

Important tax update - Windfall VAT reclaim opportunity in Hungary

20 September 2024

There's a new windfall value-added tax ("VAT") reclaim opportunity in Hungary based on a recent judgment of the Court of Justice of the European Union ("CJEU").

As background to this opportunity, it should be noted that marketing authorisation holders or distributors of medicinal products and dietary supplements, the purchase of which (by end-users), is subsidised by Hungarian social security, are required to pay a certain percentage of the social security subsidy in the proportion to the ex-factory price (production price/consumer price). This is mandated by Section 36(1) and Section 40/A(1) of Hungarian Act XCVIII of 2006, which sets forth general provisions on the reliable and economically viable supply of medicinal products and medical equipment, as well as the marketing of medicinal products ("Medicines Thrift Act" or "Gyftv.").

The CJEU, in its judgment, found that the abovementioned payment liability of MAHs and distributors should be considered as a discount for VAT purposes. As a consequence, MAHs and distributors are now allowed to reduce their VAT base by payments made as per Section 36(1) and Section 40/A(1) of the Medicines Thrift Act.

Hungarian VAT legislation did not permit this before the recently published CJEU judgment. Therefore, this judgment creates an excellent opportunity for the relevant market players (including your company) to take advantage of the windfall VAT reclaim in Hungary. Please note that based on Hungarian tax legislation, there is an 180-day deadline from the publication of the CJEU's judgment to submit the reclaim request to the Hungarian tax authority.

We suggest further exploring this possibility within your company. Naturally, we would be happy to support you with this and discuss the details of the opportunity in a virtual or face-to-face meeting.

Wolf Theiss

For more information, please contact:



Miriam Fuchs
Senior Associate

E miriam.fuchs@wolftheiss.com
T +36 1 4848 854



János Pásztor
Senior Associate

E janos.pasztor@wolftheiss.com
T +36 1 4848 823



Bence Kálmán
Associate

E bence.kalman@wolftheiss.com
T +01 4848 800

