

Hungary extends MDR reporting deadlines for six months

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The Hungarian Parliament adopted, on 23 July 2019, final legislation implementing the European Union (EU) Directive on the mandatory disclosure and exchange of cross-border tax arrangements (referred to as DAC6 or the Directive). Under DAC6, taxpayers and intermediaries are required to report cross-border reportable arrangements from 1 July 2020. However, reports will retrospectively cover arrangements where the first step is implemented between 25 June 2018 and 1 July 2020.¹

The Hungarian Mandatory Disclosure Rules (MDR) legislation is substantially aligned to the requirements of the Directive. The key highlights of the Hungarian legislation were summarized in an earlier EY Global Tax Alert.²

On 24 June 2020, the Council of the EU announced amendments to the EU Directive 2011/16 allowing Member States an option to defer for up to six months the time limits for the first filing and exchange of information on cross-border arrangements under Directive 2018/822 (DAC6 or the Directive) due to the COVID-19 pandemic. The amendments also provide the possibility of one further extension for a maximum additional three months, by unanimous decision of the Council, depending on the evolution of the pandemic.³

On 14 July 2020, the Hungarian Government issued a new regulation, deferring the reporting deadlines by six months as follows:

- ▶ Reports should be made by 28 February 2021 for "historical" cross-border arrangements (i.e., arrangements that became reportable because the first step was implemented between 25 June 2018 and 30 June 2020).
- ▶ With respect to arrangements targeted by DAC6 starting 1 July 2020, where a reportable cross-border arrangement is made available for implementation, or is ready for implementation, or where the first step in its implementation has been made between 1 July 2020 and 31 December 2020, the period of 30 days for filing information shall begin by 1 January 2021, meaning the latest date to report these arrangements is 31 January 2021.
- ▶ The date for the first exchange of information on reportable cross-border arrangements to occur by is 30 April 2021.

To date, the Hungarian Ministry of Finance has yet to publish explanatory notes or guidance on the application of the Hungarian MDR legislation.

Next steps

Determining if there is a reportable cross-border arrangement raises complex technical and procedural issues for taxpayers and intermediaries. Taxpayers and intermediaries who have operations in Hungary should review their policies and strategies for logging and reporting tax arrangements so that they are fully prepared for meeting these obligations.

Endnotes

1. See EY Global Tax Alert, [EU publishes Directive on new mandatory transparency rules for intermediaries and taxpayers](#), dated 5 June 2018.
2. See EY Global Tax Alert, [Hungary passes act to implement Mandatory Disclosure Rules](#), dated 16 August 2019.
3. See EY Global Tax Alert, [Council of the EU adopts amendments for deferral of MDR filing deadlines](#), dated 24 June 2020.

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