

SHORT GUIDEBOOK

on the Value Added Tax classification of items sold in Hungary
for the Sellers to be registered on Allegro

The purpose of this GUIDEBOOK is to present general information regarding classification of items offered on Allegro from the perspective of Value Added Tax (henceforth: “**VAT**”) treatment in Hungary. The GUIDEBOOK contains some general guidelines and practical tips for the Sellers which may be helpful during analysis of particular cases. Nevertheless, this GUIDEBOOK should not be treated as any sort of individual tax advice regarding assessment of the tax position in individual Sellers’ cases. Whenever required, the Seller should perform a relevant analysis to assess VAT treatment of particular goods and / or services supplied.

This GUIDEBOOK is relevant mostly for those Sellers, whose sales is:

- i. subject to the VAT eCommerce Package and from whom Allegro is obliged to collect VAT from the business-to-customer (B2C) sales and for those, who
- ii. are interested in conducting local business-to-business (B2B) sales from and to Hungary.

All Sellers are entitled to voluntarily declare:

- i. an entitlement or a possibility to apply decreased VAT rates on their sales in respect to the particular offer
- ii. a classification of their offer as goods or services
- iii. a basis for excluding offer from the scope of the VAT eCommerce Package.

Note that you most probably sell goods subject to the standard Hungarian VAT rate (27%). In such a case, you do not need to take any steps in this respect.

If you do not provide any information in the relevant section, for the purposes of the VAT eCommerce Package, we will assume you sell goods subject to the standard 27% VAT rate.

Note that you can check guidelines on classification of goods for VAT purposes in all the EU countries in the respective database available under:

https://ec.europa.eu/taxation_customs/tedb/#/vat-search

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Table of Contents

1. Introduction	4
1.1. What am I selling – goods or services?	5
1.2. VAT rates in Hungary	6
2. Items classified as GOODS for VAT purposes	8
2.1. What may be classified as goods for VAT purposes	8
2.2. I am selling goods in Hungary via Allegro. How to check which VAT rate is applicable? ...	8
2.3. What you should know about CN codes and how they are used for purposes of VAT treatment	8
2.4. What VAT rates are applicable on goods in Hungary	9
2.5. Which goods are subject to reduced 18%, 5% and 0% VAT rates based on CN codes? ..	10
3. Items classified as SERVICES for VAT purposes	15
3.1. I am not selling goods. Does it mean I am selling services in Hungary?	15
3.2. VAT rates applicable to services in Hungary	15
3.3. Selected examples of specific types of services often supplied via the Allegro platform .	16
3.3.1. Electronic services	16
3.3.2. Sale of tickets to cultural, artistic, sports, scientific, educational, entertaining or similar events	19
4. Exclusions – items which are not classified as Goods or Services for VAT purposes	20
4.1. I am selling money equivalents in Hungary – how is it taxed?	20
5. Exclusions or a special VAT treatment – unspecified items	21
5.1. Supply of vouchers, cards, tokens, coupons, etc.	21
5.2. What is a voucher?	21
5.3. The types of vouchers	22
5.4. Examples of vouchers with the manner of their taxation	22
6. Exclusions and special VAT treatment – goods subject to excise tax	23
6.1. What are the goods subject to excise duty?	23
7. Still not sure?	25

1. Introduction

If you are a Seller in the middle of the registration process on Allegro, you probably already know that you can offer different **Items** for listing. They may cover **goods, services** and **rights**, which are listed on Allegro (remember: there are Items, which are forbidden or restricted from being sold on Allegro, as determined in the Allegro Terms & Conditions).

Determining Item specifics and their classification is required for proper listing. However, you should also be aware that the classification of Items is also crucial to determine a correct VAT treatment of offered / supplied Items in Hungary (and, in certain cases, also within the EU).

This GUIDEBOOK provides general guidelines regarding classification of Items for VAT purposes and determination of general rules of VAT treatment in Hungary, which is important from the perspective of VAT obligations in Hungary for both the Sellers and Allegro.

Note: This GUIDEBOOK will not help you determine the Item classification for purposes other than related of VAT treatment in Hungary (e.g. it cannot be used to determine which Items are forbidden or restricted from listing on Allegro – for this purpose, read the Allegro Terms & Conditions).

VAT treatment in Hungary

As a rule, entrepreneurs, who supply goods and / or render services in the territory of Hungary within the scope of their business activity are generally obliged to register for VAT purposes in Hungary, charge VAT on the supply (i.e. add VAT to each transaction performed, especially when goods or services are supplied to private individuals), use a proper VAT rate, and collect the tax for onward payment to tax authorities through VAT filling. Only in selected cases VAT registration is not required. There are also certain types of operations, which are not covered by VAT treatment in Hungary. Moreover, there are special EU-wide procedures for limiting the VAT registrations obligations (e.g. VAT OSS or VAT IOSS – depending on the Sellers status and the transaction scheme).

Those general rules are applicable also in the case of sale transactions performed by Sellers within their business activities, via Allegro.

Depending on specifics of the transactions performed via Allegro, either the Seller or Allegro is obliged to collect VAT for those transactions and declare it to the Hungarian VAT authorities in relevant Hungarian VAT reporting. Proper information regarding Items offered by the Sellers and nature of those transactions, including Items value, country of origin, as well as VAT classification described below, will help to determine who and how should settle and collect VAT in Hungary for particular supplies.

When Allegro is obliged to collect and declare VAT in Hungary (instead of the Seller)?

Such situations refer generally to distance sales transactions where the Sellers supply goods in business to consumer relations (B2C) and where the transaction is concluded via Allegro.

Under the VAT regulations which came into force in the European Union (including Hungary) on 1 July 2021, in case of distance sales of goods to individuals (B2C relation) facilitated by electronic platform such as Allegro, VAT may be due in Hungary or other EU countries for such supplies. If Allegro facilitates such sales transactions between the Sellers and consumers located in Hungary or within the EU, it will be obliged to collect and pay VAT to the tax authorities.

Those rules (Allegro's obligation to collect VAT due on distance sales of goods to customers in B2C relation) refer only to situations where Allegro facilitates the supply of:

- goods which were already released into free circulation in the EU, and goods which are located in the EU, which are supplied to customers in the EU, irrespective of their value, when the Seller is not established in the EU (this case refers to situation where the Seller has no seat or fixed establishment within the EU, even if such Seller has registered for VAT in any EU country).

In those cases, Allegro will be obliged to apply relevant VAT rate for the goods supplied by the Seller via the platform (depending on where the customer is located or receives the supplied goods; e.g. if the customer receives the goods in Germany, the VAT rate will be applied according to VAT rules applicable in Germany), collect VAT, and pay that to the tax authorities (instead of the Seller). If the Seller provides supplies to customers in Hungary, Allegro will apply Hungarian VAT rates (please see [Point 1.2](#), [Point 2](#) and [Point 3](#) to check which VAT rates are applicable in Hungary).

When the Sellers will be obliged to collect and declare VAT in Hungary?

The Sellers need to calculate, collect, and declare VAT to the Hungarian Tax Authority in case of supply of Items classified as goods or services other than mentioned above if the supply is performed within the scope of the Seller's business activity (if the Seller is the VAT taxpayer), and the transaction is subject to VAT in Hungary.

This may refer to both B2C and B2B relations if the goods are supplied or services are provided in Hungary.

As a general rule, during invoicing, the rules of the EU Member State where the product sale or service provision to which the invoice refers are performed must be applied. If the Hungarian invoicing rules shall be applied, the rules of real-time invoice data provision (online invoice system) must be observed: on 1 January 2021, the scope of the (Hungarian) invoice data supply obligation was extended, to include all invoices issued by taxpayers in accordance with the Hungarian rules. Exceptions are e.g. invoices issued for the distance selling of goods or supply of services (i.e. transactions realised in the framework of One-Stop-Shop; abbreviated as OSS). Cases related to invoice data supply may require further analysis.

Why classification of Items is important for VAT purposes?

Regardless of who – the Seller or Allegro – is obliged to declare the VAT to the Hungarian Tax Authority, for correct VAT treatment of supplied Items it is crucial to determine:

- (i) the subject of the sale (whether these are goods or services, or other Items which are outside the scope of VAT),
- (ii) whether the VAT is due on the supply in Hungary or in another country,
- (iii) what VAT rate is applicable for that sale in Hungary, and
- (iv) how and in what amount the VAT should be settled to the Hungarian Tax Authority.

In this regard, as of 1 July 2021, a review of the nature of given transaction and matching appropriate VAT rates may have relevant consequences both for Allegro and for the Seller themselves. Additional aspects and specifics of transaction need to be analysed to determine correct VAT treatment in Hungary (for that reason Allegro will ask an additional question to the Sellers while listing Items on the platform). This GUIDEBOOK provides practical guidelines in this respect.

NOTE: VAT treatment in Hungary depends on what you sell. You need to consider:

- *whether you are supplying goods or services*
- *what categories of goods or services you provide*
- *whether there are any specific Items listed which may have specific VAT treatment (e.g. exemptions).*

1.1. What am I selling – goods or services?

Generally, under the Hungarian VAT regulations (reflecting VAT rules applicable within the European Union), transactions performed in Hungary may be classified as sales of goods or provision of services. There are also items which could fall outside the scope of VAT or which have a specific VAT treatment.

For the needs of listing Items on Allegro, it is crucial into determine if they fall in one of the 3 major groups:

- **GOODS**

Supply of goods – “goods” are defined as tangible things – except for money, cash-substitute payment instrument, the money-substitute instrument and securities (with the exception mentioned later) –, that can be possessed, the actual handing over of a constructed structure that is in the progress of being registered in the real estate register to the customer, live animals, human organs and blood, gas, electricity, heat and cold. The term “goods” also includes natural forces that can be utilised in the way of things, as well as securities, the acquisition of which also means the acquisition of ownership of the product indicated therein.

Examples: books, clothes, toys, household equipment, gas.

IMPORTANT: Vouchers, tickets, or discount coupons are generally not considered to be goods, and their sale requires special attention. Coins and banknotes that are not used as legal tender or that have a numismatic value are not considered as “money” and fall under the definition of goods. For more information about delivery of goods, see [Point 2](#).

- **SERVICES**

Supply of services is defined as any supply which is not treated as a supply of goods.

Examples: software licenses, selling accesses (subscriptions) to music and entertainment platforms, selling licenses, gaming accounts, transportation, catering and restaurant services, advisory, accountancy services, etc.

For more information about provision of services, see [Point 3](#).

- **EXCLUSIONS / SPECIFIC TREATMENT**

- a. VAT exclusions

Items, which are not subject to VAT as goods or services.

Examples: money equivalents (cash-substitute payment instrument and money-substitute instrument), such as prepaid cards or cards for safe internet payments, etc.

For more information about VAT exclusions, see [Point 4](#).

- b. Specific exclusions and VAT treatment connected with excise goods.

IMPORTANT: In some specific cases, the nature of the transaction implies a special treatment on the grounds of VAT regulations. Example: if you sell vouchers (gift vouchers, book tokens, electronic vouchers, etc.), see [Point 5](#).

1.2. VAT rates in Hungary

In Hungarian VAT regulations, particular groups of goods and services are generally assigned to specific VAT rates. The VAT rates in Hungary are: 27% (standard rate concerning the vast majority of products), 18%, 5% and 0% (reduced rates). For specific transactions, Hungarian VAT regulations provide also VAT exemption.

Goods and services, which may be subject to reduced VAT rates (18%, 5% and 0%) in Hungary are strictly determined and listed in the Hungarian VAT regulations.

In case your goods or services are not directly stipulated in the Hungarian VAT regulations as subject to a reduced rate (or VAT exemption), the standard 27% VAT rate should be applied for goods and

services provided to Hungarian customers or in Hungary (unless the transaction is fully excluded from VAT treatment).

NOTE: While listing Items on Allegro, remember to analyse and provide classification of Items you offer (goods vs. services vs. other items) to ensure that the VAT treatment in Hungary is correctly applied. Secondly, determine if the Items are subject to the standard VAT rate (27%), one of the reduced VAT rates (18%, 5% and 0%), or if they are covered by VAT exemption. In this respect, check the guidelines presented in [Point 2](#) and [Point 3](#) below.

2. Items classified as GOODS for VAT purposes

2.1. What may be classified as goods for VAT purposes

As determined above, “goods” are defined as tangible things – except for money, cash-substitute payment instruments, the money-substitute instruments and securities (with the exception mentioned later) –, that can be possessed, the actual handing over of a constructed structure that is in the progress of being registered in the real estate register to the customer, live animals, human organs or blood, gas, electricity, heat and cold. The term “goods” also includes natural forces that can be utilised in the way of things, as well as securities, the acquisition of which also means the acquisition of ownership of the product indicated therein.

Examples: books, clothes, toys, household equipment, gas.

2.2. I am selling goods in Hungary via Allegro. How to check which VAT rate is applicable?

To check how the goods you sell are taxed in Hungary, you need to determine:

- i. the category or type of goods you sell, and
- ii. how it is classified for the purposes of the Combined Nomenclature (i.e., with consideration of so called “CN codes”).

2.3. What you should know about CN codes and how they are used for purposes of VAT treatment

CN codes are used for classifying goods. They are set up to meet the requirements of both the Common Customs Tariff, and the EU’s external and intra-community trade statistics. The CN codes are assigned based on the nature or type of goods.

In order to determine a correct CN code, identify the category of the goods you sell and find a corresponding CN code on the list of Combined Nomenclature available on the European Commission website under this link: [CN codes](#).

In order to facilitate proper classification, also check explanatory notes for the Combined Nomenclature: [CN explanatory notes](#).

When possessing the aforementioned information (category of product and a CN code), in the majority of cases you should be able to assess if the goods you sell are subject to the standard or the reduced VAT rate in Hungary. This is because Hungarian VAT regulations generally determine reduced VAT rates for goods classified by specific CN codes (note that there are also cases where reduced VAT rates are applicable to specific types of goods, regardless of CN codes, if they have certain characteristics or meet certain conditions). However, please note that in order to apply the reduced rate the specific goods should match not only the prescribed CN code but also the wording description for the given category (see below).

If you know CN codes of the goods you sell, see [Point 2.4](#) and [Point 2.5](#) below to check the general information on the tax rate applicable to your goods.

Note that generally all goods covered by the same CN code should be taxed with the same tax rate. Only in some cases, goods that potentially should be assigned to a particular group (which is taxed according to one VAT rate) are taxed with different VAT rates as an exception – however, such situations are clearly indicated in the Hungarian VAT regulations. In such cases, there exist a clear exclusion (e.g. for some goods within one CN group which cannot be taxed with a given reduced VAT rate as other goods within the same CN group).

If you use a reduced VAT rate, you should check the CN code of goods you sell at least once a year, as possible changes in the CN classification and the Hungarian VAT regulations may affect VAT treatment.

2.4. What VAT rates are applicable on goods in Hungary

In Hungary, supply of goods can be subject to following VAT rates:

27% BASIC VAT RATE	Applicable to the vast majority of products (all goods that could not be identified as subject to a reduced VAT rate of 18%, 5% and 0% rate, or the VAT exemption). Examples: clothes, furniture, kitchenware, jewellery, car accessories, electronic devices, toys, household equipment, animal feedstuff, etc.
18% REDUCED VAT RATE	Examples: some dairy-, cereal-, and bakery products. To check whether the goods you sell should be subject to reduced 18% VAT rate, see <i>Table A</i> below.
5% REDUCED VAT RATE	Examples: human medicines, selected healthcare products, selected products for disabled people, certain types of meat (e.g. pork, chicken, fish), milk, eggs, books, and newspapers (except for daily newspapers). To check whether the goods you sell should be subject to the reduced 5% VAT rate, see <i>Table B</i> below.
0% REDUCED VAT RATE	One product only: daily newspaper products (journals published at least 4 times in a week; CN code under 4902). To check whether the goods you sell should be subject to the reduced 0% VAT rate, see <i>Table C</i> below.
VAT EXEMPTION	The VAT exemption more often applies to services (such as financial or insurance services, etc.) than to goods. Goods exempted from VAT in the B2C relation may cover e.g., a supply of postal stamps (for nominal value) used in Hungary, or supply of selected immovable properties.

To avoid making mistakes in classification of Items, you need to carefully verify the nature of your Item, as well as check which VAT rate is applicable – sometimes Items, which seem to be similar may have different VAT classifications and be applicable to different VAT rates.

Example 1:

Transactions, including banknotes and coins used as legal tender are out of scope of VAT, meanwhile golden investment products are generally VAT exempt (please note, that on the hand, investment products made of other materials, e.g. silver, are not VAT exempt, on the other hand, certain taxpayers can make the golden investment products VATable based on their own decision). Under the Hungarian VAT regulations, collectible banknotes and coins, as such considered to be coins of gold, silver, or other metals and banknotes that are not normally used as a legal tender or are of a numismatic value are subject to the basic 27% VAT rate. Furthermore, special rules are applicable for traders with used goods and collectibles.

Example 2:

Supply of food or drinks consumed **outside** a restaurant is taxable according to the 27% VAT rate. However, supply of food or drinks consumed **in** a restaurant facility (without takeaway) in the framework of a hospitality service, is considered as “restaurant services” (NACE code: 5610) and taxable according to the 5% VAT rate.

Food and / or non-alcoholic drinks consumed in a restaurant facility (no takeaway) (NACE: 5610)	5%
Food and / or drinks (irrespective of alcohol content) outside the restaurant facility (takeaway)	27%

2.5. Which goods are subject to reduced 18%, 5% and 0% VAT rates based on CN codes?

Below you will find *Table A* with listed goods, which are subject to reduced VAT rates of 18%, as well as *Table B* with listed goods, which are subject to reduced VAT rates of 5% (depending on their CN codes and wording descriptions). In Hungary, the reduced VAT rates are applicable for specific goods, as presented in *Table A* (18%) and *Table B* (5%) as well as *Table C* (0%).

As a general rule, it is possible to decide whether the VAT rate of the given product is reduced or not by checking its description and CN code (in case of certain medical products, the so-called ISO code). The ISO codes can be checked in Annex 10 to Hungarian *Ministry of Health (abbreviated in Hungarian as EüM) Decree No. 14/2007 (III. 14.) on the Admission of Medical Aids for Subsidies Within the Social Security System, and on Their Prescription, Distribution and Repair with Social Security Subsidies* as effective on 1 January 2012.

Table A – Goods subject to reduced VAT rate of 18%

CN code	Name of Goods (group of Goods)	Reduced VAT rate
under 0401 0402 0403 0404 10 under 0405 ex 0406	Milk and milk products (excluding mother's milk and products under 0401 10, or under 0401 20)	18%
under 0404 90	Dairy products [excluding imitation milk drinks (milk-derivative-based drinks), usually containing a mixture of milk and permeates – or whey and / or cream –, whose quality and quantitative composition differs from natural milk, and contains significantly less protein than natural milk]	18%
under 2202 99 91 under 2202 99 95 under 2202 99 99	Flavoured milk	18%
under 1901 1903 1904 1905 10 1905 40 1905 90	Cereals, flour, starch or milk products (excluding products under 1901 10 00, under 2106 90 92, under 2106 90 98, under 2202 99, or under 3004 50 00)	18%
under 1806 under 2106	Cheese products for dessert	18%

Table B – Goods subject to reduced VAT rate of 5%

CN code	Name of Goods (group of Goods)	Reduced VAT rate
	Medicinal products for human consumption governed under the Act on Medicinal Products for Human Use and on the Amendment of Other Regulations Related to Medicinal Products and licensed by an authority provided for in specific other legislation, and pharmaceuticals imported in non-commercial circulation by authorization of the competent authority; Magistral formula for human consumption.	5%

CN code	Name of Goods (group of Goods)	Reduced VAT rate
1211 90 86; under 1211 50 00 under 1302	Drugs made from common medicinal herbs for sale to the general public in regular retail packages	5%
under 3002 11 under 3002 12 under 3002 13 under 3002 14 under 3002 15 under 3002 19 under 3002 90 under 3006 20 under 3006 30 under 3821 under 3822	Diagnostic reagents for human consumption authorised by the competent authority	5%
under 2844 40 20 00	Radioactive isotopes for medical purposes	5%
under 1901 10 00 under 2106 90 92 under 2106 90 98 under 2202 99 under 3004 50 00	Dietary supplements for special medicinal purposes (foodstuffs), mother's milk substitutes and supplements (foodstuffs) defined in specific other legislation	5%
under 2804 40	Oxygen for medical use (packaged in max. 10- or 20-liter, 150- or 200-bar pressure bottles, or in liquid form, only if listed in the pharmacopoeia)	5%
under 3926 90	Braille-boards, plastic	5%
under 6602	White canes for the blind	5%
under 8205 59 80	Perforators for the blind	5%
under 8310	Braille-boards, metal	5%
under 8472 90 90 under 8443 under 8543	Braille typewriter, Braille printer, Braille display for the blind	5%
under 8471	Signal processing unit for the blind and for the hearing impaired (sold at cost by the Association to its members)	5%
under 8517 69 90	Telephone operator adapters for the blind	5%
under 9102	Braille-clocks for the blind	5%
under 4901 4903	Books	5%
under 4902	Periodicals, other newspapers (journals published at least once in a year)	5%
4904	Sheet-music	5%
	Books (under 4901 or 4903) and Sheet-music (4904) reproduced on any form of physical support or medium.	5%
0103 1000	Pure-bred breeding swine	5%
0103 9110	Domestic swine, weighing less than 50 kg	5%

CN code	Name of Goods (group of Goods)	Reduced VAT rate
0103 9211	Live sows, having farrowed at least once, of a weight of not less than 160 kg	5%
0103 9219	Live domestic swine, of a weight of not less than 50 kg	5%
0203 1110	Domestic swine whole or halved, fresh or chilled	5%
0203 2110	Domestic swine whole or halved, frozen	5%
0102 21 10 0102 21 30 0102 21 90	Pure-bred cattle for breeding	5%
under 0102 29 05 under 0102 29 10 under 0102 29 21 under 0102 29 29 under 0102 29 41 under 0102 29 49 under 0102 29 51 under 0102 29 59 under 0102 29 61 under 0102 29 69 under 0102 29 91 under 0102 29 99	Other, live domestic bovines	5%
0104 10 10	Pure-bred sheep for breeding	5%
under 0401 10 30 under 0401 10 80	Other, live domestic sheep	5%
0104 20 10	Pure-bred breeding goats	5%
under 0104 20 90	Other, live domestic goats	5%
under 0201 10 00	Meat of domestic bovine animals, fresh or chilled, carcasses and half-carcasses	5%
under 0201 20 20	Meat of domestic bovine animals, fresh or chilled, other cuts with bone in, "compensated" quarters	5%
under 0201 20 30	Meat of domestic bovine animals, fresh or chilled, other cuts with bone in, unseparated or separated forequarters	5%
under 0201 20 50	Meat of domestic bovine animals, fresh or chilled, other cuts with bone in, unseparated or separated hindquarters	5%
under 0202 10 00	Meat of domestic bovine animals, frozen, carcasses and half-carcasses	5%
under 0202 20 10	Meat of domestic bovine animals, frozen, other cuts with bone in, "compensated" quarters	5%
under 0202 20 30	Meat of domestic bovine animals, frozen, other cuts with bone in, unseparated or separated forequarters	5%
under 0202 20 50	Meat of domestic bovine animals, frozen, other cuts with bone in, unseparated or separated hindquarters	5%
under 0204 10 00	Carcasses and half-carcasses of lamb, fresh or chilled	5%
under 0204 21 00	Other meat of sheep, fresh or chilled, carcasses and half-carcasses	5%

CN code	Name of Goods (group of Goods)	Reduced VAT rate
under 0204 22 10	Other meat of sheep, fresh or chilled, other cuts with bone in, short forequarters	5%
under 0204 30 00	Carcasses and half-carcasses of domestic lamb, frozen	5%
under 0204 41 00	Other meat of domestic sheep, frozen, carcasses and half-carcasses	5%
under 0204 42 10	Other meat of sheep, frozen, other cuts with bone in, short forequarters	5%
under 0204 50 11	Meat of domestic goats, fresh or chilled, carcasses and half-carcasses	5%
under 0204 50 13	Meat of domestic goats, fresh or chilled, short forequarters	5%
under 0204 50 51	Meat of domestic goats, frozen, carcasses and half-carcasses	5%
under 0204 50 53	Meat of domestic goats, frozen, short forequarters	5%
under 0203 (ex.: 0203 1110, 0203 2110)	Meat of domestic swine, fresh, chilled or frozen	5%
0207	Meat and edible offal, of the poultry of heading 0105, fresh, chilled or frozen	5%
under 0407	Birds' eggs, in shell, fresh	5%
under 0401 10 under 0401 20	Milk and dairy products (excluding mother's milk)	5%
under 0301	Live fish suitable for human consumption, excluding ornamental fish	5%
under 0302 under 0303	Fish suitable for human consumption (including skins, roes, milt and livers thereof and other edible fish offal), fresh, chilled or frozen, excluding sharks	5%
under 0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen, suitable for human consumption, excluding shark meat	5%
under 0206 30 under 0206 41 under 0206 49	Meat and edible meat offal of domestic swine, fresh, chilled or frozen	5%

List of products from among the medical aids defined in Annex 10 to Hungarian *Ministry of Health (abbreviated in Hungarian as EüM) Decree No. 14/2007 (III. 14.) on the Admission of Medical Aids for Subsidies Within the Social Security System, and on Their Prescription, Distribution and Repair with Social Security Subsidies* as effective on 1 January 2012.

ISO code	Name of Goods (group of Goods)	Reduced VAT rate
06 12 03 03	Foot orthoses for congenital <i>talipes equinovarus</i> (clubfoot)	5%
06 12 03 15	Foot orthoses for leg paralysis	5%
06 12 06 06 03	Peroneal splints	5%
06 12 06 09	Custom-made ankle-foot orthoses	5%
06 12 15 09	Custom-made hip orthoses	5%
06 12 18 03	Hip-knee-ankle-foot orthoses	5%

ISO code	Name of Goods (group of Goods)	Reduced VAT rate
06 12 30	Accessories for lower limb orthoses	5%
06 18	Upper limb prostheses	5%
06 24	Lower limb prostheses	5%
06 30 21 03	Ocular prostheses	5%
06 33 06 09	C-3 Orthopaedic footwear for deformed or mutilated limbs	5%
06 33 06 06 12	Orthopaedic footwear for grossly deformed or mutilated limbs	5%
09 06 18 03	Assistive products for knee protection or leg protection	5%
09 15	Assistive products for tracheostomy care	5%
09 18	Adhesive products for ostomy care, other than the ostomy products under 09 18 14 06 ISO code	5%
12 21 27	Electrically powered wheelchairs with powered steering	5%
15 09 30	Feeding probes	5%
21 03 21	Telescopic glasses	5%
21 42 12	Sound generators	5%

Table C – Goods subject to reduced VAT rate of 0%

CN code	Name of Goods (group of Goods)	Reduced VAT rate
under 4902	Daily newspaper products (journals published at least 4 times in a week)	0%

3. Items classified as SERVICES for VAT purposes

As mentioned in the introduction, identifying the given transaction's nature (supply of goods vs. supply of services) is crucial for proper determination of VAT obligations arising for both Allegro and Sellers.

3.1. I am not selling goods. Does it mean I am selling services in Hungary?

According to the Hungarian VAT regulations, as a rule, if you are performing business activity in Hungary and you are not selling goods (defined in [Point 2](#) above), you are probably selling services.

Examples: transportation, catering and restaurant services, advisory, accountancy services, as well as electronic services.

Doubts regarding proper identification of service will usually arise in case of electronic services or discount coupons, due to intangible nature of provided products.

If you sell electronic services, please see [Point 3.3.1](#).

If you sell tickets to concerts or other cultural events, please see [Point 3.3.2](#).

IMPORTANT: There may be situations, where the sale of an Item constitutes neither a delivery of goods nor provision of services.

EXAMPLE: The sale of particular types of vouchers or prepaid cards (or cards for safe payments on the Internet) may not necessarily constitute the provision of services. Please check [Point 4](#) below to see examples.

3.2. VAT rates applicable to services in Hungary

If the services you supply via the Allegro platform are taxed in Hungary, note that most of the services are subject to the 27% VAT rate. However, there are specific situations when a reduced VAT rate (and potentially VAT exemption for strictly determined service types) could be applied to the provided services.

A reduced VAT rate of 5% is applicable to:

- District heating services, including the production of heat from renewable energy sources under the Hungarian Act on Electric Energy.
- Services supplied by performing artists:
 - in restaurants and other hospitality establishments of the like,
 - in private family events and other similar gatherings of restricted access, or
 - in the form of instrumental live music in community events which are not covered by the government decree on improving the safety of musical events in dancing establishments, organised free of admission.
- In restaurants meals and food prepared on site, and supply of non-alcoholic beverages (NACE: 5610)
- Internet access services
- Provision of accommodation
- Passenger coach services defined in Paragraph *b*) of Point IV of Annex 3 to Hungarian Government Decree 235/2019 (X. 15.) on the Implementation of the Act on Public Tasks Relating to the Development of Tourist Areas, as effective on 8 May 2023, provided that continuously availability for the user of the service is provided only if payment is made electronically.

A reduced VAT rate of 18% is applicable to:

- Services provided exclusively for the control of entry into outdoor events specified in Hungarian Government Decree 23/2011 (III. 8.) on Provisions for Improving the Safety of Musical and Dancing Events in effect on 1 January 2012: certain outdoor musical and dancing events (like concerts and festivals) held at a given Hungarian location on no more than ten consecutive days.

IMPORTANT: In some cases, the supply of services shall be exempt from VAT. VAT-exempt services usually cover financial services, insurance services, lease of immovable property and certain educational or medical services.

IMPORTANT: It is necessary to differentiate between a provision of services and a sale of "items" (like particular types of vouchers) which may not necessarily constitute services.

EXAMPLE: In case of provision of:

- SPV vouchers, their supply should be treated as supply of the services to which the voucher relates. To check if you sell vouchers, see [Point 5.1](#).
- money equivalents, such as prepaid cards (or cards for safe payments on the Internet), they should not trigger charging VAT. To check if you sell money equivalents, see [Point 4.1](#).

3.3. Selected examples of specific types of services often supplied via the Allegro platform

Below you will find examples of categories of specific services that the Sellers might sell via the Allegro platform.

Comments below could be helpful if you have any doubts regarding proper classification of products you offer.

3.3.1. Electronic services

Rules regarding the taxation of electronic services

If you render electronic services, you should:

- check the status of recipient (whether it is a taxpayer or not)
- determine whether it is you that provides services in favour of a final beneficiary
- potentially register for VAT in Hungary (if necessary) – note that most of the EU countries allow to apply simplifications (settlements via OSS in the country of identification)
- account for VAT accordingly.

Ask your tax advisor for details.

IMPORTANT: Make sure what is the subject of your sale (e.g. whether it is an electronic service instead of a voucher). To check if you sell vouchers, see [Point 5.1](#).

Definition of electronic services

By electronic services, the VAT regulations understand services which are delivered over the Internet or an electronic network, and the nature of which renders their supply automated and involving minimal human intervention, and impossible to ensure in the absence of information technology.

According to the Hungarian Act on VAT, electronically supplied services shall include:

- hosting, website supply, web-hosting, distance maintenance of programs and equipment;
- supply of software and updating thereof;
- supply of images, text and information and making available of databases;
- supply of music, films and games, including games of chance and gambling games, and of political, cultural, artistic, sporting, scientific and entertainment media services and events;
- supply of distance teaching;

provided that they are supplied through access to global information networks. Where the supplier of a service and the customer communicate via electronic mail, over such networks – including the presentation and acceptance of an offer –, that shall not of itself mean that the service supplied is an electronically supplied service.

Generally, electronic services should be subject to the 27% VAT rate.

Examples of electronic services

Examples of electronic services and services, which are similar but are not treated as electronic services can be found below:

IMPORTANT: Make sure what is the subject of your sale (e.g. whether it is an electronic service instead of a voucher).

	Examples of electronic services	Examples of non-electronic services
1.	the supply of digital products generally, including software and changes to or upgrades of software	radio and television broadcasting services
2.	presence on an electronic network, such as a website or a webpage	telecommunications services
3.	services automatically generated from a computer via the Internet or an electronic network, in response to specific data input by the recipient	goods where the order and processing is done electronically
4.	the transfer for consideration of the right to put goods or services up for sale on an Internet website operating as an online market on which potential buyers make their bids by an automated procedure and on which the parties are notified of a sale by electronic mail automatically generated from a computer	CD-ROMs, floppy disks and similar tangible media
5.	Internet Service Packages (ISP) of information in which the telecommunications component forms an ancillary and subordinate part (i.e., packages going beyond a mere Internet access and including other elements such as content pages giving access to news, weather forecasts, or travel reports; playgrounds; website hosting; access to online debates etc.)	printed matter, such as books, newsletters, newspapers, or journals
6.	website hosting and webpage hosting	CDs and audio cassettes
7.	automated, online, and distance maintenance of programs	video cassettes and DVDs
8.	remote system administration	games on a CD-ROM
9.	online data warehousing where specific data is stored and retrieved electronically	services of professionals such as lawyers and financial consultants who advise clients by e-mail
10.	online supply of on-demand disc space	teaching services where the course content is delivered by a teacher over the Internet or an electronic network (namely via a remote link)

	Examples of electronic services	Examples of non-electronic services
11.	software to block banner adverts showing, otherwise known as Bannerblockers	offline physical repair services of computer equipment
12.	download drivers, such as software that interfaces computers with peripheral equipment (such as printers)	offline data warehousing services
13.	online automated installation of filters on websites	advertising services, in newspapers, on posters, and on television
14.	online automated installation of firewalls	telephone helpdesk services
15.	accessing or downloading desktop themes	teaching services purely involving correspondence courses, such as postal courses
16.	accessing or downloading photographic or pictorial images or screensavers	conventional auctioneers' services reliant on direct human intervention, irrespective of how bids are made
17.	the digitised content of books and other electronic publications	telephone services with a video component, otherwise known as videophone services
18.	subscription to online newspapers and journals	access to the Internet and World Wide Web
19.	weblogs and website statistics	telephone services provided through the Internet
20.	online news, traffic information and weather reports	
21.	online information generated automatically by software from specific data input by the customer, such as legal and financial data, (in particular such data as continually updated stock market data, in real time)	
22.	the provision of advertising space including banner ads on a website / web page	
23.	use of search engines and Internet directories	
24.	accessing or downloading of music on to computers and mobile phones	
25.	accessing or downloading of jingles, excerpts, ringtones, or other sounds	
26.	accessing or downloading of films	
27.	downloading of games on to computers and mobile phones	
28.	accessing automated online games which are dependent on the Internet access, or other similar electronic	

Source: COUNCIL IMPLEMENTING REGULATION (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of Value Added Tax) Article 7 and Annex I ([link](#))

Note that there are lot of Items, sold via Allegro platform (especially those related to gaming) of which a correct identification as an electronic service could raise doubts. Doubts may arise in case of:

- access to an account (along with the game) or a game available on a gaming platform – both new or developed to a certain level – in particular, if access is granted by providing a key code
- an access to account available on a gaming platform (along with the game – both new or developed to a certain level) – in particular if access is granted by providing a login and a password
- access to game currency – where access is granted by providing a key code

- access to game currency – in particular if the access is granted via game characters, during the game, etc.

Note that the sale of the above Items could be potentially treated as delivery of unspecified item, for example a voucher enabling to purchase items, or provision of services regarding granting access to specified content. If the assessment of VAT consequences regarding the supply of particular products raises doubts, contact your tax advisor to verify relevant VAT treatment.

3.3.2. Sale of tickets to cultural, artistic, sports, scientific, educational, entertaining or similar events

Note that on the grounds of VAT, sale of tickets to cultural artistic, sports, scientific, educational, entertaining, or similar events is generally treated as provision of services.

The ticket is an identity card confirming that a holder or a person named on a ticket has the right to use the service offered by the entrepreneur using the ticket (and therefore obliges the entrepreneur to perform the service and not only to accept the document as remuneration for the service). Remember that sale of tickets via the Allegro platform may be subject to specific rules (specific listing).

4. Exclusions – items which are not classified as Goods or Services for VAT purposes

As mentioned before, situations arise where the sale is not treated as a supply of goods or provision of services. Such situation takes place, for example, if you sell paysafe or prepaid cards, coins and banknotes that are not used as legal tender or that have numismatic value.

4.1. I am selling money equivalents in Hungary – how is it taxed?

By prepaid cards or cards for safe payments (such as paysafe cards), we understand the cards that enable exchanging cash or money deposited in a bank account into “electronic money”, to be used in the form of a prepaid card. The money collected in a prepaid card lets the customer use it to make electronic purchases e.g. on the Internet, using them to pay for the purchased goods or services to several selected entities. Neither the issuer of prepaid cards nor the distributor has any knowledge of how the customer will use their prepaid card, i.e. for which goods or services they will pay and which entity they will buy from.

According to VAT regulations, supplying prepaid cards should not be considered as either the supplying of goods or the provision of services, because:

- a) prepaid cards and electronic money do not meet the definition of goods (as they represent monetary value)
- b) in general the prepaid cards provided to customers do not constitute benefit as such, but only entitle them to use prepaid cards effectively as money equivalent.

Thus, if you sell prepaid cards or electronic money, such supply should generally remain outside the scope of the VAT treatment.

On the other hand, some transactions, including agency or concerning currency, banknotes, and coins used as legal tender are subject to VAT (still, are VAT exempted). Additionally, banknotes and coins which are collectors' items, considered to be coins of gold, silver, or other metals, and banknotes that are not normally used as legal tender or are of a numismatic value are subject to VAT (the basic 27% VAT rate or a special procedure of VAT margin is applicable).

5. Exclusions or a special VAT treatment – unspecified items

In some situations, the assignment of an Item to one of the groups described above could be problematic. In that event, check whether your Item should not be treated, for example, as a voucher, a discount coupon, or a ticket. If in doubt, contact your tax advisor.

5.1. Supply of vouchers, cards, tokens, coupons, etc.

Note that it is crucial to determine whether the Item you sell on Allegro should not be identified as a voucher – as there are special rules of voucher taxation. Additionally, in certain cases, delivery of a voucher could remain outside the scope of VAT treatment.

5.2. What is a voucher?

If you sell, for example:

- telephone cards
- prepaid phone credit
- tokens
- certain types of discount vouchers or instruments
- credits that can be used online

you need to check if it is not a voucher in the meaning of the VAT regulations.

A voucher is an instrument in an electronic or a physical form where:

- there is an obligation to accept it as remuneration or partial remuneration for a supply of goods or services,
- and
- the goods or services to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms of use of such instruments.

The name or title of the instrument is not decisive. Instead, it must meet the criteria above to be considered a voucher for VAT purposes.

Tickets to cinemas or museums, postage stamps, and the like are not considered vouchers. If you sell tickets, go to [Point 3.3.2](#).

Discount instruments that entitle the holder to a discount upon the purchase of goods or services but carry no right to receive such goods or services are not considered vouchers.

5.3. The types of vouchers

There are two types of vouchers: single-purpose vouchers (SPV) and multi-purpose vouchers (MPV). Taxation of vouchers depends on the kind of voucher that is sold.

IMPORTANT: It is important to determine what type of voucher you sell.

Single-purpose vouchers (SPV)	Multi-purpose vouchers (MPV)
<p>A single-purpose voucher is a voucher for which the following is known at the time of issuing the voucher:</p> <ul style="list-style-type: none"> the place of supply of the goods or the services to which the voucher relates, and the VAT rate due on those goods or services. <p>A voucher meeting those conditions can only be considered an SPV where the underlying supply to which the voucher relates is liable at a single rate of VAT.</p> <p>For example, where the underlying goods or services are taxed at the same rate (standard or reduced), the voucher is an SPV. When different VAT rates apply to the underlying supplies, then the voucher should be treated as a multi-purpose voucher</p>	<p>Any voucher that is not an SPV is considered to be a multi-purpose voucher for VAT purposes.</p> <p>MPVs can be used to purchase many different goods and services that are liable to different rates of VAT and can have different places of supply. A voucher is an MPV where either the underlying supply or the VAT that is due is not known.</p>
<p>The issuing of an SPV and each subsequent transfer of an SPV are subject to VAT at the rate that applies to the goods or services to which the voucher relates.</p> <p>Effectively, the underlying supply and applicable VAT rate is known at the time of issuing the SPV. The VAT is due in the VAT period in which it is sold.</p>	<p>VAT is only chargeable when an MPV is redeemed for the underlying supply of goods or services. The handing over of the goods or actual provision of the services in return for an MPV is a supply for VAT purposes.</p> <p>The transfer or issuing of an MPV (the sale of an MPV) by a taxable person to another taxable person should be outside the scope of VAT.</p>
<p>The rate of VAT on the issue, transfer or supply of an SPV is the rate applicable to the underlying goods or services.</p> <p>An SPV can also be exempt from VAT if the underlying goods or services are VAT-exempted.</p>	<p>No VAT is due on the issuing, transfer or supply of an MPV. The VAT only becomes due when an MPV is redeemed.</p> <p>The rate of VAT applicable on redemption of an MPV is the rate applicable to the underlying goods or services supplied.</p>

5.4. Examples of vouchers with the manner of their taxation

Examples			
1.	a key code giving the access to specified operating system (licence) in Hungary	voucher (SPV)	taxable – 27% VAT
2.	a key code giving the access to a specific gaming platform in Hungary	voucher (SPV)	taxable – 27% VAT
3.	a gift card worth 50 USD enabling the purchase of specific goods or services in specific shop, subject to one specific VAT rate (e.g. a car part) in Hungary	voucher (SPV)	taxable – one VAT rate appropriate for the specified good or service
4.	a gift card worth 50 USD enabling the purchase of different (unspecified) goods or services in a specific shop or platform, potentially subject to different VAT rates (e.g. different types of food or groceries)	voucher (MPV)	outside of VAT at the moment of supplying such a gift card

6. Exclusions and special VAT treatment – goods subject to excise tax

When checking the above, you should also verify whether your Item may be subject to excise duty (usually tobacco, alcohol, fuel, and others). This is also important in view of the fact that excise tax goods do not fall under the standard regulations regarding the distance sale of goods, especially if performed via platforms such as Allegro, and may be taxed separately based on specific regulations. Bearing that in mind, you should verify if the goods you sell are subject to excise duty or not.

6.1. What are the goods subject to excise duty?

Under the term “excise goods”, there are particular energy products, alcoholic beverages, and tobacco products, as defined by the EU legislation. Below you can find definitions and examples of products included in each category of excise goods.

CATEGORY OF EXCISE GOODS	DEFINITIONS
ENERGY PRODUCTS <i>(Article 2 of COUNCIL DIRECTIVE 2003/96/EC; link)</i>	The term “energy products” covers the following products: (a) falling within CN codes 1507 to 1518 if these are intended for use as heating fuel or motor fuel (b) falling within CN codes 2701, 2702, and 2704 to 2715 (c) falling within CN codes 2901 and 2902 (d) falling within CN code 2905 11 00 which are not of synthetic origin if these are intended for use as heating fuel or motor fuel (e) falling within CN code 3403 (f) falling within CN code 3811 (g) falling within CN code 3817 (h) falling within CN code 3824 90 99 if these are intended for use as heating fuel or motor fuel (i) any product intended for use, offered for sale, or used as motor fuel, or as an additive or extender in motor fuels (j) any other hydrocarbon, except for peat, intended for use, offered for sale, or used for heating purposes.
ALCOHOLIC BEVERAGES	COUNCIL DIRECTIVE 92/83/EEC (link)
Beer (Article 2)	The term “beer” covers any product falling within CN code 2203 or any product containing a mixture of beer with non-alcoholic drinks falling within CN code 2206, in either case with an actual alcoholic strength by volume exceeding 0.5% vol.
Ethyl alcohol (Article 20)	The term “ethyl alcohol” covers: <ul style="list-style-type: none"> all products with an actual alcoholic strength by volume exceeding 1.2% volume which fall within CN codes 2207 and 2208, even when those products form a part of a product which falls within another chapter of the CN; products with CN codes 2204, 2205 and 2206 which have an actual alcoholic strength by volume exceeding 22% vol.; products containing diluted or undiluted spirit.
Still wine (Article 8)	The term “still wine” covers all products falling within CN codes 2204 and 2205, except for sparkling wine: <ul style="list-style-type: none"> having an actual alcoholic strength by volume exceeding 1.2% vol. but not exceeding 15% vol. provided that the alcohol contained in the finished product is entirely of fermented origin; having an actual alcoholic strength by volume exceeding 15% vol. and not exceeding 18% vol. provided they have been produced without any enrichment and that the alcohol contained in the finished product is entirely of fermented origin.
Sparkling wine (Article 8)	The term “sparkling wine” covers all products falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205 which:

CATEGORY OF EXCISE GOODS	DEFINITIONS
	<ul style="list-style-type: none"> are contained in bottles with mushroom-shaped stoppers held in place by ties or fastenings, or have an excess pressure due to carbon dioxide in solution of three bar or more; have an actual alcoholic strength by volume exceeding 1.2% vol. but not exceeding 15% vol. provided that the alcohol contained in the finished product is entirely of fermented origin.
Other still fermented beverages (Article 12)	<p>The term “other still fermented beverages” covers all products falling within CN codes 2204 and 2205 (other than wine) and products falling within CN code 2206, except other sparkling fermented beverages, as defined below, and beer:</p> <ul style="list-style-type: none"> having an actual alcoholic strength by volume exceeding 1.2% vol. but not exceeding 10% vol.; having an actual alcoholic strength by volume exceeding 10 % but not exceeding 15% vol. provided that the alcohol contained in the product is entirely of fermented origin.
Other sparkling fermented beverages (Article 12)	<p>The term “other sparkling fermented beverages” covers all products falling within CN code 2206 00 91, as well as products falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205 (other than wine), which:</p> <ul style="list-style-type: none"> are contained in bottles with 'mushroom stoppers' held in place by ties or fastenings, or have an excess pressure due to carbon dioxide in solution of three bar or more; have an actual alcoholic strength by volume exceeding 1.2% vol., but not exceeding 13% vol.; have an actual alcoholic strength by volume exceeding 13%, but not exceeding 15% vol. provided that the alcohol contained in the product is entirely of fermented origin.
Intermediate products (Article 17)	<p>The term “intermediate products” covers all products of an actual alcoholic strength by volume exceeding 1.2% vol., but not exceeding 22% vol. and falling within CN codes 2204, 2205 and 2206 (not included in the groups listed above).</p>
TOBACCO PRODUCTS	COUNCIL DIRECTIVE 2011/64/EU (link)
Cigarettes (Article 3)	<p>The term cigarettes means:</p> <p>(a) rolls of tobacco that can be smoked as they are and which are not cigars or cigarillos;</p> <p>(b) rolls of tobacco which by simple non-industrial handling are inserted into cigarette paper tubes;</p> <p>(c) rolls of tobacco which by simple non-industrial handling are wrapped in cigarette paper.</p>
Cigars and cigarillos (Article 4)	<p>The term “cigars and cigarillos” covers the following products if they can be and, given their properties and normal consumer expectations, are exclusively intended to be smoked, as they are:</p> <p>(a) rolls of tobacco with an outer wrapper of natural tobacco;</p> <p>(b) rolls of tobacco with a threshed blend filler and with an outer wrapper of the normal colour of a cigar, of reconstituted tobacco, covering the product in full, including, where appropriate, the filter but not, in the case of tipped cigars, the tip, where the unit weight, not including filter or mouthpiece, is not less than 2.3 g and not more than 10 g, and the circumference over at least one third of the length is not less than 34 mm.</p>
Smoking tobacco (Article 5)	<p>The term “smoking tobacco” means:</p> <p>(a) tobacco which has been cut or otherwise split, twisted or pressed into blocks and is capable of being smoked without further industrial processing;</p> <p>(b) tobacco refuse put up for retail sale (other than cigarettes, cigars, cigarillos) and which can be smoked.</p>

7. Still not sure?

In some cases, determination of the correct VAT rate could be difficult and raise multiple questions. Remember that this GUIDEBOOK is not a tax advice. It should not be treated as any sort of advice regarding classification of the VAT rates of performed transactions or assessment of tax position in individual Sellers' cases. In particular situations, the Seller should perform relevant analysis on their own.

Remember that incorrect taxation of sale of goods and services in Hungary may trigger relevant risks for Allegro, but especially for the Seller, as well as his clients.