

Information on the Exemption Certificate

Legal background:

- Act CXXVII of 2007 on the general turnover tax (hereinafter: VAT Act)
- Act CXXVII of 2003 on excise duties and on the special regulations of the sale of excise products (hereinafter: Excise Act)
- Ordinance of the Minister of Finance PM 11/2010. (III. 31.) on the implementation of the enforcement of certain privileges, allowances and exemptions concerning VAT and excise duties (hereinafter: PM Ordinance)

General information:

The Exemption Certificate has been established by the State Tax Authority.

It is not available via sale, it can be accessed exclusively from the www.apenh.hu website from the menu point "Nyomtatványkitöltő programok" (Form filling programmes).

The downloaded Certificate can be printed out by selecting ANYKAbejjava program, menu point Adatok/Üres nyomtatvány (Data/Empty form). The printed form filled out on the main page shall be submitted on hard copy to the Ministry of Foreign Affairs or to the Ministry of Defence.

Based on PM Ordinance article 2 point (1), the eligibility of persons or organisations identified in VAT Act article 107 point (1) to exemption from paying VAT (hereinafter: person, organisation eligible for VAT exemption), and the eligibility of persons or organisations identified in Excise Act article 47/A points (1) and (4) and article 47/B in case of tobacco products with tax stamp to reclaim the excise duty included in the tax stamp and VAT (hereinafter altogether excise duties) shall be certified by the authority of the receiving state with the necessary jurisdiction and powers.

The status of eligible person or organisation shall be certified by the Ministry of Foreign Affairs except for the armed forces, if the receiving country is the Republic of Hungary.

The status of eligible person or organisation of a member of the armed forces shall be certified by the Ministry of Defence by issuing this Certificate.

Who can use the Exemption Certificate?

Persons or organisations identified in VAT Act article 107 and in Excise Act 47/A-47/B, meaning

- members of diplomatic missions and official consulates;
- an organisation recognised by the Republic of Hungary as international organisation, or its representative (hereinafter international organisation), officer of an international organisation;
- the armed forces:
 - a) armed forces of NATO Member States stationed in Hungary – excluding Hungarian Defence Forces;
 - b) armed forces stationed outside of Hungary, in another NATO Member State, including all armed forces stationed there, but excluding the armed forces of the given Member State.

c) United Kingdom armed forces if the purchase is to serve to supply the UK armed forces stationed in Cyprus based on the international convention of the establishment of the Republic of Cyprus dated 16 August, 1960, or the accompanying civilian staff, or their restaurant or canteen.

(hereinafter altogether: eligible person or organisation).

Eligible persons or organisations shall fill out their relevant data on page 1 point I., then submit the Certificate to the competent Ministry.

Point II. shall be used only by the competent Ministry to provide data.

Ministries may require additional information to issue the Exemption Certificate.

Please inquire at the competent ministry for information on documents and on how to submit them.

Contact data:

Ministry of Foreign Affairs, 1027 Budapest, Bem rakpart 47. Phone: 36-1-458-1000

Internet: <http://www.mfa.gov.hu/kum/hu/bal>

Ministry of Defence, 1055 Budapest, Balaton utca 7-11, Phone: 36-1-474-1114

Internet: <http://www.hm.gov.hu>

The use of the Exemption Certificate

The Exemption Certificate duly filled out and signed by the competent Ministry can be used as follows:

1. When VAT exception prevails when selling goods or providing services because no VAT is to be devolved as per VAT Act article 107 points (2) and (3) (hereinafter direct VAT exemption), the original copy of the Exemption Certificate of the eligible person or organisation shall be handed over to the party required to sell the goods or provide the services the latest by the date of delivery as provided by the VAT Act, who shall keep it in its records. In case of advance payment, the Certificate shall be handed over the latest by the date of crediting or receiving such advance.

During the validity of the Exemption Certificate, the Certificate is to be handed over to the same seller and/or service provider just once, on the first occasion.

As per the VAT Act, direct VAT exemption prevails:

- when the goods sold are posted domestically – destination to the eligible person or organisation (as purchaser) – or are shipped from the domestic country, and the fact that the goods leave the country – which must happen upon delivery or the latest within 90 days (without normal use, or any other utilisation of the sold goods during this time, excluding trial and trial manufacturing) – is verified by bill of lading or any other document accompanying the goods (except if the delivery takes place for NATO Member States armed forces stationed domestically – excluding Hungarian Defence Forces – or if international conventions specifically provide otherwise);
- when using services, if international conventions specifically provide for this;

- when the purchase of goods or services is done for NATO Member States armed forces stationed domestically – excluding the Hungarian Defence Forces – as part of the joint defence efforts.

Therefore, in case the eligible person or organisation has an original Exemption Certificate in which the competent Ministry marked X in point II./3 to indicate direct VAT exemption, and the original copy is handed over to the seller or to the service provider by the time of delivery as per the VAT Act, the issuer of the invoice is eligible for issuing an invoice with no VAT charged.

2. In case the eligible person or organisation is not eligible for direct VAT exemption, they are eligible to reclaim VAT and excise duties on the form submitted to the state Tax Authority. The original copy of the Exemption Certificate must be attached to the forms IDIPL1 or IDIPL2 to be filed (can be accessed at www.apenh.hu from the Menu point “Nyomtatványkitöltő programok” [Form filling programs]). Compulsory attachment can be disregarded only within the validity of the Certificate filed earlier.

3. The Exemption Certificate cannot be used for excise duty free purchases as per joint PM-HM Ordinance 12/2010 (III.31.) on detailed excise regulations related to military use, and it does not comply with the tax exemption declaration therein.

Tax and Financial Control Administration