

**SPECIAL TAX ON RETAILERS – UPDATE: A PERMANENT TAX ALSO AFFECTING FOREIGN RETAILERS SELLING INTO HUNGARY**

New special taxes on Banks and Retailers have been introduced in Hungary, effective from 1 May 2020. The details of the new taxes are set out in our 16 April 2020 briefing note (<http://www.lakatoskoves.hu/en/news/special-taxes-on-banks-and-retailers>).

There have been certain developments in relation to the retail tax:

- The 14 April 2020 decree provided that the taxes would apply for a limited period related to the COVID-19 crisis. However by proposing a draft bill on 28 April 2020 (which is anticipated to be passed in the coming days) the government makes the new special tax on retailers into a permanent tax.
- In an announcement the government made clear that the new retail tax applies to online sales. As a tax on foreign retailers selling online into Hungary, this new tax is novel and raises compliance and enforcement issues. How the tax will be monitored is not yet clear but we assume will rely upon the existing mechanisms in place to levy VAT on sales in Hungary (the self-reporting of VAT, the VAT information exchange system (VIES) for sales coming from within the EU and, for sales from outside the EU, on information from customs checks at the border.)

**WHO TO CONTACT**

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