

Hungary Dispute Resolution Profile

(Last updated: 17 September 2020)

General Information

- **Hungary's tax treaties are available at:**
https://en.nav.gov.hu/taxation/double_taxation_treaties
https://nav.gov.hu/nav/ado/szja/Adozoi_tajekoztato_Ma20200813.html

- **MAP requests should be made to:**

Taxpayer specific cases involving issues other than transfer pricing:

Benedek Nobilis, Ministry of Finance
Department of Tax Policy and International Taxation, Head of Department
H-1051 Budapest, József nádor tér 2-4 / Email: benedek.nobilis@ngm.gov.hu

Taxpayer specific cases involving Transfer Pricing:

Audit Department
National Tax and Customs Administration, Central Management
(Nemzeti Adó-és Vámhivatal, Központi Irányítása, Ellenőrzési Főosztály)
H-1054 Budapest, Széchenyi utca 2. / Postal address: 1373 Budapest, P.O. Box 561. / Email: ki.ell@nav.gov.hu

Transfer pricing request should be submitted by Hungarian residents through electronic form called 'TPMAP'.
Official notification (e.g. on submission of a MAP request) from other CAs can be accepted by post.

- **APA requests should be made to:**

As above (Transfer Pricing). **APA request should be submitted through electronic form called 'APIAC.**

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
A. Preventing Disputes				
1.	Are agreements reached by your competent authority to resolve difficulties or doubts arising as to the interpretation or application of your tax treaties in relation to issues of a general nature which concern, or which may concern, a category of taxpayers published?	See detailed explanation	Official guidance or explanation is published on the latest tax treaty related issues or a detailed explanation or interpretation of a tax case concerning tax treaty issues.	https://nav.gov.hu/ https://en.nav.gov.hu/taxation
2.	Are bilateral APA programmes implemented? If yes:	Yes	Requests for bilateral (and multilateral) APA may be submitted.	Act CL of 2017 on the Rules of Taxation Sections 174(2)
a.	<ul style="list-style-type: none"> Are roll-back of APAs provided for in the bilateral APA programmes? 	Yes	In a bilateral or multilateral APA, if requested by the taxpayer, the agreement of the competent authorities may extend the APA period prior to the submission of the request, provided that this period <ul style="list-style-type: none"> (a) is not closed by audit, (b) is not time barred, and (c) has not been subject to an audit resulting in a period closed by audit in progress at the time of conclusion of the agreement of the competent authorities. 	Act CL of 2017 on the Rules of Taxation Sections 181(2) (Legislation available at www.njt.hu [in Hungarian])
b.	<ul style="list-style-type: none"> Are there specific timeline for the filing of an APA request? 	Yes	The request shall be submitted before the conclusion of the contract (or other transaction). Or a request for an APA may be submitted after the date of conclusion of the contract, if the contract is performed in a continuous manner. This means that the contract is concluded for a minimum term of six	Act CL of 2017 on the Rules of Taxation Sections 174, Section 7 Point 26–27 (Legislation available at www.njt.hu [in Hungarian])

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			months, and a) under which at least one performance takes place every other month, or b) under which one of the parties maintain specific credit facilities in favour of the other party during the contract, or c) that contains the requirement of continuous availability for either of the parties.	
c.	<ul style="list-style-type: none"> Are rules, guidelines and procedures on how taxpayers can access and use bilateral APAs, including the specific information and documentation that should be submitted in a taxpayer's request for bilateral APA assistance, publicly available? 	See detailed explanation	It is regulated by the Act CL of 2017 on <i>the Rules of Taxation</i> (Sections 174–183), by the Government Decree 465/2017 on <i>specific rules of taxation</i> (Sections 111–116) and by the Decree 32/2017 of the Minister for National Economy on <i>transfer pricing documentation requirements</i> .	Legislation available at www.njt.hu [in Hungarian] https://www.nav.gov.hu/nav/ado/tarsasagi/Tajekoztato_a_szokaso20180507.html Update expected by November 2020
d.	<ul style="list-style-type: none"> Are there any fees charged to taxpayers for a bilateral APA request? 	Yes	As of 2018 the filing fee for unilateral APA is HUF 2 000 000, for bilateral APA is HUF 4 000 000, for multilateral APA is HUF 2 000 000 multiplied by the number of competent authorities involved.	Act CL of 2017 on the Rules of Taxation Sections 175 (Legislation available at www.njt.hu [in Hungarian])
e.	<ul style="list-style-type: none"> Are statistics relating to bilateral APAs publicly available? 	Yes	On the website of the EU Joint Transfer Pricing Forum.	https://ec.europa.eu/taxation_customs/business/company-tax/transfer-pricing-eu-context/joint-transfer-pricing-forum_en#heading_3
3.	Is training provided to your officials involved in the auditing /examination of taxpayers to ensure that any	Yes	-	-

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	assessments made by them are in accordance with the provisions of your tax treaties?			
4.	Is other information available on preventing tax treaty-related disputes?	No	-	-

Notes:

1. An APA is an “arrangement that determines, in advance of controlled transactions, an appropriate set of criteria (e.g. method, comparables and appropriate adjustments thereto, critical assumptions as to future events) for the determination of the transfer pricing for those transactions over a fixed period of time”. (see definition of APA in the *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* (“Transfer Pricing Guidelines”)).

2. Situations may arise in which the issues resolved through an APA are relevant with respect to previous filed tax years not included within the original scope of the APA. The concept of “roll-back” is further elaborated in paragraph 4.136 of Section F (Advance pricing arrangement) of Chapter IV of the Transfer Pricing Guidelines and in paragraph 69 of Section D.4.2 (Possible retrospective application (“Roll back”)) of the Annex to Chapter IV (Guidelines for Conducting Advance Pricing Arrangements under the Mutual Agreement Procedure (“MAP APAs”)) of the Transfer Pricing Guidelines. Simply put, the “roll-back” of the APA is understood to mean that the outcome of the APA is applied to previous filed tax years not included within the original scope of the APA.

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B. Availability and Access to MAP				
5.	Are transfer pricing cases covered within the scope of MAP?	Yes	-	https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html https://en.nav.gov.hu/taxation/MAP Update expected by November 2020
6.	Are issues relating to the application of treaty anti-abuse provision covered within the scope of MAP?	Yes	-	-
7.	Are issues relating to the application of domestic anti-abuse provision covered within the scope of MAP?	Yes	There are no special rules which would hinder the possibility to initiate MAP in these cases.	-
8.	Are issues where there is already an audit settlement between the tax authority and the taxpayer covered within the scope of MAP?	See detailed explanation	Tax law does not provide possibility for procedure of audit settlement between the tax authority and the taxpayer.	-
9.	Are double taxation cases resulting from bona fide taxpayer initiated foreign adjustments covered within the scope of MAP?	Yes	There are no special rules which would hinder the possibility to initiate MAP in these cases.	-

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10.	Are there any other treaty related issues not covered under s/n 5 to 9 which are not within the scope of MAP?	No	-	-
11.	Are taxpayers allowed to request MAP assistance in cases where the taxpayer has sought to resolve the issue under dispute via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	See detailed explanation	<p>MAP assistance is allowed where domestic judicial remedy has been sought.</p> <p>MAP assistance is allowed when domestic administrative remedy has been sought. MAP request is not rejected if the issue is under dispute via administrative remedies provided by the domestic law.</p>	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p> <p>https://en.nav.gov.hu/taxation/MAP</p> <p>Update expected by November 2020</p>
12.	Are taxpayers allowed to request for MAP assistance in cases where the issue under dispute has already been decided via the judicial and administrative remedies provided by the domestic law of your jurisdiction?	See detailed explanation	<p>MAP assistance is provided if the Hungarian court has already decided, however the Hungarian CA is not allowed to deviate from the court decision.</p> <p>MAP assistance is allowed when the issue has already been decided via domestic administrative remedy.</p>	-
13.	Are rules, guidelines and procedures on how taxpayers can access and use MAP, including the specific information and documentation that should be submitted in a taxpayer's request for MAP assistance, publicly	Yes	-	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p> <p>https://en.nav.gov.hu/taxation/MAP</p>

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	available?			Update expected by November 2020
14.	Are there specific timeline for the filing of a MAP request?	Yes	<p>Submission of a MAP request by taxpayer or other CA:</p> <ol style="list-style-type: none"> 1) if disputed tax years are pre-2018, the Hungarian domestic statute of limitation applies (request must be submitted in 6 years). 2) if disputed tax years are 2018 or post-2018, the Hungarian domestic statute of limitation does not apply, only treaty rules apply. 	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p> <p>https://en.nav.gov.hu/taxation/MAP</p> <p>Update expected by November 2020</p>
15.	Are guidance on multilateral MAPs publicly available?	No	-	-
16.	Are tax collection procedures suspended during the period a MAP case is pending?	See detailed explanation	It might be suspended due to the general tax procedural rules.	-
17.	Are there any fees charged to taxpayers for a MAP request?	No	-	-
18.	Is there any other information available on availability and access to MAP?	See detailed information	MAP guidance provides more information.	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p> <p>https://en.nav.gov.hu/taxation/MAP</p>

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				Update expected by November 2020

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C. Resolution of MAP Cases				
19.	Are there any model timeframes for the steps taken by your competent authority from the receipt of a MAP case to the resolution of the case provided to taxpayers?	See detailed explanation	<p>Submission of a MAP request by taxpayer or other CA:</p> <ol style="list-style-type: none"> 1) if disputed tax years are pre-2018, the Hungarian domestic statute of limitation applies (request must be submitted in 6 years) 2) if disputed tax years are 2018 or post-2018, the Hungarian domestic statute of limitation does not apply <p>Confirmation of the receipt of MAP request to the taxpayer and informing the treaty partner about submission - 2 month after MAP initiation.</p> <p>Requests for additional information to taxpayer: 3 month after MAP initiation</p> <p>Taxpayer can provide the missing information in 3 month.</p> <p>If tax audit is initiated, the general tax rules are applicable.</p> <p>CA decision on accepting or rejecting the request: 6 month after MAP initiation or from the submission of missing information.</p> <p>MAP consultation between competent authorities:</p>	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p> <p>https://en.nav.gov.hu/taxation/MAP</p> <p>Update expected by November 2020</p>

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			<p>no specific deadline in treaties</p> <p>In case of MAP reached agreement between competent authorities, the taxpayer has to accept or reject the decision: deadline is defined by the competent authorities.</p> <p>If the taxpayer accepts the decision: it has to be implemented without any delay irrespective of domestic statute of limitation.</p>	
20.	Are statistics relating to the time taken to resolve MAP cases publicly available?	See detailed explanation	MAP statistics are available on the OECD website	http://www.oecd.org/tax/dispute/2018-map-statistics-hungary.pdf
21.	Is interest or penalties resulting from adjustments made pursuant to a MAP agreement waived or dealt with as part of the MAP procedure?	See detailed information	During the implementation of MAP agreement the taxpayer cannot be obliged to pay any additional payment relating to late payment of tax or further penalty payment, however the taxpayer is not allowed to get interest if tax is paid back from the authority.	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p> <p>https://en.nav.gov.hu/taxation/MAP</p> <p>Update expected by November 2020</p>
22.	Are the roles and responsibility of the MAP office publicly available, for example, is the mission statement of the MAP office available in the <i>annual</i> report of the organisation?	See detailed explanation	MAP Guidance provides general information about the MAP offices.	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p>

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				https://en.nav.gov.hu/taxation/MAP Update expected by November 2020
23.	Is MAP arbitration a mechanism currently available for the resolution of tax treaty related disputes in any of your tax treaties? If not:	See detailed explanation	<p>No Hungarian double tax treaty has MAP arbitration mechanism.</p> <p>Although the EU Arbitration Convention in transfer pricing MAPs contains an arbitration provision.</p> <p>EU directive 2017/1852 on the tax dispute resolution mechanism in the European Union has been implemented. This form of dispute resolution is already available for the taxpayers for 2018 or later tax years concerned.</p>	https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html https://en.nav.gov.hu/taxation/MAP Update expected by November 2020
a.	<ul style="list-style-type: none"> Are there any legal limitations in your domestic law (for example in your constitution) to include MAP arbitration in your tax treaties? 	No	-	-
b.	<ul style="list-style-type: none"> Does your treaty policy allow you to include MAP arbitration in your tax treaties? 	See detailed explanation	Our tax treaties are concluded without arbitration article.	-
24.	<p>Is the explanation of the relationship between the MAP and domestic law administrative and judicial remedies publicly available?</p> <p>If yes:</p>	Yes	-	https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html https://en.nav.gov.hu/taxation/MAP

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				<p style="text-align: center;">P</p> <p style="text-align: center;">Update expected by November 2020</p>
a.	<ul style="list-style-type: none"> Does the guidance specifically address whether the competent authority considers that it is legally bound to follow a domestic court decision in the MAP or will not deviate from a domestic court decision as a matter of administrative policy or practice? 	Yes	-	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p> <p>https://en.nav.gov.hu/taxation/MAP</p> <p style="text-align: center;">P</p> <p style="text-align: center;">Update expected by November 2020</p>
25.	Are taxpayers allowed to request for multi-year resolution through the MAP of recurring issues with respect to filed tax years?	Yes	-	-
26.	Do all your jurisdiction's tax treaties contain a provision which would oblige your jurisdiction to make corresponding adjustments or to grant access to the MAP with respect to the economic double taxation that may otherwise result from a primary transfer pricing adjustment (i.e. is paragraph 2 of Article 9 of the OECD Model Tax Convention or the UN Model Double Taxation Convention included in all of your jurisdiction's tax	See detailed explanation	<p>Most of our treaties contain such provision. As a few treaties do not contain this rule Hungary signed the Multilateral Convention to amend bilateral tax treaties (MLI) on 7 June 2017. Hungarian provisional notification sent to the OECD contains that Hungary intends to amend its tax treaties in order to comply with these rules.</p> <p>The MLI ratification in Hungary is expected in 2020.</p>	-

s/n		Response	Detailed explanation	Where publicly available information and guidance can be found
	treaties)?			
27.	Is there any other information available on resolution of MAP cases?	Yes	-	https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html https://en.nav.gov.hu/taxation/MAP Update expected by November 2020

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D. Implementation of MAP Agreements				
28.	Where the agreement reached by your competent authority through the MAP process leads to additional tax to be paid by your taxpayer, is there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for the additional tax to be paid?	Yes	<p>If there is a reached agreement, the tax authority shall immediately adjust the original tax liability of the affected person by means of a decision, which shall be enforceable notwithstanding the statute of limitations.</p> <p>If tax authority fails to adjust the tax liability, the taxpayer is entited to apply to court (The Budapest-Capital Regional Court) to force the decision.</p>	<p>Act XXXVII of 2013 Paragraph 42/H subparagraph (6) and (7)</p> <p>(Legislation available at www.njt.hu [in Hungarian])</p>
29.	Where the agreement reached by your competent authority through the MAP process leads to a refund of the tax due or paid by your taxpayer, are there publicly available information on the timeframe the taxpayer could expect its tax position to be amended to reflect the agreement reached by the competent authority and/or for a refund of the tax paid?	Yes	<p>If there is a reached agreement, the tax authority shall immediately adjust the original tax liability of the affected person by means of a decision, which shall be enforceable notwithstanding the statute of limitations.</p> <p>If tax authority fails to adjust the tax liability, the taxpayer is entitled to apply to court (The Budapest-Capital Regional Court) to force the decision.</p>	<p>Act XXXVII of 2013 Paragraph 42/H subparagraphs (6) and (7)</p> <p>(Legislation available at www.njt.hu [in Hungarian])</p>
30.	Are all mutual agreements reached through MAP implemented notwithstanding any time limits in your domestic law?	Yes	-	<p>https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html</p> <p>https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html</p> <p>https://en.nav.gov.hu/taxation/MAP</p>

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31.	Is there any other information available on the implementation of MAP agreements?	Yes	-	https://nav.gov.hu/nav/ado/egyeb/map_tajekoztato.html https://nav.gov.hu/nav/ado/egyeb/ac-map_tajekoztato.html https://en.nav.gov.hu/taxation/MAP Update expected by November 2020