sup>
- output VAT cannot be indicated.

**Simplified invoices issued in cases referred to in sub-paragraphs d)-e)** not only the identification data of the supplier of the goods or services, and the identification data of the customer (i.e. the data specified in Section 2.1. sub-paragraphs a)-c)), but also the following data must be indicated:<sup>100</sup>

- the designation and quantity of the goods supplied, or the designation of the services rendered and the quantity of it, if it can be expressed in some natural unit of measurement;
- the date of supply if other than the date of issue of the invoice;
- the monetary amount of the consideration,
- the term “fordított adózás” (“reverse charge procedure”) where the customer is liable for payment of VAT;

In relation to the obligatory content of a simplified invoice, specified by law, it should be noted that data, other than those specified in the VAT Act, may also be indicated in the receipt.

### 2.3. Aggregate Invoice

An aggregate invoice may be issued<sup>101</sup> if the taxable person provides supplies to the same person or organization for which an invoice is to be issued, compliance with the invoicing obligation may be ensured by the issue of a single invoice covering the said transactions

- simultaneously with the chargeable event, or

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<sup>96</sup> Section 176(1) c) and Section 159(2) c) of the VAT Act.

<sup>97</sup> Section 176(1) c) and Section 159(2) d) of the VAT Act.

<sup>98</sup> Section 176(2) a) of the VAT Act.

<sup>99</sup> Section 82 of the VAT Act.

<sup>100</sup> Section 176(2) b) of the VAT Act.

<sup>101</sup> Section 164(1)-(2) of the VAT Act.

- during the particular calendar month or the respective tax assessment period.

The issuer of the invoice may decide to issue an aggregate invoice for transactions completed on the same day without any specific agreement. The invoicing obligation must be fulfilled on the date of the chargeable event, but not later than within a reasonable timeframe.

An aggregate invoice may be issued for transactions not completed on the same date only if the parties had a prior agreement on the issue of the aggregate invoice.<sup>102</sup> An aggregate invoice may be issued for no more than a calendar month, or for the completed tax assessment period of the person obliged to issue the invoice. An aggregate invoice – subject to an agreement of the parties – may be issued also for a period shorter than a calendar month, or the tax assessment period of the person obliged to issue the invoice (e.g. a taxable person preparing monthly declaration may issue aggregate invoices for a week)]. If the person obliged to issue the invoice does not submit declarations monthly, the aggregate invoice issued by him may relate to a period, longer than one calendar month, or to a period, starting in one calendar month and ending in another calendar month, if the aggregate invoice does not contain:

- any supply of goods referred to in Section 89 of the VAT Act, i.e. tax exempt intra-Community supply, and
- supply of goods which pursuant to Section 37(1) of the VAT Act, is performed in another Member State of the Community.<sup>103</sup>

For any aggregate invoice to be issued for transactions not completed on the same day, the timeframe available for the issue of the invoice must be calculated from the last day of the calendar month, or from the last day of the tax assessment period pertaining to the taxable person obliged to issue the invoice. Consequently – according to general rule – a taxable person preparing monthly declarations must issue an aggregate invoice no later than on the 8<sup>th</sup> day following the last day of the calendar month.<sup>104</sup>

The aggregate invoice shall list **all** chargeable (issuable) **transactions separately**, showing the taxable amount of each transaction - classified according to the applied tax rate and tax exemptions - the total of these items separately.<sup>105</sup> With respect to the aggregate invoice, no date of completion can be interpreted, **only the transactions on the aggregate invoice have date of completion**. The date of completion of each transaction must be indicated in the aggregate invoice. All other aspects of aggregate invoices shall be governed by the relevant provisions pertaining to invoices.<sup>106</sup>

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<sup>102</sup> Section 164(3) of the VAT Act.

<sup>103</sup> Section 164(2) of the VAT Act.

<sup>104</sup> Section 164(4) of the VAT Act.

<sup>105</sup> Section 171 of the VAT Act.

<sup>106</sup> Section 164(5) of the VAT Act.



### 3. Modification, Cancellation and Correction of Invoices

Any document that modifies the data content of a given invoice without any doubt by reference to a given invoice is treated to be a document under consideration with an invoice.<sup>107</sup> Consequently, **the document in lieu of an invoice** is a collective name for all documents that modify any data of, and refer to, a previously issued invoice. Thus, the concept of a document in lieu of an invoice is a document containing a correction or supplementation of any data other than the tax base or tax amount made in the original invoice. For example documents which modify the inadequate code, or the erroneous date of supply.

If any data of an original invoice issued for a transaction is subsequently altered with a document in lieu of an invoice, then the invoice and the document in lieu of the invoice together will constitute the document for the transaction. The invoice containing the error or inadequacy does not need to be returned to the issuer, and the issuer must be requested only to correct the error or inadequacy with a document in lieu of an invoice.

If the invoice is printed or manually issued it is not objectionable in case of error regarding tax or taxable amount the crossing the erroneous data (beside remaining the original data legible) and signing, overwriting or supplementing the correct data, filling in the missing data and the signature of the person making the correction, indicating the date of the correction in all copies of the invoice. It is possible to change the manual invoice with a machine invoice, and vice versa. However, there is no possibility for the taxable person to correct the machine invoice by handwriting.

A single document in lieu of an invoice cannot be used for correcting an error where the invoice was not issued to the actual customer and there is another taxable person with a similar name. In such cases the erroneously prepared invoice must be cancelled with a document in lieu of an invoice and an invoice needs to be issued to the actual customer. The document in lieu of an invoice does not need to be issued, sent to the erroneous recipient of the invoice in case the tax subject perceives the mistake before the delivery to the intended recipient or if the invoice is sent back by the erroneous recipient. In such cases, it is sufficient for the person obliged to issue the invoice to invalidate the mistaken invoice issued to the unintended customer by using an invoicing software or on paper form if using an invoice book.

**Minimum contents** of documents in lieu of an invoice:<sup>108</sup>

- the date of issue;
- a sequential number, which uniquely identifies the document;
- reference to the initial invoice that is being amended by this document;
- an indication of the detail that is being amended, and the reason for the amendment, including any revision of numbers, where applicable.

Since the VAT Act defines the minimum contents of a document in lieu of an invoice, the taxable persons may also include any other data, deemed important by them.

The document in lieu of an invoice is governed by the provisions pertaining to invoices.<sup>109</sup> Consequently, the integrity of the content, the authenticity of the origin and legibility are

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<sup>107</sup> Section 168(2) of the VAT Act.

<sup>108</sup> Section 170(1) of the VAT Act.

<sup>109</sup> Section 170(2) of the VAT Act.

also mandatory requirements for a document in lieu of an invoice, and any document in lieu of an invoice issued by an invoicing software or by using an invoice book must also be a document suitable for identification for tax administration purposes.

A taxable person **may use one document in lieu of an invoice to modify several invoices** by clearly and transparently indicating references to all invoices to be modified on the aggregate document of modification and the data of the particular invoices affected by the modification, the nature of the modification and its mathematical effect (if any). If the correction relates also to the tax base and/or tax amount indicated in the invoice, then in the modification document the taxable person may modify only invoices issued for such transactions, in relation to which the result of the tax and/or tax base correction must be accounted within the same settlement period.

In practice taxable persons do not correct an error in an invoice by issuing a document in lieu of an invoice but invalidate/cancel the previously issued defective invoice and issue a new (defect-free) invoice. In such cases both the invalidating and the new invoice shall contain the reference to the incorrect invoice. This technical solution of modifying an invoice is described above does not affect the consideration of the modification of an invoice according to Sections 77-78, 153/B-153/C., 170 and Annex 10 of the VAT Act; the cancelled invoice and the new invoice together modify the data of the original invoice and must together be used as a modification invoice.

#### 4. Receipt

**Below the limit of HUF 900,000, inclusive of VAT, the taxable person shall be exempted from the invoicing obligation if the customer is a non-taxable person other than non-taxable legal persons who/that pays the consideration, by the date of supply without requesting an invoice from the taxable person<sup>110</sup>. In such cases the taxable person shall ensure that a receipt is issued to the customer receiving the goods or services.<sup>111</sup> The taxable person may issue an invoice instead of a receipt.<sup>112</sup>**

A receipt can be printed on paper or may be electronic.<sup>113</sup> It may **only be issued in Hungarian**.<sup>114</sup> Besides the stipulations of the VAT Act both printed receipts and receipts generated by computers not including here receipts generated by means of a cash register must conform to the provisions of the Decree on Invoicing.

Legal provisions determine those cases in which the tax subject must issue a receipt by means of a cash register. If the tax subject issues receipt by means of a cash register either as a result of the legally stipulated obligations or the basis of an own commitment the stipulations of the Decree on Cash Registers must be taken into account. If the obligation of the issue of a receipt is complied with by means of a cash register, cash registers capable of online data connection are to be used regardless whether the use of the cash register is the result of an own commitment or a legally stipulated obligation.

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<sup>110</sup> Section 165(1) b) of the VAT Act.

<sup>111</sup> Section 166(1) of the VAT Act.

<sup>112</sup> Section 166 (2) of VAT Act.

<sup>113</sup> Section 174(2) of the VAT Act.

<sup>114</sup> Section 178(4) of the VAT Act.

#### **4.1. In which cases can be exempted from the obligation to acknowledge?**

The taxable person **can only be exempted** from the obligation to issue a receipt **based on** the basis of a legal stipulation g, **exemption cannot be granted on an individual permission.**

**Pursuant to the law, the taxable person shall not be required to issue a receipt in connection with the following transactions:**<sup>115</sup>

- supply of printed news materials;
- games of chance and gambling games under the Gambling Act<sup>116</sup>;
- the consideration inclusive VAT is paid to the person by use of unattended vending machines according to Art.

The case mentioned in point c) is changed as of 1 January 2022. From this time on the transactions performed through unattended vending machines cease to be generally exempted from the obligation of issuing a receipt. According to point c) the taxable person will be exempted from the obligation of issuing a receipt only in the case if the amount of the consideration, including tax is reimbursed to the taxable person by the use of an automatic device under Act on the Rules of Taxation.

#### **4.2. In which cases is it obligatory to use a cash register?**

The following taxable persons and businesses **may fulfil their obligations to issue a receipt only with a cash register:**<sup>117</sup>

a) *pharmacies,*

b) *According to TEÁOR 08 effective on 15 October 2009, all taxpayers, shop, mobile shop performing the following activities:*

- motor vehicle repair, maintenance according to 45.20,
- retail trade of motor vehicle parts according to 45.32,
- motorcycle, motorcycle parts retail trade, repair according to 45.40,
- retail according to 47.1 – 47.7 and 47.91,
- passenger transport with taxi according to 49.32,
- catering according to 56.1 and 56.3 (except of the moving providence of services),
- accommodation service, according to 55.1-55.3 (except of the rural accommodation service),
- only the exchange activity from the security, commodity exchange brokerage, according to 66.12,
- lending according to 77.1-77.2 and 77.33,
- only the plastic surgery from the hospital services according to 86.10,
- only the dancing hall, operation of disco from the n.e.c. other entertainment, recreational activity according to 93.29,
- repair according to 95.1-95.2
- only all types of clothing (including the fur) and the washing with textile machine, hand-washing and dry-cleaning, ironing from the textile, fur washing, cleaning activity according to 96.01,
- physical well-being activities according to 96.04, and

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<sup>115</sup> Section 167 of the VAT Act.

<sup>116</sup> Act XXXIV of 1991.

<sup>117</sup> Annex 1 of the Decree on Cash registers

— physical training services according to 93.13,

**except:**

ba) shops redeeming bottles subject to deposits,

bb) parcel trade, with the exception of any shop or showroom engaged in open sales,

bc) private entrepreneurs pursuing industrial (other than food industry) activities, provided that they pursue their production and sales activities in the same premises,

bd) private producers' wine shops,

be) travel services of travel offices, travel agencies and tourism service providers,

c) on the basis of TEÁOR 08 46.2-46.7 effective on 15 October 2009 **taxable persons engaged in wholesale activities, shops, in respect of their retail sale.**

The tax authority cannot grant exemption to any person obliged to issue a receipt from the obligatory use of a cash register. If the obligation to issue a receipt is fulfilled with cash register, the taxable person must supply data to the NTCA regularly on the receipts and invoices issued by a machine and on the date of their cash register, as required by the law. The law may specify that the operation of cash registers used for the automated issue of receipts should be supervised by the NTCA through a communication devices and a system. In that case the data supply may also take place in the form of direct data queries by the NTCA. The NTCA may grant individual exemption from data supply through direct queries in view of the lack of an electronic communication network, upon request. The National Media and Info-communications Authority takes part, as a competent authority, in the evaluation of an application for individual exemption in terms of the accessibility of an electronic communications network.<sup>118</sup>

- Further useful pieces of information regarding the application of cash registers can be found on the website of the NTCA at the link [https://nav.gov.hu/ado/online\\_penztargetpek\\_friss](https://nav.gov.hu/ado/online_penztargetpek_friss) [available in Hungarian only].

### 4.3. Content of Receipts

Receipts must contain at least the following details:

- the date of issue;
- a sequential number, which uniquely identifies the receipt;
- name, address and tax number of the taxable person issuing the receipt;
- the total sum payable for the supply of goods or services, inclusive of VAT.<sup>119</sup>

In the event that the receipt also gives the right to use the service specified therein, then instead of the date of issue, it is sufficient to indicate the date or period on the receipt, when the service specified therein can be used.<sup>120</sup>

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<sup>118</sup> Section 178(1a) of the VAT Act.

<sup>119</sup> Section 173(1) of the VAT Act.

<sup>120</sup> Section 173(2) of the VAT Act.

## 5. Invoicing Rules applicable to Certain Special Taxation Modes

### 5.1. Individual Exemption<sup>121</sup>

**The non-taxable exempt person is also liable for issuing invoices and receipts.** In connection with the fulfilment of this obligation, it must be taken into account that the taxable person carries out the transaction as an exempt person or not.<sup>122</sup> For transactions that the taxable person performs as non-exempt person the general rules of the VAT Act on invoicing shall apply.

**As an exempt person, the taxable person can fulfil that obligation only with invoices, in which the VAT amount payable and the tax rate and the percentage, based on which the tax can be calculated are not included.**<sup>123</sup> The invoice issued by an individually exempt taxable person must contain reference to the relevant national legal provision or the relevant provisions of the VAT Directive or any other unambiguous reference to the fact that it is exempt from tax.<sup>124</sup>

The exempt taxable person may also be exempted from the obligation to issue an invoice in accordance with the general rules and shall be subject to the obligation to issue a receipt in accordance with the general rules.

### 5.2. Cash Accounting

Any taxable person who opted to cash accounting<sup>125</sup> must indicate the words “**pénzforgalmi elszámolás**” (“cash accounting”) in each invoice that is issued for any supply of goods and services (within the domestic territory) during the cash accounting period and are subject to cash accounting.<sup>126</sup> If cash accounting does not apply to any supply of goods and services of the taxable person opting for cash accounting (e.g. tax exempt intra-Community supply of goods, transaction falling within the scope of Section 10 a) of the VAT Act, transaction subject to reverse charge procedure), the words “pénzforgalmi elszámolás” (“cash accounting”) do not need to be indicated in the invoice, even if the transaction is performed during the tax accounting period.

### 5.3. Agricultural Activity

#### 5.3.1. Invoicing by Taxable Persons with a Special Status

Any taxable person who applies the provisions of Chapter XIV of the VAT Act to his agricultural activities **must issue an invoice or a receipt according to the general rules of the VAT Act.**

**The taxable person is exempted from the obligation to issue an invoice**

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<sup>121</sup> Chapter XIII of VAT Act.

<sup>122</sup> Section 193 of the VAT Act.

<sup>123</sup> Section 187(2) c) of the VAT Act.

<sup>124</sup> Section 169 m) of the VAT Act.

<sup>125</sup> Pursuant to Chapter XIII/A of the VAT Act.

<sup>126</sup> Section 169 h) of the VAT Act.

- for any transaction based on which he is entitled to flat rate compensation<sup>127</sup> and
- has one copy of the certificate in proof of purchase, issued by the person to whom the goods or service is supplied.<sup>128</sup>

**However, a taxable person is not exempted from the obligation to issue an invoice even with regard to any transaction based on which he can claim flat rate compensation**, if the resident taxable person, obliged to pay the flat rate compensation

- does not issue a certificate in proof of purchase to the taxable person or
- when the flat rate compensation is payable by a taxable person established in a third country or in another Member State of the Community.<sup>129</sup>

A taxable person engaged in agricultural activities under a special legal status must issue an invoice for his transactions eligible for flat rate compensation in which instead of the tax base the flat rate compensation base, instead of the tax rate the flat rate compensation rate and instead of the tax amount payable the flat rate compensation payable are indicated.<sup>130</sup>

### 5.3.2. Certificate in Proof of Purchase

**Any taxable person** established in the domestic territory with a non-special status, **receiving goods or services from a taxable person engaged in agricultural activities under a special status** as described in Annex 7 of the VAT Act and **those products and services were produced by that taxable person, shall issue a certificate in proof of purchase**. Based on the issued certificate in proof of purchase, the taxable person engaged in agricultural activities under a special legal status will be exempted from the obligation to issue an invoice.<sup>131</sup>

The certificate in proof of purchase **must contain the following information**:

- the date of issue of the certificate in proof of purchase;
- a sequential number, which uniquely identifies the certificate in proof of purchase;
- the name, address and tax number of the supplier of the goods and/or services, and of the customer to whom the goods and/or services are supplied;
- the description of the goods supplied, and the relevant tariff heading used in the VAT Act, where applicable, the quantity of the goods and the description of the services rendered, furthermore, the extent and nature of the services rendered, if it can be expressed in some unit of measurement;
- the date of supply, if it differs from the date of issue of the certificate in proof of purchase;
- the flat-rate compensation base, the unit price of the goods supplied, exclusive of flat-rate compensation, and the unit price of the services supplied, exclusive of flat-rate

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<sup>127</sup> That is the transaction complies with Section 198(1) a)-b) of the VAT Act and the person to whom the products or services are supplied is a taxable person other than a taxable person engaged in agricultural activities with a special status.

<sup>128</sup> Section 202(2) a) of the VAT Act.

<sup>129</sup> Section 202(2) b) of the VAT Act.

<sup>130</sup> Section 202(2) b) of the VAT Act.

<sup>131</sup> Section 202(2) a) of the VAT Act.

compensation, if it can be expressed in some unit of measurement, any price discount, provided that it is not included in the unit price;

- the rate of flat-rate compensation applied;
- the amount of flat-rate compensation;
- the signature of the supplier of the goods and/or services, and of the customer to whom the goods and/or services are supplied.<sup>132</sup>

The obligation to issue a certificate in proof of purchase may be fulfilled only by the person to whom the product or service is supplied; an aggregate certificate in proof of purchase or a certificate in proof of purchase with simplified content can be issued for transactions either.<sup>133</sup> Regarding any issue concerning the certificate in proof of purchase, not regulated in Chapter XIV of the VAT Act, the provisions of the VAT Act pertaining to invoicing must be applied.<sup>134</sup>

#### 5.4. Resale of Second hand Goods, Works of Art

Invoices issued pursuant to of Chapter XVI sub-chapter 2 of the VAT Act for the supply of goods (or payment on account to be included in the consideration for the goods) falling within the scope of a special taxation mode the **VAT amount payable, the tax rate and the percentage indicating the tax content cannot be indicated.**<sup>135</sup> The invoices issued for such transactions the words “**különbözet szerinti szabályozás - használt cikkek**” (“margin scheme - second-hand goods”); “**különbözet szerinti szabályozás - műalkotások**” (“margin scheme - works of art”) or “**különbözet szerinti szabályozás - gyűjteménydarabok és régiségek**” (“margin scheme - collector’s items and antiques”) should be indicated, respectively.<sup>136</sup>

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<sup>132</sup> Section 202(3) of the VAT Act.

<sup>133</sup> Section 202(4) of the VAT Act.

<sup>134</sup> Section 202(4) of the VAT Act.

<sup>135</sup> Section 222(1) b) of the VAT Act.

<sup>136</sup> Section 169 q) of the VAT Act.