

EKAER – Information letter about change in procedures

Dear Customer,

The Hungarian Government has implemented the Electronic Trade and Transport Control System (EKAER) with effect from 01.01.2015. The EKAER has been designed to minimise the risk of VAT fraud.

Following requests put forward by market players, the Government extended the test phase of the online system for tracking goods until 01.03.2015.

The NTCA (*National Tax and Customs Administration*) auditors and customs guards will check consignments and vehicles in the first two months of the year, but the main purpose of the inspections will be to spread information about the new system until 28 February. Default penalties will not be imposed until 1 March 2015. (Please find an official overview of the system below. Detailed information is also available at <https://ekaer.nav.gov.hu/>.)

It is a huge workload for the Hungarian tax payers to meet the legal requirements, however, it also requires additional work and caution by all participants in the entire supply chain.

The NTCA auditors are monitoring compliance with the law during tax inspections, and customs guards are carrying out inspections of vehicles on the roads.

Unreported goods will be deemed of unconfirmed origin, which may result in a default penalty amounting to up to 40% of the value of the unreported goods. The National Tax and Customs Administration may seize goods up to the value of the default penalty or use an official seal to seal the trailer/consignment.

Any deviations or errors in reported data may cause long waiting times during the vehicle inspection and may lead to seizure of the goods and/or to sealing of the vehicle.

As a forwarding company we need to change our procedures relating to shipments to/from Hungary in order to avoid penalties for our customers, waiting times during inspections and consequences thereof, e.g. delays of other goods or claims.

The most critical information which DSV must give to the Hungarian client before the transport to/from Hungary is the vehicle registration number of both the tractor unit and the semitrailer. DSV must also update vehicle information immediately in case of any change in vehicle registration numbers on Hungarian territory (re-planning, cross-docking, change of tractor unit, etc.).

Information of vehicle registration numbers (similar to any other data reported) in the EKAER system must be real-time! There is zero tolerance for deviations.



How do we as a forwarding company deal with this change in the Hungarian law, which information do we need and what do we have to ask you to do before sending cargo to Hungary?

EU → Hungary

Your customer in Hungary must notify you about the EKAER number, and the EKAER number has to be included in your booking to DSV.

As a rule, if there is no EKAER number on the booking, DSV will assume that there is no EKAER obligation for the particular shipment and will proceed as usual.

If you notify DSV about the EKAER number, the procedure below has to be followed:

Direct transports to Hungary (full loads, part loads)

1. The EKAER number must be visible on the freight documents.
2. We will inform you about the vehicle registration number of both the tractor unit and the semitrailer. You need to forward this information to your client in Hungary who must update this data in the EKAER system before the vehicle enters Hungarian territory.

Groupage cargo to Hungary

1. The EKAER number must be visible on your booking to DSV.
2. DSV Hungary will update the vehicle registration number of the vehicle which enters Hungary and will also update changes of vehicle registration numbers during the distribution process in Hungary in EKAER.
3. Your Hungarian client must authorise DSV Hungary to update the vehicle registration number in EKAER, as changes of that kind very often happen outside normal working hours. Please forward the attached letter to your client in Hungary, which explains in detail what he needs to do.

Hungary → EU

1. In case of transports from Hungary to EU you are not required to do anything, as the Hungarian exporter – being responsible for making the EKAER registration – knows the vehicle registration number when he is loading. He has to make sure that the vehicle registration number is updated in EKAER before the loading starts. In case of groupage cargo, DSV Hungary will make sure that the vehicle registration number is updated during the pick-up process, and also before loading the international line-haul truck.

We are sorry that we have not been able to send you this information earlier but unfortunately we have been faced with many unknown factors when it comes to this new law which has been changed less than a month after it became effective. We would like to stress that we expect further changes and will naturally keep you updated.

If you have any further questions please do not hesitate to contact your contact person at DSV.

Best regards
DSV





A SHORT INTRODUCTION TO EKAER

The objective of the system is to strengthen the market positions of compliant economic operators, to make circulation of goods more transparent, to eliminate fraud related to food products often endangering human health and; last but not least, to eliminate tax evaders.

By using EKAER the actual route of the goods can be tracked because transport related data (name and quantity of goods, consignee, consignor, registration number of vehicle, etc.) have to be registered in a central electronic system before starting the transport. Some of these data (product weight, value, registration number of vehicle) can be modified up until the arrival of the cargo and can be registered in the system on the first working day after the time of arrival to the address of receipt (unloading). Stating the registration number of the vehicle is not a precondition to determining the EKAER number but it has to be registered up until the start of transport.

The obligation for making data submissions mainly affects the domestic trading parties, the seller and the buyer.

A precondition for registration in EKAER is the access to the Client Gateway. Those already having access to the Client Gateway can create a right of access to the EKAER electronic surface in two steps:

- First the legal representative, permanent trustee of the taxpayer (primary user) applies for username and password then
- after log-in to the EKAER electronic surface they apply for access rights for those persons (secondary users) who may submit or modify data.

The obligation to submit data applies for each and every road transport of goods performed by using vehicles subject to road toll payment (i.e. vehicles exceeding 3.5 tons of maximum gross weight).

It is obligatory to report:

- for the consignee/recipient: intra-Community buying and import for other purposes,
- for the seller/consignor: sales to another EU Member State and export for other purposes;
- for the seller: first taxable domestic sale if it is not for an end-user.

Domestic products subject to reverse taxation are not exempt from the obligation to submit data.



However, certain goods are exempt from the data submission obligation, e.g. relief supplies or vehicles participating in disaster relief, or road transport in the context of collecting freight if the quantity/value of the given product does not exceed the limit specified in the law, and in the case of transporting certain excise goods specified in the law. Non-risky goods with a net value not exceeding 2 million HUF and with a weight not exceeding 2.5 tons are exempt from the data submission obligation.



In the case of certain goods (risky food products and other risky products) the rules for submitting data in EKÁER cover also their transport by vehicles not subject to road toll payment (vehicles with lower than 3.5 tons of maximum gross weight), depending on the value and weight limits of those goods. This limit for risky food products is 200 kg or net 250000 HUF, for other types of risky products it is 500 kg or net 1 million HUF. The range of risky products can be found in the Annex to the Regulation of the minister of national economy.

In the case of food products within the competence of the National Food Chain Safety Office a so-called FELIR identification number is also needed which requires the registration of the company and the first Hungarian place of storage.

In addition to submitting data, from 1 February 2015 a guarantee must be provided and maintained for risky food products and other risky products throughout the business operation. An exception from this is the export from Hungary to another EU Member State. The amount of security is 15 % of the net value of risky products registered in EKÁER in the course of 60 days prior to the submission of data (including the day of the submission); this may be reduced in some cases. The following entities may be exempted from the provision of a guarantee:

- taxpayers included in the database of qualified taxpayers or
- taxpayers that have been in business for at least 2 years, are included in the database for taxpayers free of public debt and the tax number of whom has not been suspended at the time of the data submission.

The system generates an EKÁER number valid for 15 days when data is submitted which is connected to the transport. The transport operator or transport organizer has to be informed about the EKÁER number.

Unreported goods shall be deemed of unconfirmed origin, upon which a default penalty amounting up to 40% of the value of the unreported goods may be imposed. The National Tax and Customs Administration may seize the goods to the extent of the amount of the default penalty or use an official seal.

