

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

7-9 April 2024

Anna

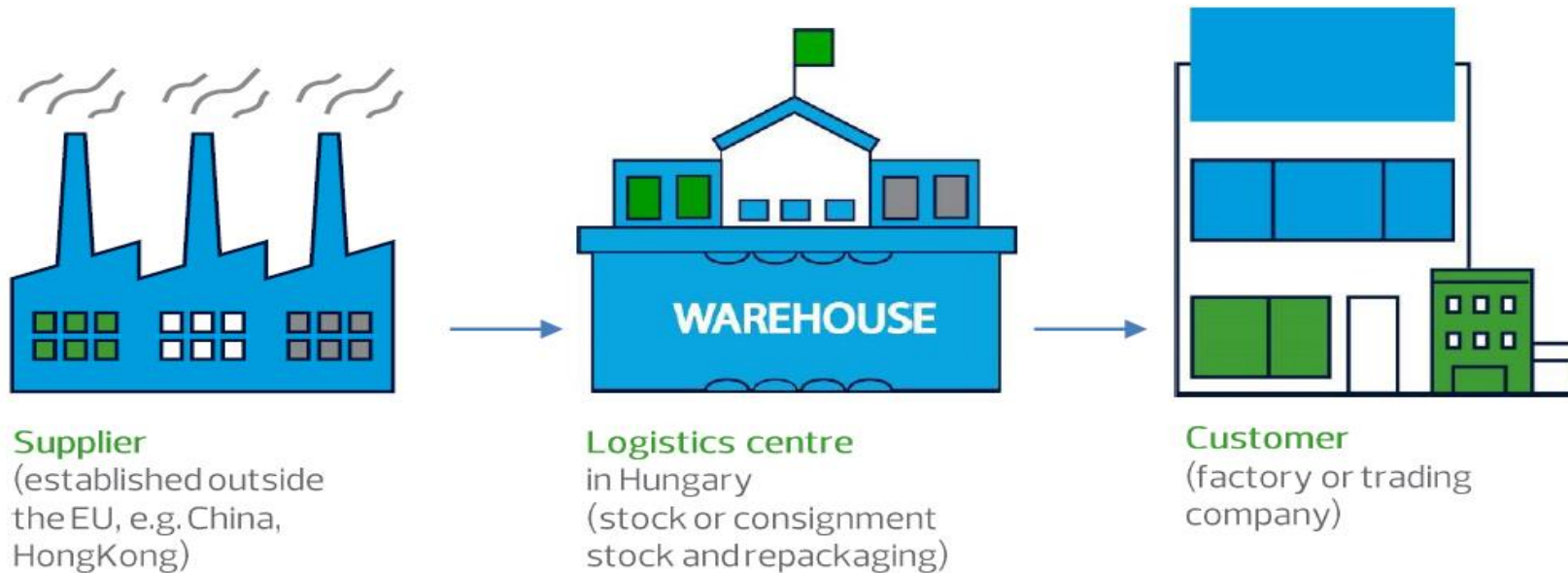
One of the
RSM team

RSM

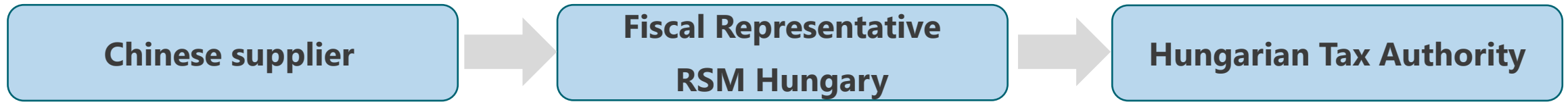
Asia Event, Guangzhou,
China 29-31 May 2024

Compulsory Fiscal Representation in Hungary

- GOODS SOLD AND SHIPPED TO HUNGARY
- SHIPPED GOODS IMPORTED BY CHINESE SUPPLIER IN HUNGARY (INCOTERMS DDP)
- IMPORTED GOODS ARE SOLD LOCALLY IN HUNGARY
- VAT ID NUMBER IS NEEDED IN HUNGARY (VAT REGISTRATION)
- FISCAL REPRESENTATION IS MANDATORY AND WILL BE PROVIDED BY RSM HUNGARY



How Fiscal representation works?



Fiscal representation is mandatory in case the represented entity is established outside the EU.

The Fiscal representative is responsible for:

- Registration of a VAT ID for the represented Company
- Submitting its Tax Returns
- Representing the Company in front of the Tax Authority

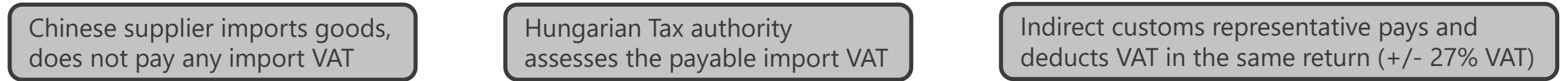
Only the fiscal representative can perform the above activities while having a joint and several liability regarding the tax obligations of the represented Company.

RSM as fiscal representative in Hungary:

- prepares all the tax related documents
- Ensures all tax related matters of the Company is handled in Hungary

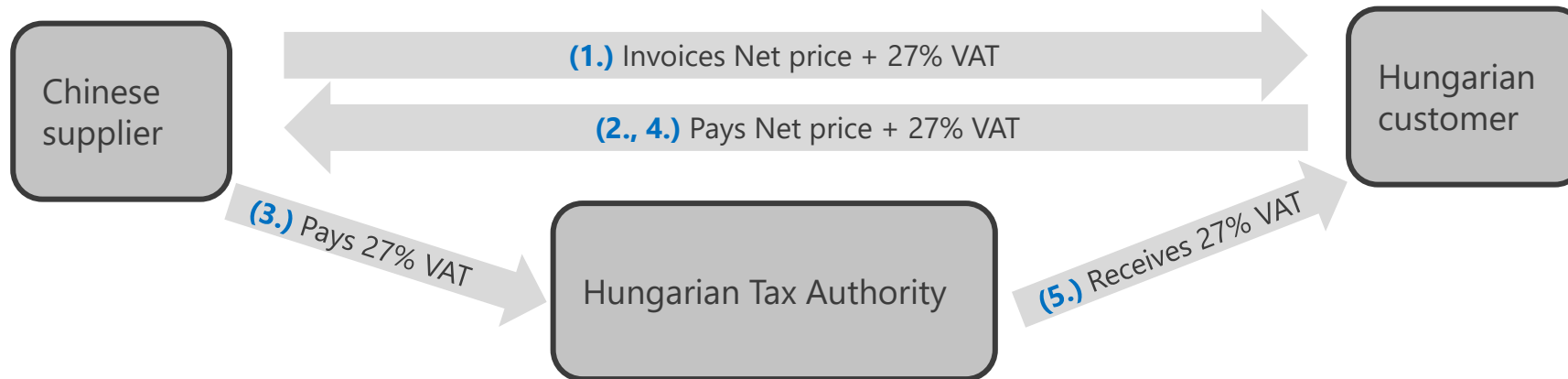
How does VAT work for these transactions in Hungary?

1. Importation with Incoterms DDP



Our logistics partner will connect the Chinese suppliers and the indirect customs representative, who deals with the importation process.

2. Local sales of goods in Hungary following the importation



1. Chinese supplier invoices NET price of the goods + 27% VAT to the Hungarian customer
2. Chinese supplier receives 27% VAT from Hungarian customer based on the issued invoice
3. Chinese supplier pays this 27% VAT to the Hungarian tax Authority
4. Hungarian customer pays 27% VAT to Chinese supplier based on the received invoice
5. Hungarian customer reclaims this 27% VAT from the Hungarian Tax Authority