

## TaxAlert

2009

### ***Less strict rules on Environmental Product Charge***

*In this alert, we cover the amendment of Act No. 56 of 1995 about Environmental Product Charge, accepted by the Parliament on 30 March 2009.*

The amendment aims to moderate the payment and administrative burden of participants in retail trade, to refine the definition of commercial packaging and narrow the scope of commercial packaging.

According to the proposed amendment, those liable can deduct 100% of product charge 'E' paid on plastic (shopping) bags, if at least 25% of the plastic (shopping) bags released by them at the place of packing include 'environment-friendly' labels.

The amendments regarding the scope of commercial packaging can be summarized as follows:

- In line with international regulations, for packaging of products falling under Common Customs Tariff 2202, the packaging of milk drinks provided in the frame of a school milk program is to be taken out of the scope of commercial packaging.
- In order to harmonize the law on packaging and the detailed rules regarding treatment of packaging waste, apart from the label and bottle cap, the amendment takes out also single use glasses from the packaging of drinks listed by the Common Customs Tariffs.
- Also, the definition of plastic (shopping) bag is refined by the amendment.

The amendment will come into effect on the first day of the second month subsequent to its announcement.

Furthermore, according to the word-for-word interpretation of the amendment, no Environmental Product Charge penalty or default penalty can be established on non-payment of the charge for products falling outside the scope of commercial packaging, regarding the period from 1 January, 2009 to when the amendment comes into effect. Penalties already established should be refunded.

We believe, the intention of the lawmaker was not to introduce this provision regarding all products not included in the group of commercial packaging, but only with reference to single use glasses.

If the intention of the lawmaker would actually refer to all products falling under the scope of Environmental Product Charge, except commercial packaging, those persons liable could seek relief for the period between 1 January, 2009 and when the amendment comes into effect.

Should you have any questions regarding the above, please do not hesitate to contact Péter Pataky (tel: 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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