

**Act LXXIV of 1992**  
**on Value Added Tax**

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## ***I. SCOPE OF THE ACT***

### **1. Territorial Application**

This Act shall be observed within the territory of the Republic of Hungary (hereinafter referred to as 'territory of the country'). The term 'territory of the country' shall also include free zones and transit zones.

### **2. Personal Scope**

The provisions of this Act shall apply to the taxable persons defined in Section 4. The provisions of this Act shall apply to taxpayers taxed under the Act on Simplified Entrepreneurial Taxation when expressly prescribed by the Act on Simplified Entrepreneurial Taxation.

### **3. Material Scope**

Based on the provisions of this Act, the following shall be subject to value added tax (hereinafter referred to as 'tax'):

- a) goods and services supplied for consideration within the territory of the country by a taxable person, and
- b) the importation of goods.

The provisions of this Act regarding tobacco goods with tax seals affixed as governed under Act CIII of 1997 on Excise Taxes and Special Regulations on the Marketing of Excise Goods (hereinafter referred to as the 'Excise Act') shall only be applied if expressly prescribed by the Excise Act.

## ***II. DEFINITIONS***

### **Taxable Persons**

'Taxable person' shall mean any natural or artificial person or unincorporated organization who (which) may, in its own name, obtain rights, assume obligations, sue, and perform economic activities on its own behalf, regardless of the purpose and results thereof.

In respect of jointly owned and jointly used movable and immovable property, the group of co-owners shall be considered the taxable person. The group of co-owners shall exercise the obligations and rights of taxable persons through their appointed representative.

Unless otherwise provided for by law, the taxable status of a foreign-registered company shall be embodied by such company's branch office to the extent of the domestic business activities of the branch office established for

such purpose. If a foreign-registered company has more than one branch office in Hungary, each branch office shall independently constitute the taxable status of such foreign-registered company.

The business relations between a foreign company and its domestic branch office, or between a domestic branch office and another branch office of such foreign company shall be regarded as if they were established with a person not involved in the foreign company, in return for consideration.

Agencies vested with authority to exercise executive powers shall not be treated as taxable persons, such as

*a)* ministries, the official bodies of ministers without portfolio, the agency of national jurisdiction and other bodies with an independent chapter in the central budget, and other bodies - including the Hungarian Academy of Sciences as a public body - and persons vested with powers and authorizations, and the budgetary agencies which they supervise,

*b)* local self-governments and local minority self-government bodies, and the budgetary agencies which they supervise,

*c)* extra-budgetary funds and their managers,

*d)* financial funds of the social security system and social security budgetary agencies,

*e)* national self-government bodies of minorities and national budgetary agencies of minority self-government bodies,

*f)* development councils vested with legal personality under Act XXI of 1996 on Regional Development and Regional Planning and their departments,

*g)* and all other bodies and persons vested with authority to exercise executive powers regardless of their organizational structure,

in relation to their activities for exercising executive powers, and for the conveyance of any assets, rights, and the exercise of activities, which are subject to concession by contract under specific other legislation.

## **Economic Activity**

(1) Economic activities shall include any and all activities performed on a continuing basis for the purpose of obtaining income, in particular agricultural, mining and construction activities, all activities of producers, traders and persons supplying services including intellectual activities by independent contractors as well.

(2) Activities carried out under contract of employment, cooperative membership or any other legal relationship creating a bond to an employer which, as a consequence of the employer's liability, constitute subordinate and superior positions in the conditions of and remuneration for such performance shall not be considered economic activities.

(3) The activities for exercising executive powers, and the conveyance of any assets, rights, and the exercise of activities, which are subject to concession by contract under specific other legislation shall not be treated as business activities.

## **Supply of Goods**

'Supply of goods' shall mean the transfer of the right for consideration to dispose of tangible property as owner.

The following shall, in particular, be deemed as supply of goods:

*a)* the actual handing over of goods, pursuant to a contract for the hire of goods for a certain period or for the sale of goods on deferred terms, which provides that in the normal course of events ownership shall pass at the latest upon payment of the last lease payment or the final installment, or upon the expiration of the contract;

*b)* transfer of the right of disposition of goods pursuant to a consignment contract between the consignor and the consignee;

*c)* the actual handing over of goods under contract between the contractor and his customer, whether or not the customer has provided any part of the materials used.

The provisions of this Act shall also apply where the goods supplied under contract, pursuant to a legal regulation or a resolution of an authority, or by way of auction.

If a taxable person

a) applies goods forming part of his business assets used for operations subject to taxation, including the transfer of title to a third party without consideration,

b) uses or utilizes goods for pursuing economic activities which would otherwise not constitute an entitlement to tax deduction by the taxable person,

c) uses or utilizes goods for his own purposes in a condition which would otherwise not constitute any right to tax deduction, if it was purchased directly as such;

d) uses or utilizes goods as fuel for the operation of a passenger car (under tariff heading 8703), it shall also be deemed as supply of goods, provided that the value added tax on the domestic purchase, importation (hereinafter jointly referred to as 'purchase'), extraction, production, manufacture, processing, conversion or refurbishing of the goods in question or the component parts thereof is wholly or partly deductible.

The following shall also be treated as supply of goods:

a) the application by a taxable person of an investment project for the purposes of his business using goods purchased, extracted or produced in the course of such business, where the value added tax on such goods is wholly or partly deductible;

b) the retention of goods by a taxable person when he ceases to carry out a taxable economic activity, where the value added tax on such goods became wholly or partly deductible upon their acquisition, extraction, construction, processing, conversion or refurbishing of which is deductible fully or in part.

(3) The following shall not be treated as supply of goods:

a) contributions in kind to religious organizations, non-profit and priority non-profit organizations, and in-kind donations made in connection with the performance of a commitment in the public interest if such donation is deemed to be deductible from the tax base pursuant to the Act on Corporate Tax and Dividend Tax or if it would be deemed deductible had the sponsor been subject to corporate tax, regardless of whether the option to decrease the tax base is in fact available;

b) samples of goods;

c) gifts of small value;

d) the provision of mandatory copies of printed goods, if such provision is prescribed by a legal regulation;

e) transfer of ownership of goods to another party without consideration, when so required by law.

f) gratis delivery of goods that is directly related to the supply of goods or services performed for consideration on a single occasion or on a continuous basis, even if delivery occurs at different times, provided that

fa) the market value of the goods delivered free of charge does not exceed the price of the goods or services to which it pertains, and

fb) the conditions for gratis delivery are contained in the terms and conditions of the supply of goods and services for consideration.

## Supply of Services

'Supply of services' shall mean any transaction for consideration which does not constitute a supply of goods within the meaning of this Act.

The following shall, in particular, be deemed as supply of services:

a) assignment of rights and other intangible property;

b) the assumption of obligations to refrain from an act or to tolerate an act or situation.

The following shall not be treated as supply of services:

a) payment of consideration if made with cash or a non-cash instrument,

b) commitment that has no direct impact on prices and is assumed for a sum provided not as a government aid on the basis of legal regulation or through public tender from some chapter of government funds or budget subsidies,

c) the sum referred to in Paragraph b) does not include any support for research and development purposes that is considered a consideration.

Where a taxable person acting in his own name but on behalf of another takes part in a supply of services, he shall be considered to have received and supplied those services himself.

The provisions of this Act shall also be applied if the supply of a service takes place under contract, pursuant to a legal regulation, a resolution of an authority, or by way of auction.

Activities that a taxable person carries out for another person without consideration and for a purpose other than his normal taxable activity and which activities are not to be regarded under this Act as supplying goods shall be

treated as supplying services, provided that the value-added tax charged on such services is wholly or partly deductible.

### **Importation of Goods**

'Importation of goods' shall mean the admission of goods into the territory of the country in any manner.

### **Exportation of Goods**

'Exportation of goods' shall mean the supply of goods in direct consequence of which the customs authority confirms the goods as having permanently exited the domestic territory by the last day of the third month following the month of delivery. Such goods may not be used or utilized - with the exception of sampling and trial production - between the date of sale and the date of exit.

The following shall also be construed as exportation of goods:

- the supply of goods in direct consequence of which the customs authority confirms the goods transferred to a free zone, transit zone or a public customs warehouse (hereinafter collectively referred to as 'free zone');

### **Supply of Goods and Services Directly Associated with International Transport and the International Trade of Goods**

The following shall be construed as supply of goods and services directly associated with international transport and the international trade of goods:

- a) transportation of passengers and goods in transit;
- b) carriage of passengers if the point of departure or the point of destination is outside the territory of the country;
- c) carriage of freight if, upon performance of the consignment.

## ***III. PLACE OF PERFORMANCE***

### **Place of Performance for Supply of Goods**

Where goods dispatched or transported either by the delivering or the receiving party, or by a third party as commissioned by either of the aforementioned parties, the place of performance shall be the location where the goods are situated at the time of conveyance or the commencement of carriage with the receiving party named as the recipient. If, however, the goods are in a foreign country at the time of conveyance or the commencement of carriage, and the receiving party is an importer, then the territory of the country shall be construed as the place of performance for goods supplied by the importer.

In respect of a goods that are subject to be installed or assembled, the place where the goods are actually installed or assembled shall be construed as the place of performance.

### **Place of Performance for Supply of Services**

The place, where the principle place of business or the fixed establishment of the supplier of the service is located, or in the absence of such, where such party's place of domicile or place of residence is located shall be construed as the place of performance.

In respect of services directly associated with an already existing real property or with the creation of such (also including the services of real estate agents, experts and architects), the place of performance shall be determined by the location of the real property.

In respect of transportation the route actually covered by the service shall be construed as the place of performance.

The venue where the following services are actually supplied shall be construed as the place of performance:

a) cultural, artistic, scientific, educational, entertainment and sports services and services associated with the performance of such;

- b) auxiliary services associated with transportation, thus in particular warehousing, security and guard services for means of transportation;
- c) installation, repair, maintenance, restoration and conversion of goods, with the exception of real property;
- d) professional experts' activities directly associated with the goods, with the exception of real property.

## ***IV. TAX PAYMENT OBLIGATION***

### **Tax Payment Obligation upon the Supply of Goods and Services**

The tax on supplies of goods and services shall become chargeable upon performance or partial performance (hereinafter jointly referred to as 'performance').

In respect of simplified invoices, the date of performance shall be the date of issue.

If the law prescribes a qualification in respect of establishing the tax base, the date of performance shall be the date of receipt of the qualification document.

Where any payment is to be made before the goods are delivered or the services are performed (hereinafter referred to as 'advance payment'), the date when such payment is received (credited) shall be construed as the date of performance.

The amount of money received (credited) shall be considered as that containing the amount of tax as well.

### **Tax Payment Obligation upon the Importation of Goods**

In respect of the importation of goods the tax shall become chargeable

- a) upon the date of acceptance of the customs declaration of goods for clearance for the domestic market or for admission under preferential rates (special quota);
- b) upon the occurrence of specific events in connection with customs formalities, based on which the goods are to be considered cleared through customs for the domestic market.

## ***V. TAX BASE***

### **Tax Base in Respect of the Supply of Goods and Supply of Services**

In respect of the supply of goods and services, the tax base shall be the consideration received for performance.

### **Tax Base in Respect of the Importation of Goods**

In respect of the importation of goods, the tax base shall be the customs value of the goods established pursuant to the relevant legal regulations, which shall be increased by the following:

- a) customs duties, taxes, and duties and other mandatory payment liabilities imposed or charged in connection with the importation of goods, with the exception of the tax regulated by this Act;
- b) the consideration payable for royalties and license fees, if the customs goods to which it pertains are a carrier medium, and if the consideration payable for such right is not part of the customs value;
- c) incidental costs incurred before the goods delivered to the first domestic destination, thus in particular insurance and transportation costs.

If the goods imported are eligible for partial relief from duties in the amount defined by law, the tax base shall be reduced by such amount.

## ***VI. RATE OF TAX***

There are 4 tax rates:

- 25 % of the tax base (general tax rate)
- 15 % of the tax base (see Schedule)
- 5% of the tax base (see Schedule)
- 0% of the tax base (the amount of tax to be charged shall be zero per cent of the tax base in the case of
  - a) the exportation of goods;
  - b) the supply of goods if treated the same as the exportation of goods;
  - c) supply of goods and services directly associated with the international transportation and the international trade of goods.)

## ***VII. SPECIAL EXEMPTIONS***

### **Special Exemptions in Connection with the Supply of Goods and Services**

The goods and services listed under Schedule shall be exempt from value added tax.

### **Special Exemptions in Connection with the Importation of Goods**

The goods imported duty free shall be exempt from value added tax, except where

- a) the relief is part of the preferential treatment granted to the country of origin;
- b) the relief is contingent on the method of financial settlement;
- c) the relief is granted up to a specific amount (partial relief);
- d) the goods are imported for a business association as contribution;
- e) the goods are imported and paid for using the cash deposit and/or contribution paid to a business association;
- f) the relief is granted within the framework of cross-border trading;

The following shall also be exempt from tax:

- a) goods imported by travellers or as gifts under preferential customs rates, up to the rate of allowance prescribed by law;
- b) goods admitted under the transit, customs warehousing, temporary importation and inward processing procedure under the conditions prescribed by law.

## ***VIII. DEDUCTION OF TAX***

### **Constituencies and Extent of the Tax Deduction Right**

The taxable person shall have the right to deduct the following from the amount of tax he is required to pay:

- a) the amount of tax he has paid in connection with the purchase of goods and services to another taxable person (including, in the case of transformation, the predecessor of that taxable person) or to an eligible taxpayer taxed under the Act on Simplified Entrepreneurial Taxation;
  - b) the amount of tax he has paid as charged on imported goods;
  - c) the amount of tax he has paid as charged on services he has ordered in his own name;
  - d) the amount of tax paid on tangible assets manufactured by himself
- [Paragraphs a) -d) hereinafter jointly referred to as charged tax].

Taxable persons shall also be entitled to tax deduction in respect of the supply of goods and services performed outside the territory of the country, however only to the extent applicable for the same supply of goods and services as if performed in Hungary.

In the case of transformation, the successor (if there is more than one successor, the one designated by the parties in a special agreement) shall be entitled to exercise the right of tax deduction in respect of tax paid by predecessor as charged as of the day of the successor's registration in the Register of Companies.

### **Personal Conditions for Exercising the Tax Deduction Right**

The right of tax deduction may only be exercised by taxable persons who (which) are required to pay tax and use single-entry or double-entry bookkeeping.

Taxable persons may not exercise the right of tax deduction in respect of the purchase of goods or use of services for which the rules of itemized expense accounting are not applied.

### **Material Conditions for Exercising the Tax Deduction Right**

Unless otherwise prescribed by the Act on the Rules of Taxation, the right to a tax deduction may only be exercised by persons who have a document verifying the amount of tax charged. The following documents issued in the name of the taxable person shall qualify as such:

- a) an invoice, simplified invoice or document serving as an invoice
- b) a resolution on the amount of tax
- c) other documents or certificates that contain all of the authentic information and data necessary for verifying the amount of tax.

The amount of tax charged may not exceed the amount indicated in the document described in Subsection (1) as tax, or that can be calculated as such.

### **Date of Tax Deduction Right**

The date of the tax deduction right shall be the date of performance as indicated in the invoice, simplified invoice or document serving as invoice issued for the goods or services supplied.

### **Division of Value Added Tax**

Taxable persons shall record the amounts of value-added taxes separately as deductible and non-deductible (itemized breakdown). A taxable person receiving any budgetary subsidies is not subject to taxation shall, unless otherwise prescribed by the act on the annual budget.

### **Special Rules on the Division of Tax Charged on Tangible Assets**

In respect of tangible assets, taxable persons shall subsequently modify the amount of deductible and non-deductible value added tax during the 4 years following the year when the tangible asset was placed into service, or in 9 years if it is a real property, if the ratio of utilization of the tangible asset for the supply of goods or services, with or without entitlement to tax deduction, changes in excess of 10 percentage points in the year under review when compared with the ratio of final utilization regarding the year when the tangible asset was placed into service.

## ***IX. PERSONS SUBJECT TO TAX PAYMENT OBLIGATION***

### **Persons Subject to Tax Payment Obligation in Connection with Supplies of Goods and Services**



In respect of the supply of goods and services, the tax shall be paid by the taxable person subject to perform.

### **Persons Subject to Tax Payment Obligation in Connection with the Importation of Goods**

In respect of the importation of goods, the tax shall be paid by the importer. If the customs procedure is handled by an indirect customs representative on behalf of the importer, the tax shall be paid by such indirect customs representative.

## ***X. RULES OF PROCEDURE***

In the course of procedures related to taxation, concerning matters not regulated in this Act, the provisions of Act XCI of 1990 on the Rules of Taxation, and the provisions of Act C of 1995 on Customs Law, Customs Proceedings and Customs Administration in respect of the importation of goods, respectively, shall be applied.

### **Obligation to Issue Invoices**

Every taxable person shall issue

- an invoice;
- a simplified invoice or an invoice of his choice, on request, if payment is made in cash or with a non-cash instrument upon receipt of the goods or services.
- If the consideration is not expressed in money, the taxable person shall issue a document serving as invoice in connection with the goods and services supplied by him.

The tax base and the amount of tax shall be indicated in detail according to the tax rate charged and in total in all invoices and in documents serving as invoices.

In simplified invoices, the consideration with tax included shall be indicated as broken down by the tax rates applied, along with the percentage rate of the tax charged which is necessary to clearly determine the amount of tax corresponding to the prices of goods or services. This percentage rate shall be:

- a) 20.00 per cent if the tax rate applied is 25 per cent;
- b) 13.04 per cent if the tax rate applied is 15 per cent;
- c) 4.76 per cent if the tax rate applied is 5 per cent.

### **Tax Records**

In the interests of the assessment, declaration, payment or refund of tax by self-assessment, taxable persons shall keep records in sufficient detail so as to permit establishing and verifying the amount

- a) of the tax payment obligation on the supply of goods and services, or any exemption from such;
- b) the amount of tax charged, including the deductible and the non-deductible portion of the amount of tax payable broken down in accordance with the corresponding tax rate.

### **Tax Assessment**

Taxable persons subject to tax payment obligation shall file a tax return

- a) on a monthly basis, if the annual total amount of tax to be accounted for the year preceding the subject year is positive and is at least 1 million HUF, or
- b) on a quarterly basis in other cases.

Taxable persons subject to file quarterly tax returns shall switch over to filing on a monthly basis if their tax to be accounted, as totaled from the beginning of the year, is positive and has reached 1 million HUF. The first monthly return shall be filed for the month immediately following the quarter, closed by the preceding tax return, in which the aforementioned amount limit was reached.

## **Payment and Refund (Accounting) of Tax**

The tax payable shall be the total amount of the tax payment obligation incurred during the tax assessment period. Taxable persons may deduct the total amount of deductible taxes charged during the tax assessment period from the amount of tax payable. The resulting difference shall be the tax amount to be accounted.

## ***XI. INDIVIDUAL TAX EXEMPTION***

(1) Taxable persons whose principal place of business or place of domicile is located in the domestic territory shall be entitled to choose individual tax exemption at the beginning of the tax year if

- a) their total revenue from the goods and services they supplied in the tax year preceding registration and
- b) the revenue, prorated, that can reasonably be expected for their economic activity in the tax year in which they register remains below the limit prescribed in Subsection (2).

(2) The limit for individual tax exemption shall be

- a) 6,000,000 forints for the family estate farmers specified in the Act on Arable Land and for agricultural smallholders using flat-rate taxation in accordance with the Personal Income Tax Act;
- b) 4,000,000 forints in all other cases.

## ***XI. SCHEDULES***

### **Goods and Services Subject to 15 Per Cent Tax Rate**

#### ***Goods***

| No. | Description   | Tariff Heading                               |
|-----|---|--|
| 1.  | Live animals (with the exception of saddle horses, race horses, dogs, cats, pets, laboratory animals and zoo animals)   | ex 0101-ex 0106                              |
| 2.  | Meat for human consumption, slaughter by-products and offal tripe for human consumption   | under 0201-0210<br>ex 0504                   |
| 3.  | Fish, crustaceans, mollusks and other invertebrate aquatic animals  | under 0301-0307                              |
| 4.  | Dairy products (excluding mother's milk), bird eggs, natural honey, other foodstuffs of animal origin for human consumption not elsewhere classified  | ex 0401 under<br>0402-0410                   |
| 5.  | Sperm and embryo of brood stock   | 0511 10 00 00<br>0511 99 90 01               |
| 6.  | Live trees and other plants, bulbs, tubers, roots, etc.   | under 0601-0604                              |
| 7.  | Vegetables, roots, and tubers for human consumption   | under 0701-0714                              |
| 8.  | Fruits, nuts, and citrus fruits for human consumption   | under 0801-0814                              |
| 9.  | Tea (not fermented)   | 0902 100902 20                               |
| 10. | Cereals   | under 1001-1008                              |
| 11. | Mill products   | under 1101-1106<br>under 1108-1109           |
| 12. | Oil seeds and oleaginous fruits; various fruits; industrial and medicinal plants (not including drugs made from common medicinal herbs referred to in Point 2 of Part II of Schedule No. 1 for sale to the general public in regular retail packages), straw and fodder | under 1201-1214, excluding:<br>ex 1211 90 98 |
| 13. | Propolis  | ex 1301                                      |
| 14. | Animal and vegetable fats (only those suitable for human consumption)   | ex 1501<br>ex 1507-ex 1512                   |

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|     |   | ex 1513 21 30 00<br>ex 1513 21 90 00<br>ex 1513 29 50 00<br>ex 1513 29 91 00<br>ex 1513 29 99 00<br>ex 1514<br>ex 1515 21<br>ex 1515 29<br>ex 1515 50<br>ex 1515 90 59<br>ex 1517<br>1521 90 91 |
| 15. | Foodstuffs containing meat, fish, crab, crustaceans, mollusks or other invertebrate aquatic animals   | under 1601-1605   |
| 16. | Sugar and sugar confectionery   | under 1701-1703   |
| 17. | Chocolate-coated bars with cottage cheese filling   | ex 1806 31 00 99  |
| 18. | Products containing cereals, flour, starch, or milk   | under 1901-1904<br>1905 10<br>1905 40<br>1905 90 excluding:<br>1901 10 00 02  |
| 19. | Goods made from vegetables, fruits, nuts, or other plant parts  | under 2001-2008   |
| 20. | Other products exclusively for human consumption  | 2102<br>2103 90 90<br>under 2104-2105<br>2106 10<br>2106 90   |
|     | excluding: sugar syrup with artificial flavoring or coloring  | excluding: 2106 90 30 00<br>2106 90 51 00 2106 90 55 00<br>2106 90 59 00 2106 90 92 01<br>2106 90 98 01   |
| 21. | Water in any particular substance   | ex 2201   |
|     | Excluding: - Mineral water bottled for human consumption, other than medicinal water - Spring water bottled for human consumption - Drinking water enriched with minerals and bottled for human consumption                                 |   |
| 22. | Flavored milk   | ex 2202 90 91 ex 2202 90 95<br>ex 2202 90 99  |
| 23. | Vinegar and vinegar substitutes made from acetic acid, with a maximum 10 per cent acid content by volume; vinegar and vinegar substitutes made from acetic acid, flavored and/or colored, with a maximum 15 per cent acid content by volume | ex 2209   |
| 24. | By-products, wastes and animal feeds gained from food processing operations   | under 2301-2309   |
| 25. | Products of mineral origin (ground for use as calcium-phosphate-base fertilizer)  | ex 2510 20  |
| 26. | Mineral fuels of Peat for energy production   | ex 2701- ex 2705 2709, 2711<br>11, 2711 21, 2711 12 11, 2711<br>12 19,  |
|     | for heating   | ex 2711 12 94, 2711 12 97   |
|     | for heating   | ex 2711 13 91, 2711 13 97   |
|     | for heating   | ex 2711 29  |
|     | Firewood, charcoal  | 4401 4402   |
| 27. | Saccharin   | ex 2925 11  |
| 28. | Medicinal products (under Hungarian subheading marked "for veterinary use"), therapeutic mud, veterinary vaccines   | ex 3002 ex 3003 ex 3004   |

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| 29. | Wadding, gauze, bandages and similar articles, sterile surgical catgut, dental hemostats   | 3005 3006 10   |
| 30. | Hormone-based and spermicidal chemical contraceptives for veterinary use;  | ex 3006 60   |
|     | Dental cement and other dental fillers, osteoplastic cements, root-canal apex  | 3006 40  |
| 31. | Compost of animal or vegetal origin;   | 3101   |
|     | Mineral or chemical fertilizers (licensed for marketing by the Ministry of Agriculture and Regional Development)   | ex 3102 ex 3103 ex 3104 3105   |
| 32. | Dental polish;   | ex 3208  |
|     | Dental wax, dental impression material, other gypsum-based preparations for dental purposes, dental adhesive;  | ex 3906 ex 3506  |
|     | Gypsum for prosthetic and dental purposes. Gypsum-based compounds for dental impressions, in powder form;  | ex 2520  |
|     | Film isolating liquid, gypsum-plastic isolator for prosthetics. Polish paste, metal oxide-resin compound, for smoothing and polishing dentures;  | ex 3209 90   |
|     | Phosphate-binding quartz-feldspar-base embedding material for casting metals with liquid for mixing; Self-binding sampler, methyl-methacrylate base, for prosthetic purposes, also in sets; Basic ingredients for dentures (heated polymer), methyl-methacrylate base; Acrylate molding substance for prosthetics (cold polymer), methyl-methacrylate base; Auto-polymer denture repair substance;   | ex 3405 90 ex 3816   |
|     | Bridge frame concealment, polymethyl-methacrylate (heated polymer) or aromatic dimethyl-acrylate base and coloring   | ex 3407  |
| 33. | Insecticides, fungicides, disinfectants for external use, contact herbicides, etc.   | 3808   |
| 34. | Hygienic instruments subsidized by the social security system as medical aids, (plastic) goods for medical supplies  | ex 3924 90 ex 9401   |
|     | Urine collection bags  | ex 3923  |
| 35. | Rubber articles for medical and pharmaceutical purposes  | 4014   |
|     | Rubber articles for dental purposes  | 4015 11  |
| 36. | Sanitary napkins (including hygienic linings) and tampons, diapers and diaper liners for babies, cellulose wadding, dental papers  | ex 4818 40 ex 4818 90 ex 4823  |
| 37. | Periodicals, sheet-music, maps   | ex 4901 4902 4904 4905 91 4905 99  |
| 38. | Textile cloth wadding, goods made from such material   | 5601 10 5601 21  |
| 39. | Compression knee-high stockings, hosiery, pantyhose, elbow gloves, compression gloves (which satisfy the requirements laid down in the statute on medical supplies)  | ex 6115 ex 6117  |
| 40. | Supporting briefs sold as medical aids   | ex 6212 90   |
| 41. | Wigs subsidized by the social security system  | ex 6704  |
| 42. | Base plate for dentures  | ex 7106 ex 7108 ex 7110 ex 7218 ex 7219 ex 7220                                      |
| 43. | Reducer  | ex 8481 10   |
| 44. | Wheelchair   | 8713   |
| 45. | Eyeglass lenses and corrective contact lenses, spectacle frames and corrective glasses subsidized by the social security system  | ex 9001 30 9001 40 41 9001 40 49 9001 40 80 9001 50 41 9001 50 49 9001 50 80 ex 9003 |
| 46. | Medical and surgical instruments and appliances: self-injection devices with needles, syringes and needles used in medicine, transfusion equipment, disposable blood containers, blood sampling instruments, medical aspirators and irrigators, infusion accessories, burr drill for dental engine, dental bur and dental disk, dental brushes, filters and blood tubes for kidney dialysis equipment, pheresis unit for apheresis procedure with or | ex 9018 ex 8421 29 90 00   |

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|     | without filter, various disposable filters  |  |
| 47. | Inhalers approved for medical use, respirator apparatus and accessories   | ex 9019 20   |
| 48. | Medical aids  | 9021 10 9021 31 9021 39<br>9021 40 9021 90   |
| 49. | Blood sugar tester, muscle stimulants other than orteis   | ex 9027 80 17 ex 9027 80 97<br>ex 9018 ex 9019   |
| 50. | Artificial spleens  | ex 9602 00 00 01   |
| 51. | Therapeutic products not classified as medicines with OGYI registration numbers and marketing permits pursuant to Decree No. 10/1987 (VIII. 19.) EüM on the Registration and Marketing of Therapeutic Substances and Preparations not Classified as Medicines | ex 1211 ex 1302 ex 1504 ex<br>1515 ex 2006 ex 2007 ex 2106<br>ex 2201 ex 2205 ex 2206 ex<br>2208 ex 3004 ex 3301 ex 3302<br>ex 3306 ex 3307 ex 3802 90 |

### Services

| No. | Description   | SZJ Code   |
|-----|---|--|
| 52. | Agricultural, hunting and game, and forestry services, excluding: extermination of rodents and parasites for sanitary purposes                  | under SZJ 01.41.1, under 01.42.1, 01.50.1, 02.02.1                               |
| 53. | Service activities incidental to fishing  | SZJ 05.01.1  |
| 54. | Forced and contract slaughter   | under SZJ 15.11.90.0, under 15.12.90.0   |
| 55. | Manufacture of medical aids on a contract basis (Part of the processing is done with materials supplied by the customer or on a contract basis) | under SZJ 33.10.99.0   |
| 56. | Gas, heat, and water supply services  | SZJ 40.21.9, 40.22.1, 40.30.9, 41.00.2   |
| 57. | Custom grinding and framing of eyeglass lenses  | under SZJ 52.74.13.0   |
| 58. | Repair of medical aids (set forth in Points 44 and 48 of Part I of Schedule No. 1)  | under SZJ 33.10.92.0 under 35.43.9, under 26.22.9                                |
| 59. | Hotel services  | SZJ 55.10  |
| 60. | Other commercial and short-stay lodging services  | SZJ 55.21.1, 55.22.1, 55.23.11, 55.23.12, 55.23.13, under 55.23.15               |
| 61. | Food sales in restaurants   | under SZJ 55.30.1  |
| 62. | Catering services for students  | SZJ 55.51.10.1, 55.51.10.2, 55.51.10.3   |
| 63. | Food sales in industrial and mass catering  | under SZJ 55.51.10.4, under 55.51.10.9, under 55.52.1                            |
| 64. | Cable television, television broadcasting, radio broadcasting   | under SZJ 64.20.3, SZJ 64.20.21, SZJ 64.20.22                                    |
| 65. | Services related to agricultural production systems   | under SZJ 74.14.15.0   |
| 66. | Agricultural, hunting and game, forestry and fishing planning, professional and consulting services, excluding: trophy judgment                 | under SZJ 74.14.15.0 under SZJ 74.87.16.1  |
| 67. | Agricultural laboratory tests   | under SZJ 74.30.1  |
| 68. | Veterinary services   | SZJ 85.20.1  |
| 69. | Social catering   | under SZJ 85.31.1, under 85.32.1   |
| 70. | Carriage of passengers  | under SZJ 60.10.1, 60.21 60.22<br>60.23 61.10.1 61.20.1 62.10.10.0<br>62.20.10.0 |
| 71. | Sewage and refuse disposal, sanitation services   | SZJ 90.01, 90.02, 90.03  |
| 72. | Motion picture, video tape and DVD projection   | SZJ 92.13.1  |
| 73. | Performing artists' activities  | SZJ 92.31.21.0   |
| 74. | Puppet shows  | under SZJ 92.34.13.9   |
| 75. | Artistic and literary creations   | under SZJ 92.31.22   |

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|-----|--|--|
| 76. | Circus productions   | under SZJ 92.34.11.0                     |
| 77. | Fairs and amusement park activities, street-shows                                | SZJ 92.33.10.0                           |
| 78. | Library, archive, museum and other cultural services                             | SZJ 92.51.1, 92.52.1                     |
| 79. | Presentation of zoological and botanical gardens and protected natural resources | SZJ 92.53.1                              |
| 80. | Swimming pool and beach services   | under SZJ 92.61.10, under SZJ 92.72.11.0 |
| 81. | Funeral and related services   | SZJ 93.03.1                              |
| 82. | Public bath services   | under SZJ 93.04.10.0                     |
| 83. | Organization and administration of funeral services                              | under SZJ 74.87.14                       |
| 84. | Tickets to sports events, operation of sports facilities                         | under SZJ 92.61.1, under 92.62.1         |

### Goods and Services Subject to 5 Per Cent Tax Rate

| No. | Description  | Tariff Heading                               |
|-----|--|--|
| 1.  | Medicinal products for human consumption governed under Act XXV of 1998 on Medicinal Products for Human Use and licensed by an authority authorized under Decree No. 12/2001 (IV. 12.) EüM on the Registration of Medicinal Products for Human Use and their Authorization for Marketing, and pharmaceuticals imported in non-commercial circulation by authorization of the competent authority; Galenic preparations for human consumption, magistral preparations |  |
| 2.  | Drugs made from common medicinal herbs for sale to the general public in regular retail packages   | ex 1211 90 98 ex 1302                        |
| 3.  | Diagnostic reagents for human consumption authorized by the competent authority  | ex 3002 10                                   |
|     |  | ex 3002 90                                   |
|     |  | ex 3006 20                                   |
|     |  | ex 3006 30                                   |
|     |  | ex 3821                                      |
|     |  | ex 3822                                      |
| 4.  | Radioactive isotopes for medical purposes  | ex 2844 40 20 00                             |
| 5.  | Sterile insulator set for surgical operations  | ex 3005 90 51 00                             |
| 6.  | Dietary supplements for special medicinal purposes, mother's milk substitutes and supplements  | 1901 10 00 02 2106 90 92 01<br>2106 90 98 01 |
| 7.  | Oxygen for medical use (packaged in max. 10- or 20-liter, 150- and 200-bar pressure bottles, or in liquid form, only if listed in the pharmacopoeia)   | ex 2804 40                                   |
| 8.  | Braille-boards, plastic  | ex 3926 90                                   |
| 9.  | White canes for the blind  | ex 6602                                      |
| 10. | Perforators for the blind  | ex 8205 59 90                                |
| 11. | Braille-boards, metal  | ex 8310                                      |
| 12. | Braille-typewriters for the blind  | ex 8469 30                                   |
| 13. | Signal processing unit for the blind and for the hearing impaired (sold at cost by the Association to its members)   | ex 8471                                      |
| 14. | Telephone operator adapters for the blind  | ex 8517 80 90                                |
| 15. | Braille-clocks for the blind   | ex 9102                                      |
| 16. | Books  | ex 4901 4903                                 |

## **Goods and Services Supplied under Special Exemption**

The supplies of goods and services as set forth in Subsection (1) of Section 30 are the following:

1. Sale, rental and leasing of land parcels (other than land for development and building plots by definition of the Act on the Formation and Protection of the Built Environment) (SZJ 70.20.12.6, 70.20.12.7, 70.20.12.8);
2. Sale of residential property, not including sale prior to the completion of construction and the first sale following completion;
3. Rental of teaching aids (ex 9023);
4. Student-hostel and dormitory services (under SZJ 55.23.15);
5. Postal services (SZJ 64.11.12.0, 64.11.13.0, 64.11.14.0, 64.11.15.0);
6. Financial services and activities auxiliary to financial services (SZJ 65.11.1, 65.12.1, 65.21.1, 65.22.1, 65.23.1, 66.01.1, 66.02.1, 66.03, 67), including clearing and settlement transactions by clearing houses for credit institutions as described in Section 3 of Act CXII of 1996 on Credit Institutions and Financial Enterprises (hereinafter referred to as 'CIFE'), other than
  - safe transactions (under SZJ 67.13.10.0), and
  - the financial leasing described in the CIFE up to the full principal amount of the leasing fee, but at least up to the purchase price of the leased product without tax or, if the leased product is of one's own production, up to the cost of production;
7. Activities of commodity exchange dealers;
8. Assignment of rights constituting creditor's and member's status;
9. Rental of residential property, or utilization of such in other ways, irrespective of its designated purpose (excluding private lodging services SZJ 55.23.13);
10. Rental and lease of real property other than what is contained under Points 1 and 9 (under SZJ 70.20);
11. Assignment and assumption of debt;
12. Sale of excise seals defined by legal regulation between the customs authority and the users of excise seals;
13. Public administration, compulsory social insurance (SZJ 75), issuance of private entrepreneur licenses (SZJ 74.87.17.7);
14. Tax refund services provided by vendors to foreign travelers in accordance with specific other legislation;
15. Production and supply of goods by dental technicians (in particular dental crowns, artificial teeth, denture and prosthetic appliances) (customs heading ex 3407, 9021 21, 9021 29);
16. Use of human organs and tissue (tariff heading ex 3001) for human medicinal purposes, and the selling of human blood, including sensitive blood fractions (tariff heading ex 3002) listed in Government Decree 114/2000 (VI. 29.) Korm. on the Management of the National Blood Bank, and mother's milk (tariff heading ex 0401) in accordance with the law.
17. The following education activities:
  - a) public and higher education, adult education for a vocation listed in the National Training Register, training and further training provided by institutions accredited under the Act on Adult Education and organized in accordance with other legislation, pre-examination classes, including related examination activities;
  - b) language proficiency examination for a state or internationally approved language certificate;
  - c) education provided in Hungary by foreign cultural institutions under international agreement;
  - d) educational, training and examination services provided directly for the education, training and examination referred to in Paragraphs a)-c);
  - e) private lessons and tutoring;  
(under SZJ 80),
  - f) pedagogic and consulting activities (under SZJ 74.87.16.4), lectures and further training of teachers and the organization and coordination of tutorial and educational competitions (under SZJ 74.87.15).
18. Human health care services (SZJ 85.1);
19. Social services (SZJ 85.3), with the exception of social catering (under SZJ 85.31.1, under 85.32.1);
20. Other membership-based community and social services (SZJ 91.11.1, 91.12.1, 91.20.1, 91.31.1, 91.32.1, 91.33.1);
21. Public service radio and television programming (under SZJ 92.20.1);
22. Recreational and amateur sports services (under SZJ 92.6), excluding tickets to sports events, operation of sports facilities (under SZJ 92.61.1, under 92.62.1) and swimming pool and beach services (under SZJ 92.61.10);

23. Gambling services (SZJ 92.71.10), with the exception of other auxiliary services (SZJ 92.71.10.9);

24. Sale of unique or limited edition folk art or hand-crafted articles, approved and numbered by a panel of experts and produced without the use of any industrial technology, in accordance with the classification laid down by legal regulation. (Products produced by an industrial technology shall not be included even if designed by a folk artist or artisan and approved and numbered by a so-called aesthetic jury.)

25. Mediation of the supplying of goods and services listed under Points 1-24, if such takes place in the name and on behalf of another person, even if it does not entail the mediator's entitlement to make legal statements;

26. The activities defined above with reference to statistical classification numbers, irrespective of whether the statistical classification renders the pursuance of such activities subject to personal or other prerequisites.