

## TaxAlert

July 2009

### ***Opportunities from the new assumption rule of environmental product charges effective from 1 January 2009***

*The aim of this alert is to draw your attention to the opportunity that the first domestic customer who sells partly for export, is allowed to assume the product charge liability due to the new rules.*

We have informed you in our previous alert about one of the changes to environmental product charges that the first domestic customer will be allowed to assume the product charge liability of the person originally liable. This is even if 100% of the purchased chargeable products will not be exported or sold within the territory of the EC and partly (not more than 40%) will be subject to domestic sale.

This change creates a favorable situation since the first domestic customer will have the chance to assume the product charge liability without separating the domestic and foreign sales beforehand. Consequently both the customer and the person originally liable would benefit from the opportunity provided by the assumption system, just as if the first domestic customer exported the full amount of the purchased chargeable products. The person originally liable – after fulfilling the obligations of the Act on Environmental Product Charges – will not declare and pay the product charge. The records are instead kept as per the takeover contract; the secondary liable person (who assumed the product charge liability) will declare and pay the product charge regarding domestic sales while, in the case of foreign sales, records have to prove that the products left the country.

The assumption of the product charge on the foreign sales of the first domestic customer will affect advantageously the companies which are obliged to pay product charge by the principal rule and also the secondary liable person; since in the cases where the assumption was not resolved previously, the original liable person will not have to declare and pay the product charge and the exporter will not have to claim the product charge refund.

However, in order to eliminate the risks in connection with the assumption requires careful planning, professional experience and record keeping complies with the provision of the law. In this way the liable person would be assured that all requirements of the Act on Environmental Product Charges and the Government Decree No. 53 of 2003 on the Conditions of the Exemption of Environmental Product Charge, the Refund and Takeover of the Environmental Product Charge and the Import of the Used Tire would be fulfilled and, at the same time, the economic advantage would be exploited with minimal risk.

KPMG Advisory Ltd. is ready to help to outline the conditions of the assumption, shape the contracts and set up the record system with the cooperation of highly qualified professionals with significant experience in this area.

Should you have any questions regarding the above, please do not hesitate to contact Péter Pataky (887-7409, [peter.pataky@kpmg.hu](mailto:peter.pataky@kpmg.hu)) at the tax department of KPMG Advisory Ltd. or your regular tax advisor.

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