



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

The Eighth Theme Day Event

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BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

The Possibilities of Cross-Border Tax Enforcement in Hungary, Innovative Solutions in Claim Management

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- Mobil app for payment by instalments



Part 01

Roles & Responsibilities



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Insolvency and Enforcement Department of the Central Management



Manages and supervises tax enforcement procedures, insolvency procedures (acting as creditor) and final settlement of companies



NTCA has general power of enforcement: it is responsible not only for the revenue resulting from tax enforcement, but also for recovery operations for external agencies under more than 300 different legal titles...



...for the enforcement based on administrative decisions



...for the judicial enforcement



Manages and supervises the IT system and internal regulations supporting the procedure of granting payment extensions and reduction



Acts as central liaison office in international recovery cases



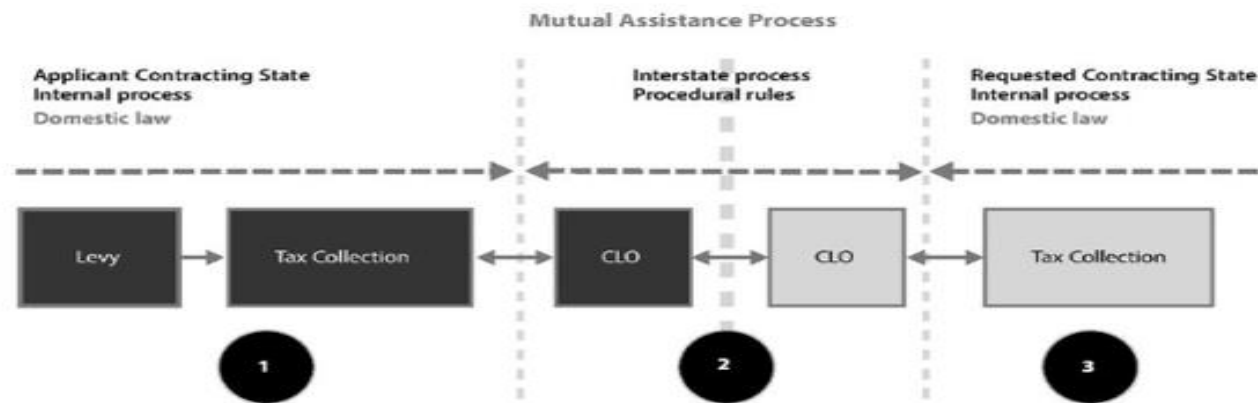
Part 02

Acting as CLO in tax recovery



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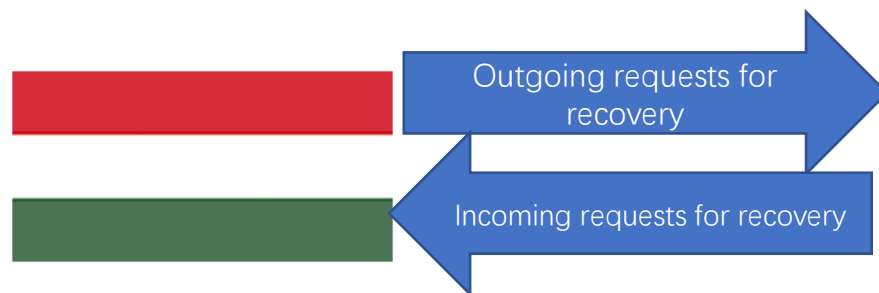
Use of powers based on international agreements



Source: Van der Smitte, P. (2013), "Directive 2010/24/EU: Enforcement and effectiveness of cross-border tax collection in the EU", Framework for Doctoral thesis, University of Utrecht/Complutense University of Madrid, Utrecht/Madrid.

Roles and responsibilities as CLO in recovery:

- ✓ Managing the international debt;
- ✓ sending and
- ✓ receiving requests for information/notification/precautionary measures and for recovery subject to the Council Directive (2010/24/EU) or to the MAC in cases where an „international data” arises.





International data sources in enforcement cases



Our CLO is responsible for:
Providing data sources and internal guidelines to ensure targeted, accurate requests.

Who? Whom? When?
What? Where? How?

What kind of international data sources?





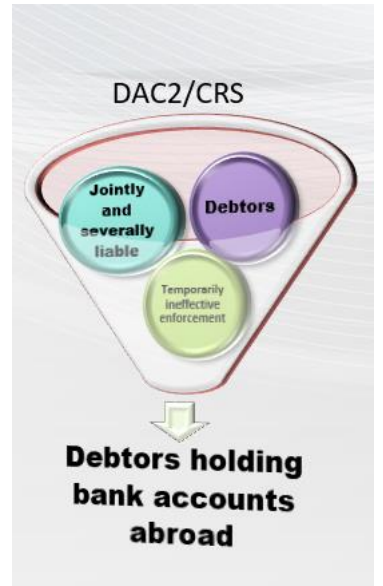
Use of international data sources in enforcement cases



Past:
Ad hoc information

Present: **Preparing excel sheets** indicating the data referring to the assets located abroad.

Future: **Set up the system supporting the enforcement by incorporating the automatic search (enable queries in another database).**





Experiences: results



From a tax enforcement perspective, borders can also be crossed. The NTCA also successfully seeks enforcement against assets held in a foreign bank account.

It should be considered definitely as advantage of DAC2/CRS that **the location of the asset(s) and thus the destination country of the request can be identified**. The information is particularly valuable when appropriate recovery procedures have been applied in the applicant state but had no result (asset hiding).



Statistics:

- In 2023, DAC2/CRS data were received from 91 jurisdictions for around 700,000 accounts.
- Our enforcement department initiated a total of 736 recovery requests in 2023 (compared to 546 in 2022), of which 436 were initiated on the basis of assets in foreign accounts brought to our attention in the framework of DAC2/CRS reporting.
- The budget revenue from international recovery requests was around EUR 596,000 (78500 EUR of revenue was generated from requests for DAC2/CRS data). (the budget revenue does not necessarily relate to the requests sent in the year in question).

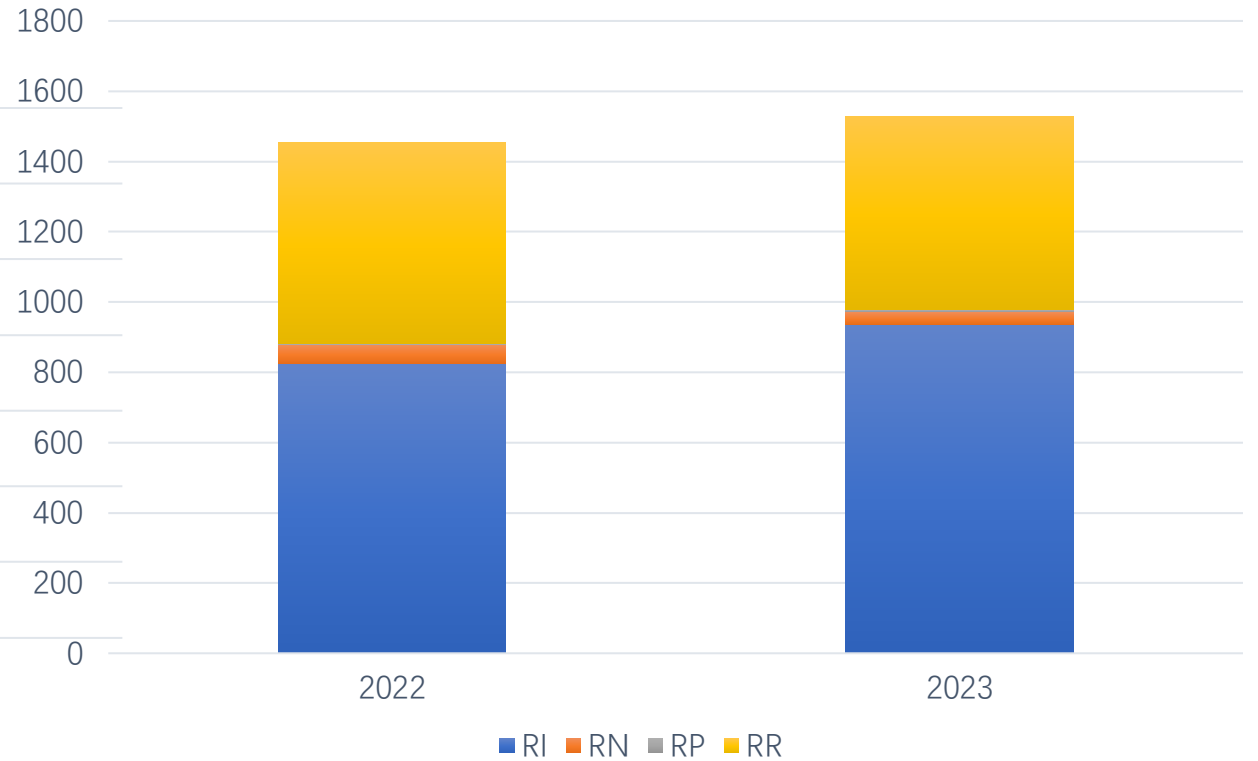


Statistics 2022-2023

Requests sent



Requests received



RI: request for information RN: request for notification RP: request for precautionary measures RR: request for recovery



Experiences: challenges



- **Different national legal rules** of the requested Member States regulating the enforcement on bank accounts
- the **effective recovery requires timely and accurate data**, which is not supported by the annual exchange of information on bank accounts.
- Further challenges arise outside the EU: **lack of standard forms** for request for information/recovery **and a common electronic communication network** for speeding up the procedure. Some country made **reservations** not to provide assistance in recovery matters. For countries which have not made any reservation the threshold below which they do not provide assistance is not known without concluding any bilateral MoU.





Part 03

Other innovative solutions in debt management- soft approaches



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Soft approach 1.: prior communication

Use of best international practices in tax collection

Behavioural insights (BI) project

How to motivate people?





How to improve tax compliance by a letter?



SEGMENTATION:

- individual entrepreneurs with a tax debt of between HUF 10 thousand and HUF 1 million, a total of 21.000 taxpayers.
- One half of the randomly selected taxpayers received the traditional payment notice while the other half received the newly compiled one.



FOCUSING:

- prioritise the tasks of the taxpayers,
- clear wording
- using personalised content
- taxpayers' duties in the forefront,
- links to detailed legislation



OBJECTIVE:

- improve tax compliance behaviour
- increase the voluntary payments in a very cost-effective manner





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BI approach in payment notices

✓ Clear and easy to follow instructions

✓ also clear about the consequences of non-compliance

✓ colour highlighted text boxes for the layout

✓ The main part on top contains the key elements indicating:

- Who (personalization)
- What (amount to pay)
- When (specified deadline)
- How (structured communication)

Soft approach in numbers:

- In 2011: 230 000 payment notices
- In 2023: 3 162 321 payment notices (= ~ 14x !)

Starts with administrative details

Key information is in the middle of the text



WARNING

SIMPLIFIED TEXT Starts with the key information

MAKE ACTING EASY WHO? WHAT? WHEN? HOW?

CONSEQUENCES OF NON-COMPLIANCE nudging

FRAMING



Soft approach 2.: Enhanced taxpayer services



General rule:

- Payment by instalments or deferred payment may be authorized;
- only upon the request of the debtor;
- if the payment difficulty cannot be attributed to the debtor or if the debtor has taken reasonable measures to prevent it as is expected in the given situation and if it is of a temporary nature, so the payment at a later time is evident.

Special rule:

- Only payment by instalments can be authorized;
- only upon the request of the debtor;
- No payment difficulty is examined, no supporting documents are required;
- once a year;
- if the below conditions are met:

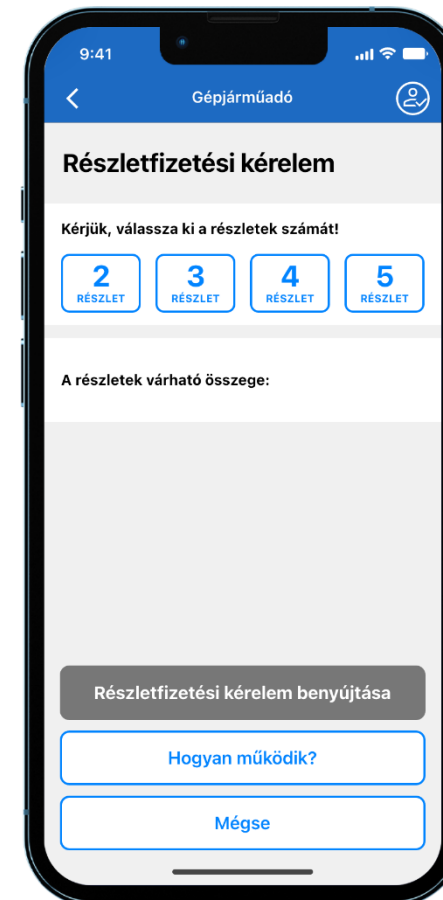
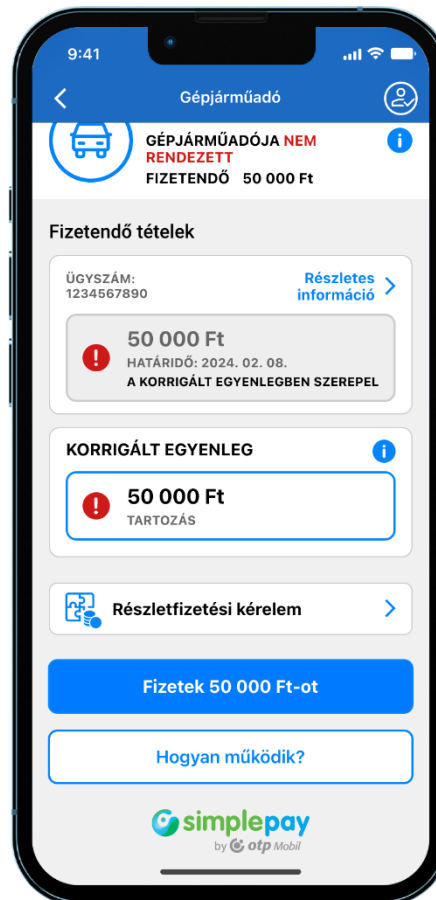
The debtor	The debt	Max. amount of debt (EUR)	Max. number of monthly instalments
Reliable taxpayers	Any debt at NTCA	~ 7 500	12
Natural persons	Any debt at NTCA	~ 2 500	12
Not natural persons	Any debt at NTCA	~ 2 500	6
Natural persons	Only vehicle tax	Any amount	5





Soft approach 2.: Enhanced taxpayer services Mobile app for payment by instalments

- Submitting a request for payment in instalments via mobile app is just a few clicks away and the NTCA's automatic decision is instantly received, the whole process takes just 22 seconds!
- Currently only available for vehicle tax





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Soft approach 2.: Enhanced taxpayer services Mobile app for payment by instalments



+automatic decision is issued:

Nemzeti Adó- és Vámhivatal
Győr-Moson-Sopron Vármegyei Adó- és Vámigazgatósága

Iktatószám: 1320672216
NAV infóvonal: 1819
Ügyszám: 1290670285
Adóazonosító szám: 8507822398
Tárgy: fizetési kedvezményi határozat

Elektronikusan hitelesített
Nemzeti Adó- és Vámhivatal
2024.02.16. 12:23

1320672216

ÉCHANTILLONS DILARA
GYŐR
BÁTHORI ÚT 6.
9026

HATÁROZAT

A(z) ÉCHANTILLONS DILARA (adózó lakcíme: HU 9026 GYŐR BÁTHORI ÚT 6, adózó adószáma: 8507822398) adózó által 2024. február 16. napján előterjesztett gépjárműadóra vonatkozó automatikus részletfizetés iránti kérelemnek a Nemzeti Adó- és Vámhivatal (NAV)

helyt ad.

Adózót terhelő 90 000 Ft NAV Belföldi gépjárműadó bevételi számla, azaz mindösszesen 90 000 Ft kötelezettségre a NAV részéről 5 havi részletfizetés engedélyezésére kerül sor.

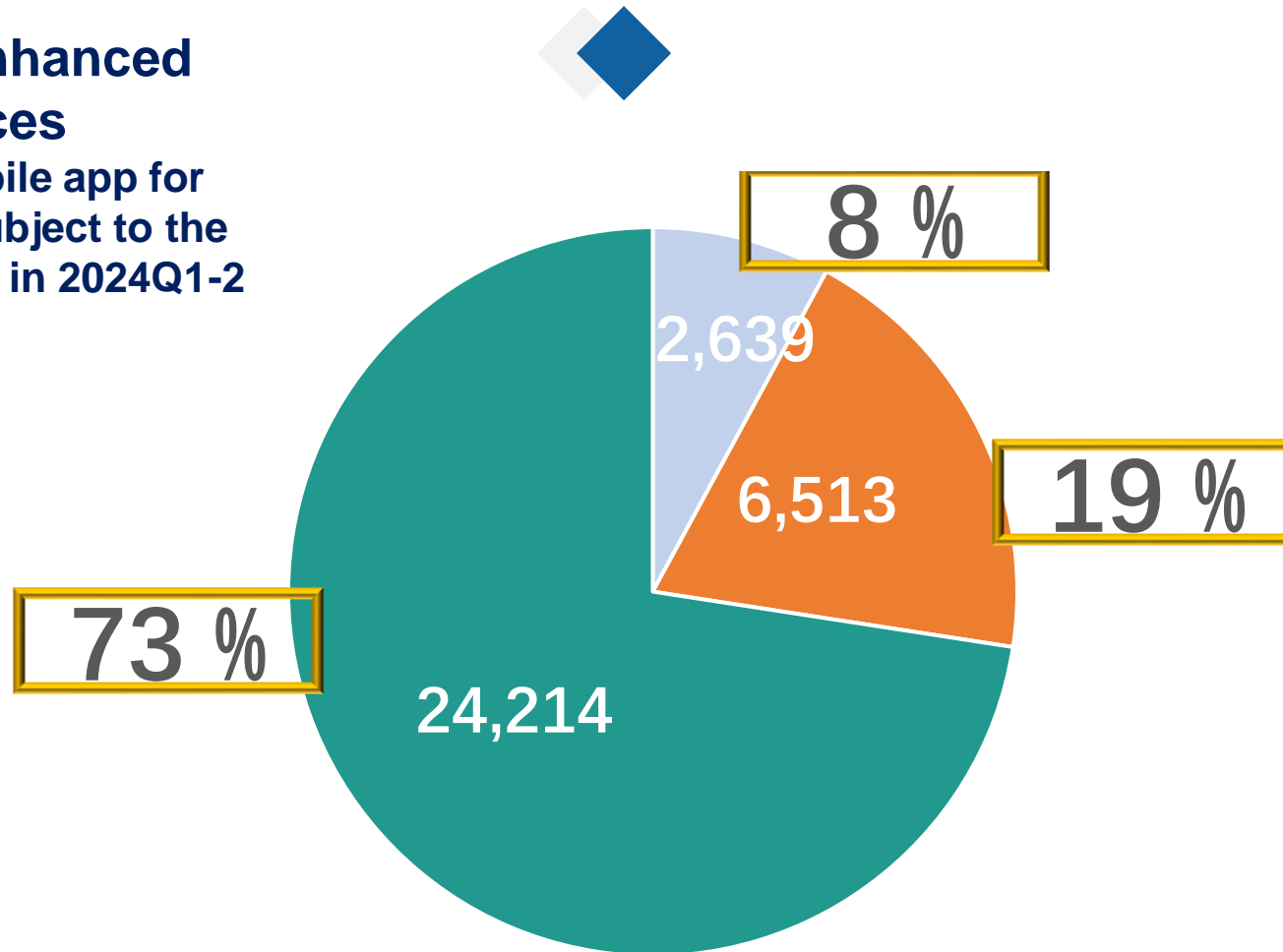
A fizetési könnyítésre irányuló befizetéseket készpénz átutalási megbízással vagy belföldi számlájáról történő átutalással, illetve az állami adó- és vámhatóság kijelölt ügyfélszolgálatainál bankkártyával és a NAV adónem elnevezésével megegyező nevű, lenti táblázatban jelölt számú számlájára az adóazonosító számára hivatkozva a lenti ütemezésben kell megfizetni:

Fizetési határidő	Adónem / Jogcím	Számlaszám	Részlet összege (Ft)
2024. május 13.	NAV Belföldi gépjárműadó bevételi számla	10032000-01079160	18 000
Összesen (Tőke)			18 000
2024. június 13.	NAV Belföldi gépjárműadó bevételi számla	10032000-01079160	18 000



Soft approach 2.: Enhanced taxpayer services

The popularity of the mobile app for payment by instalments subject to the special rules for vehicle tax in 2024Q1-2



■ paper form ■ electronic form ■ mobile app



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THANKS

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