



Council of the  
European Union

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### **LEGISLATIVE ACTS AND OTHER INSTRUMENTS**

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Subject: COUNCIL IMPLEMENTING DECISION authorising Hungary to apply a special measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax, and repealing Implementing Decision (EU) 2018/1490

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**COUNCIL IMPLEMENTING DECISION (EU) 2023/...**

**of ...**

**authorising Hungary to apply a special measure  
derogating from Article 287 of Directive 2006/112/EC  
on the common system of value added tax,  
and repealing Implementing Decision (EU) 2018/1490**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax<sup>1</sup>, and in particular Article 395(1), first subparagraph, thereof,

Having regard to the proposal from the European Commission,

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<sup>1</sup> OJ L 347, 11.12.2006, p. 1.

Whereas:

- (1) Article 287, point (12), of Directive 2006/112/EC allows Hungary to exempt from value added tax (VAT) taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 35 000 at the conversion rate on the day of its accession.
- (2) By Council Implementing Decision 2022/73<sup>1</sup>, Hungary was authorised, until 31 December 2024, to continue to apply a special measure derogating from Article 287, point (12), of Directive 2006/112/EC and thus to exempt from VAT taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 48 000 at the conversion rate on the day of its accession to the Union (the ‘special measure’).
- (3) By letter registered with the Commission on 15 December 2022, Hungary requested an authorisation to increase the threshold of the existing special measure to EUR 71 500 for the remainder of the authorised period.
- (4) Pursuant to Article 395(2), second subparagraph, of Directive 2006/112/EC, the Commission transmitted the request made by Hungary to the other Member States by letter dated 11 January 2023. By letter dated 12 January 2023, the Commission notified Hungary that it had all the information necessary for the appraisal of the request.

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<sup>1</sup> Council Implementing Decision (EU) 2022/73 of 18 January 2022 amending Implementing Decision (EU) 2018/1490 as regards authorisation to Hungary to apply for a further period the special measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax (OJ L 12, 19.1.2022, p. 148).

- (5) The special measure requested by Hungary is in line with Council Directive (EU) 2020/285<sup>1</sup>, which seeks to reduce the compliance burden for small enterprises and avoid distortions of competition in the internal market.
- (6) The special measure will remain optional for taxable persons as they can still opt for the regular VAT arrangements pursuant to Article 290 of Directive 2006/112/EC.
- (7) According to the information provided by Hungary, the special measure will only have a negligible effect on the overall amount of the tax revenue of Hungary collected at the stage of final consumption.
- (8) Following the entry into force of Council Regulation (EU, Euratom) 2021/769<sup>2</sup>, there is to be no compensation calculation carried out by Hungary with regard to the VAT-based own resource statement for the financial year 2021 onwards.

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<sup>1</sup> Council Directive (EU) 2020/285 of 18 February 2020 amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises and Regulation (EU) No 904/2010 as regards the administrative cooperation and exchange of information for the purpose of monitoring the correct application of the special scheme for small enterprises (OJ L 62, 2.3.2020, p. 13).

<sup>2</sup> Council Regulation (EU, Euratom) 2021/769 of 30 April 2021 amending Regulation (EEC, Euratom) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax (OJ L 165, 11.5.2021, p. 9).

- (9) Given that the special measure has had a positive impact on the simplification of VAT-related obligations, as it has reduced the administrative burden and compliance costs for both small enterprises and tax authorities, and given that it lacks any major impact on the total VAT revenue generated, Hungary should be authorised to apply the special measure.
- (10) The application of the special measure should be limited in time. The time limit should be sufficient to allow the Commission to evaluate the effectiveness and appropriateness of the threshold. Moreover, pursuant to Article 3(1) of Directive (EU) 2020/285, Member States are to adopt and publish, by 31 December 2024, the laws, regulations and administrative provisions necessary to comply with Article 1(12) of that Directive and are to apply those provisions from 1 January 2025. It is therefore appropriate to authorise Hungary to apply the special measure until 31 December 2024.
- (11) Implementing Decision (EU) 2018/1490 should therefore be repealed,

HAS ADOPTED THIS DECISION:

*Article 1*

By way of derogation from Article 287, point (12), of Directive 2006/112/EC, Hungary is authorised to exempt from VAT taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 71 500 at the conversion rate on the day of its accession.

*Article 2*

Implementing Decision (EU) 2018/1490 is repealed.

*Article 3*

This Decision shall take effect on the date of its notification.

It shall apply until 31 December 2024.

*Article 4*

This Decision is addressed to Hungary.

Done at ...,

*For the Council*

*The President*

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