

Environmental product charge

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Some products pollute or endanger the environment as waste during use and after use.

The environmental product charge¹ aims to:

- encourage the reduction of pollutant emissions;
- promote a natural resources való conserving natural resources management, the achievement of waste management objectives;
- create a financial resource for the state to prevent and mitigate environmental damage caused by products subject to product charges.

This leaflet sets out the main rules on environmental product charges and answers some specific questions that arise in practice.

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¹ The environmental product fee is regulated by Act LXXXV of 2011 on the Environmental Product Fee (hereinafter referred to as the Environmental Product Fee Act) and Government Decree 343/2011 (XII. 29.) on the implementation of Act LXXXV of 2011 on the Environmental Product Fee (hereinafter referred to as the Environmental Product Fee Act).

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1. Who is liable for the product charge?

In principle, the product charge is payable on

- the first person to place the product on the domestic market,
- a user for your own purposes or
- a buyer for stock.

For a more detailed explanation, see point 3.

2. What are the products subject to product charges?

- the battery;
- the packaging material;
- other petroleum products;
- the electrical, electronic equipment;
- the tyre;
- the paper used for advertising;
- other plastic products;

- other chemical products;
- the office paper.²

² Ktdt. Paragraph 1 (3).

Explanations of the product categories can be found in the Ktdt.³, and the specific products are listed in the Annex 1.

A specific product is then subject to a product charge,

- if it complies with the definition under the Ktdt,
- the heading number is included in the Ktdt. Annex 1 to the Customs Code and
- is not among the exceptions.

A code system is used to identify products subject to product charges, and there are **KT** (environmental product code) and **CsK** (packaging catalogue code number) codes. **These codes are also used to determine the product charge liability and can be found in Annex 1 of the Vhr.**

A new product subject to product charges is created if the **first three digits of the product's tariff heading or code number change** as a result of processing, working or use.⁴

2.1. Battery

Products of **tariff heading "ex" 8507.**

Except for nickel-metal hydride batteries of heading 8507 50, lithium-ion batteries of heading 8507 60, components classifiable in heading 8507 90, stationary sodium-sulphur (NaS) energy storage devices.

2.2. Packaging

Packaging^{material5} is the packaging device, the packaging material and the packaging aid.

Packaging⁶ **means** a temporary protective enclosure of a specific material and structure, usually produced in the course of an industrial or service activity, designed to contain or contain a product or small package, and a pallet.

Examples include corrugated cardboard boxes, PET bottles, plastic shopping bags, etc.

³ Ktdt. § 2 nos. 8, 9, 10, 11, 13, 18a, 26.

⁴ Ktdt. § 1 (5).

⁵ Ktdt. § 2, point 11.

⁶ Ktdt. § 2, point 9.

Packaging material⁷ is a collective term for structural materials that can be used directly for the manufacture of packaging or for the construction of temporary protective wrapping.
Examples include corrugated board, packaging paper, flat film, etc.

Packaging aids⁸ are elements and accessories that can be used as an additional or ancillary part of the packaging, in particular closures, fasteners, cushioning, decorative elements.
Examples include labels, caps, stoppers, straps, etc.

2.3. Other petroleum products

The Ktdt. Annex 1 to the KStt.

2.4. Electrical, electronic equipment

Electrical and electronic equipment⁹ is equipment operating at a voltage of up to 1000 volts AC and up to 1500 volts DC. Its normal functioning depends on electromagnetic fields or electric currents, including devices for the generation, measurement or transmission of electromagnetic fields or electric currents.

Exceptions are large fixed industrial tools¹⁰ and electrical and electronic equipment designed for use in space.

According to the e-waste directive¹¹, the classifications in Annex III of the directive apply uniformly to electrical and electronic equipment in the EU, so there are **six product categories** instead of the previous nine:

- heat exchange equipment,
- screens, monitors and equipment with a screen surface greater than 100 square centimetres,
- lamps (not covered by the VAT)
- large machines (any external dimensions exceeding 50 centimetres),
- small machines (none of their external dimensions exceed 50 cm),
- small computing and telecommunications equipment (none of which exceeds 50 centimetres in external dimensions)

⁷ Ktdt. § 2, point 8.

⁸ Ktdt. § 2, point 10.

⁹ Art.

¹⁰ Art. 2 § 25a of the Ktdt.

¹¹ WEEE Directive 2012/19/EU (WEEE) Article 2(1)(b).

An illustrative **list of products** is given **in the Vhr.** ¹²

The Ktdt. In Annex 1 to the Customs Code, **only products of a gross weight not exceeding 200 kilograms or an electrical power consumption not exceeding 4 kilowatts of electrical power are subject to the product charge.**

These two conditions (gross mass, power absorption) must be examined separately, and if either condition is met, the goods are subject to the product charge.

2.5. Tyres

A product **is also subject to a charge as a stand-alone product or as a component part and accessory of a vehicle** if the Ktdt. It shall be charged in accordance with the tariff headings set out in Annex 1 to the TTC.

2.6. Promotional paper

Among the press products containing economic advertising as defined in the Act on the Basic Conditions and Certain Restrictions of Economic Advertising¹³ and as defined in the Act on Media Services and Mass Communications ¹⁴

- individual issues of the periodical,
- other printed matter: publications containing graphics, drawings or photographs, maps, printed postcards, greeting cards and similar cards other than business cards, printed calendars,
- printed business advertising material, catalogues, brochures, posters and the like,
- the leaflet and other text publications,

including when they are annexed to another publication.

The exception is a book with an ISBN number, a textbook included in the textbook register.

If the defendant places on the domestic market, uses for its own use or stocks advertising paper which is **used for the distribution of business advertising up to 50 per cent of its total printed surface, the product fee is not payable**¹⁵.

Public benefit organisations and municipalities are also exempt from paying the product charge on promotional literature if they issue it in the course of their core ^{business}¹⁶.

¹² Vhr. Annex 6.

¹³ Act XLVIII of 2008.

¹⁴ Act CLXXXV of 2010.

¹⁵ Ktdt. § 3 (9) paragraph fa).

¹⁶ Ktdt. § 3 (9) paragraph fb).

The product charge is not payable if the **obligated customer declares in writing at the time of placing the order that one of the exempting conditions applies**. If a contractual partner of the public benefit organisation, state or local government body is the customer of the printing house as a third party, the customer must obtain a declaration from the public benefit organisation, state or local government body stating that it publishes the advertising medium within the scope of its core business before making the declaration. **If the customer fails to act in accordance with the contents of the declaration, he shall be deemed to be liable.**

According to the CCT, a product is advertising paper if it meets the definition in § 2(26) and its heading is listed in Annex 1 (ex. 48 and ex. 49).

2.7. Other plastic products

6702 10 10 and ex. Imitation flowers, wood, foliage, fruit or parts thereof, and articles thereof, of plastics of heading **9505**.

2.8. Other chemical products

The **Ktdt. Annex 1 to the KStt.**

It is important to note that soaps, organic surfactants and scouring creams in packages of more than 50 kilograms gross are not subject to product charges, as are craft ^{products}¹⁷ which are mentioned **as an exception**.

2.9. Office paper

Writing, printing or copying paper suitable for carrying information and suitable for writing, printing or copying without further processing. This subheading also includes paper binders, files, file covers, letter trays and folders for holding or arranging papers, documents, journals or similar products.¹⁸

If the office paper is **used as a direct material - as raw material - for the production of a** book with an ISBN number, a textbook included in the textbook register or a periodical with an ISSN number, the **product fee is not payable**.¹⁹

Importantly, **promotional paper is not considered as office paper subject to product charges.**
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¹⁷ Art. 2 § 20b of the Ktdt.

¹⁸ Art. 2 § 18a of the Ktdt.

¹⁹ Ktdt. § 3 (6) paragraph g).

²⁰ Art. 27/A (2) (b) of the Act.

3. The obligated parties

A common case:

- first domestic marketer,
- a user for private use,
- stock buyer.

Special case:

- in contract manufacturing, the contract manufacturer,
- for foreign packaging, the first domestic distributor, the first domestic holder of dismantled packaging waste,
- for other petroleum products produced domestically, the first purchaser of the first domestically marketed petroleum product, or
- the underwriter
- who acts contrary to the terms of his declaration.

3.1. Launcher

A person who first transfers the ownership of a product subject to a product charge free of charge or in return for payment in the country, who is established or registered in the country for economic purposes in the country.

The transfer of ownership of a product subject to the product charge which is owned by an economic operator registered in the country and which is located abroad is also considered as a placing on the market.

The transfer of ownership of a product subject to the product charge by a manufacturer established abroad to end-users in the form of an electronic commerce service is also considered to be a placing on the market.

The transfer of a product subject to a product charge **as an accessory or component part of a product** not subject to a product charge and the transfer of **packaging or packaging in parts** give rise to a product charge liability.²¹

3.2. Private user

User for own account of the product subject to the product charge (including as an accessory or component of another product and, in the case of packaging, as part of the packaging)

²¹ Art.

- a user for his or her own private use or for the private use of an employee,
- user in the framework of basic research, applied research, experimental development, investment, renovation, maintenance as defined in the Act on Accounting,
- destructive, deactivating, consuming,
- any other form of user, including a user, user or supplier of services, if the use does not result in the creation of own-account inventories within the meaning of the Accounting Act.²²

Destruction is the rendering of a product subject to a product charge unusable, whereby the physical characteristics of the product are permanently altered, rendering the original product unrecognisable or unusable.

De-activation is the rendering of a product subject to a product charge unfit for its original use. The physical characteristics of the product are slightly altered, the original product is recognisable.

Consumption means the use of a chargeable product in accordance with its intended purpose to satisfy needs.

All other uses that do not result in the creation of own-account inventories are considered as uses. All uses and putting into use that can be understood in the context of the provision of services and that do not constitute contract manufacturing (i.e. the final product resulting from the manufacturing process is not subject to a product charge), and all activities that do not fall clearly into one of the three categories above.

An exception is the provision of a reusable pallet by an authorised rental scheme operator for use within a rental scheme.²³

The final separation of the packaging from the product²⁴ results in packaging waste and therefore the product charge is justified. However, it is *important to* underline that only packaging waste for which the packaging components have not previously been subject to a product charge may give rise to a product charge liability. A **further exception** to this provision is the separation of reusable packaging owned by a domestic operator and returned from abroad from the product, and the return of reusable packaging within 365 days of the packaging being imported from abroad.

3.3. Buyer for stock

This solution reduces the administrative burden associated with the obligation, which is not **incurred** at the time of the domestic placing on the market, but on **the date of entry into stock of the goods subject to the product charge.**

²² Ktdt. Paragraph 3 (3).

²³ Ktdt. Paragraph 3 (3b).

²⁴ Ktdt. Paragraph 3 (4).

3.4. Contract manufacturer

A contract manufacturer is a customer who provides - in whole or in part - materials or semi-finished products to a natural or legal person established in Hungary (hereinafter jointly referred to as "contract manufacturer") without consideration, from which the contract manufacturer produces a product subject to product charges in return for consideration. The contract manufacturer may add products (per unit of material and per unit of product) up to a maximum of fifty per cent by weight of the chargeable product to the chargeable product produced on a contract basis.²⁵

3.5. Hosted by

In certain cases, regulated by law, the product fee obligation can be assumed by the original debtor. The **assignee** is a special obligor who replaces the original obligor for the purposes of discharging the obligations. Details are given in point 9.

4. Basis and rate of the product charge

The **product charge is based on the weight²⁶ of the product subject to the product charge, expressed in kilograms**, which must be indicated in the declaration to two decimal places. The unit rate of product charge per kilogram according to the general rules for each product scope is set out in Annex 2 to the VAT Regulation²⁷.

5. Representation

Representation **may be made according to the general rules set out in Air.²⁸, with one important exception.²⁹**

The debtor **must appoint a financial representative** in accordance with Air. if he is established in a third country for economic purposes or, in the absence of economic establishment, if he has his domicile or habitual residence in a third country.

In product fee matters, the debtor may be represented by a **person qualified as a product fee administrator** in accordance with the relevant provisions of Air. .³⁰

²⁵ Ktdt. § 2, point 5.

²⁶ Ktdt. § 7 (1).

²⁷ Ktdt. § 7 (2).

²⁸ Act CLI of 2017 on the Tax Administration Code.

²⁹ Ktdt. 9. §.

³⁰ Air. § 17 (h).

6. Special rules relating to the obligation

6.1. Declaration - no product fee to be paid

The person liable **does not have to pay the product charge** if his buyer declares that

- a buyer using a packaging return system,
- a purchaser who rotates a pallet included in the reusable packaging register for 365 days,
- an end-user customer who uses packaging material or packaging aids for purposes other than the production of packaging,
- packaging material or packaging auxiliary material other product a buyer who uses it directly as a raw material for the production of,
- a buyer who supplies a product subject to a product charge to a product charge warehouse,
- the operator of an authorised rental scheme, and
- for the authorised rental system operator, the buyer who makes the equipment available for use
- the buyer who uses office paper directly as a material (raw material) for the production of a book with an ISBN number, a textbook included in the textbook register or a periodical with an ISSN number.

The provision in the legislation that the product charge is not payable **does not mean that**, that the taxpayer **has no other obligations**, such as **filing a return or submitting information**.

A declarant who **does not comply with his declaration shall be considered liable** and shall pay the environmental product charge applicable to the product, plus a late payment penalty from the date of purchase of the product.³¹

The details of the declaration can be found in the Vhr.; the domestic buyer of the debtor **must make a declaration in writing**³² with specific information³³, which can be made occasionally for each transaction (ad hoc declaration) or for a period of time.

6.2. No product charge is payable

The product charge is **not payable** if the following products are placed on the domestic market, used for private purposes or stocked by the person liable:

- other petroleum products which have become waste in Hungary and which have been produced by a re-refining or other re-use process;

³¹ Ktdt. Paragraphs 3 (7), (8).

³² Vhr. § 2 (1).

³³ Vhr. Annex 3.

- a product which has become waste within the country is a product resulting from the preparation for re-use or the preparation for re-use of a used product (excluding new components or accessories incorporated into the product which are subject to product charges);
- a plastic bag for the collection of separated waste;

Also:

- uses other petroleum products as feedstock;
- places on the domestic market, uses for its own account or stocks advertising paper for which the conditions for exemption described in point 2.6 of the Prospectus are fulfilled.

The provision in the legislation that the product charge is **not payable** does not mean that the taxpayer **does not have** other **obligations**, such as **filing a return or submitting information**.

6.3. Not considered as placing on the market

No circulation³⁴ of the ownership of the product:

- by a natural person in the course of a non-business activity,
- storage in a tax warehouse under the VAT Act and sale within the tax warehouse,
- before release for free circulation, and
- intra-stock transfer of product charges, and
- a transfer by way of a transfer of assets, dissolution by succession or transfer of a business which does not give rise to VAT liability.

If the sale of a product subject to the product charge is not a placing on the market, **no product charge liability arises at all**, so the sale by the person placing the product on the market does not trigger any payment, declaration or reporting obligations. This is a substantial difference compared to the obligations related to the economic events in points 6.1 and 6.2.

6.4. Other cases where there is no product charge obligation

No product charge obligation

- **on the certified exportation of a product** subject to product charges, including where it is exported in the same state as a component part or accessory of another product, and the certified exportation of the packaging material constituting the packaging;

³⁴ Ktdt. § 4 (1).

- **the private use** by a natural person of a product subject to a product charge to meet a personal need;
- **when residual material or scrap is** recycled back into the process;
- for the **own use of reusable packaging** that is part of packaging imported from abroad, if the debtor has returned the reusable packaging directly to a foreign country or to an industrial goods warehouse within 365 days;
- when the packaging is released as part of the packaging, if the packaging is used in a redemption system;
- **rotating the reusable pallet for at least 365 days from the date of purchase;**
- in the case of the **sale of a product** subject to a charge at an international public airport in a transit area for registered departing passengers, in a shop for sale exclusively for purposes other than local consumption **to passengers travelling abroad for their final destination;** or
- **on the first transfer of** ownership of a dutiable product located in the country to a trader established or registered in the country for economic purposes, if the dutiable product is transported to a destination abroad or dispatched abroad in a certified manner.³⁵

7. When does the product fee liability arise?

- On the **date of the** first domestic placing on the market, the date of **settlement indicated on the invoice** or, in the absence of an invoice, on the date of the other document evidencing the transaction, or, in the absence of such documents, on the date of the transaction.³⁶
- In the case of own use, on **the date on which the** own use is **accounted for as an expense or**, if this date cannot be determined, on the date of performance of the transaction.³⁷
- In the case of own use linked to the dismantling of packaging imported from abroad, if the date cannot be determined on the basis of the foregoing, the **date of final dismantling of the packaging.**³⁸
- In the case of other petroleum products of domestic production, on the **date of the invoice issued by the first purchaser of the first petroleum** product placed on the domestic market or other document certifying the **completion** of the transaction or the **date of the** entry of the own-account use as a cost.³⁹

³⁵ Ktdt. Paragraph 4 (2).

³⁶ Ktdt. § 5 (1).

³⁷ Ktdt. § 5 (3) a)-b).

³⁸ Ktdt. § 5 (3) paragraph c).

³⁹ Ktdt. Paragraph 5 (2).

- In the case of a shortage or destruction exceeding an eligible shortage, on the **basis of the documentary evidence of the shortage or destruction of the goods subject to the product charge**, on the date of its entry in the accounts.⁴⁰

7.1. Special rule when buying into stock

The debtor may choose to **incur** a liability to pay the product charge from the current year onwards on the **date on which the goods** subject to the product charge are taken into **stock (entry into stock)**.⁴¹

A given quantity or stock subject to a product charge may be sold at different times. The entry into stock **combines the dates on which the** product charge liability for the partial quantities arises at different times and brings them **forward in time**.

The date of entry into stock is the date of completion of the purchase invoice or the date on which the product is recorded as an asset in the accounting records.

A further condition for taking stock is that, if the debtor chooses to do so at the turn of the calendar year, he must take an inventory of his goods subject to the product charge (including opening stock) on the first day of the year in question and declare and pay the product charge in the return for the first product charge assessment period of the year in question.⁴² **The way in which the liability is incurred cannot be changed within the current year.**⁴³

If the taxable person wishes to comply with the general rules again, **he must take an inventory of the goods** subject to the product charge in stock at the turn of the year and keep separate records of the goods in stock. The product charge is again not payable.⁴⁴

8. Notification, record-keeping, declaration, payment, entry on invoice, advance payment of product charges

8.1. Notification, general rules

The notification, change notification must be completed by submitting the **TKORNY** form electronically.

The debtor must notify the NAV **within 15 days of starting his/her activity that his/her waste recovery obligation**

- by collective performance or
- as a payer of a flat-rate product charge,

⁴⁰ Ktdt. § 5 (4) paragraph b).

⁴¹ Ktdt. § 6 (1).

⁴² Ktdt. Paragraph 6 (2).

⁴³ Ktdt. Paragraph 6 (3).

⁴⁴ Ktdt. Paragraph 6 (4).

- according to the rules for taking into stock or placing on the market or own-account use

fulfils.⁴⁵

Any **change** affecting the liability **must also be notified within 15 days of its occurrence**.⁴⁶

If the deadline is not met, **no justification is possible** (the deadline expires), the obligation must be fulfilled according to the general rules, the rules on lump-sum payment and stock taking do not apply.⁴⁷

8.2. Notification, specific rules

If the legal conditions are met, a debtor registered with the state tax authority before the current year may decide to pay his product charge for the current year according to the **rules for flat-rate payment**. In order to do so, he must make a (change) declaration by 31 January of the current year, which does not have to be repeated for each subsequent current year. The entitlement to a flat-rate payment cannot be changed within a given year.⁴⁸

Those who opt to buy into the stock must **also** make a declaration by 31 January of the year in question and the declaration does not need to be repeated each year, it will be continuous.

If the deadline is missed, no justification is possible (the deadline is time-barred), and the rules on lump-sum payment or stock taking do not apply.

8.3. Record-keeping

The **debtor** must keep **up-to-date** records⁴⁹ **reflecting the reality of the** products subject to the product charge, waste and products not placed on the market as packaging, as defined in the packaging catalogue.

The register must contain specific information⁵⁰, **no other formal requirements**.

There are other **record-keeping obligations linked to a title or product**, such as

- the use per raw material of the product subject to the product charge,

⁴⁵ Ktdt. § 10 (1).

⁴⁶ Ktdt. Section 10 (7).

⁴⁷ Ktdt. § 10 (2).

⁴⁸ Ktdt. § 15 (3).

⁴⁹ Ktdt. § 10/A (1).

⁵⁰ Vhr. § 4 Annex 5.

- the data content of the records which are a condition for the application of the refund entitlement,
- the placing on the market (own use or stocking) of a product subject to a product charge produced by a refining or other reuse process from other petroleum products which have become waste in Hungary,
- the placing on the market (own use or stockpiling) of a product resulting from the preparation for re-use of a product which has become waste within the country or from the preparation of a used product for re-use
- in connection with the purchase of products subject to product

charges by declaration.⁵¹

8.4. Declaration

As a general rule, the taxpayer **must submit a quarterly** ^{return}⁵² to the NAV by the **20th of the month following the quarter in question**, using the KTBEV form.

A **small emitter** submits its return to⁵³ by **20 January of the year following the year in question**.

The taxable person who **places a product subject to the product charge as a component part or accessory of a motor vehicle on the domestic market**, uses it for his own purposes or purchases it for stock and who **opts for the payment of a product charge on a flat-rate basis**, submits his return quarterly **by the 20th of the month following the quarter in question**.

8.5. Deposit at

The product charge for the quantity of the product subject to the product charge must be paid by the deadline for submitting the return.⁵⁴ Under the general rules, this is the **20th of the month following the quarter in question**.

If the amount of the product fee in the return or the difference in the product fee during the check or self-check is **less than HUF 1,000**, the product fee **is not payable**. The NAV will not pay the product fee refund that does not reach HUF 1,000.

A **low-volume issuer** must pay the product charge annually by 20 January of the year following the year in question, by the date of the return.

8.6. Establishment of product fees and advance payment of product fees

The first time the product subject to the product charge is placed on the domestic market or used for own account, the debtor becomes liable to pay the product charge. **The product charge payable is**

⁵¹ Vhr. § 2 (2)-(3) para.

⁵² Ktdt. § 11 (1).

⁵³ Ktdt. § 11 (2).

⁵⁴ Ktdt. § 12 (1).

is based on the weight, expressed in kilograms, of the product subject to the product charge, the rate of which is the calculated rate laid down in Annex 2 to the Act for the given flow of products or materials. The product charge to be paid is the product charge multiplied by the quantity on which the charge is based, rounded to the nearest thousand forints.

The product charge to be paid is calculated according to the general formula $T=(AT-F)$, where

"T" is the calculated tariff (ft/kg) with the result (AT - F) being a negative sum, T is zero,

"AT" means the standard product charge rate (Ft/kg) for a given flow of products or materials, as defined in the table in Annex 2, point 2,

"F" means the extended producer responsibility rate for the given product or material stream in force on the first day of the product charge assessment period, or in the case of packaging, the extended producer responsibility rate for the packaging produced from it. For flows of products and materials for which no extended producer responsibility fee is charged, F is 0.

A product fee advance must be established, declared and paid for the fourth quarter of the current year.⁵⁵

There is no such obligation for a farmer who acts contrary to his declaration and thus becomes liable⁵⁶ , for a small quantity emitter who pays a product charge⁵⁷ .

The advance on the product fee is **eighty percent of one third of the product fee paid for the first three quarters of the year in question**. In determining the amount, the amount declared in a self-control or supplementary declaration submitted for the same period shall also be taken into account⁵⁸ .

The advance return must be submitted together with the third quarterly return⁵⁹ and the amount of the advance payment must be **paid by 20 December of the year in question.**⁶⁰

The product fee advance must be **supplemented in** the fourth quarterly return up to the amount of the product fee actually payable, or the difference **must be claimed back.**⁶¹

8.7. Invoice obligation, declaration

In some cases, the debtor **must include specific content and wording on the invoice** relating to the sale. This cannot be done in an invoice note.

⁵⁵ Ktdt. § 12/A (1).

⁵⁶ Ktdt. Paragraph 3 (7).

⁵⁷ Ktdt. 15/B. §.

⁵⁸ Ktdt. Section 12/A (3).

⁵⁹ Ktdt. Section 12/A (5).

⁶⁰ Ktdt. § 12/A (7).

⁶¹ Ktdt. § 12/A (8).

8.7.1. Takeover

On the basis of the invoice, the product charge liability can be assumed for other petroleum products subject to the product charge which are produced domestically. The obligation may be assumed by the first person to place the goods on the domestic market, by endorsement on the invoice issued.⁶² *The invoice shall state 'the purchaser of the other petroleum product is not liable to pay the product charge, from the gross price ..Ft product charge has been assumed'*

a clause with the following text.⁶³

In the case of contractual acceptance, the invoice for the domestic placing on the market shall contain the following text: *'the product fee obligation is subject to the provisions of the Ktdt. § 14 (5))*

(b) "shall be borne by the buyer".⁶⁴

The clause must state the exact title of the undertaking.

8.7.2. In the case of a claim by a customer entitled to a refund

Based on the **request of the customer entitled to the refund**, the debtor or the debtor's customers **must indicate on the invoice the CC or BTI code of the product subject to the product charge, the amount and rate of the product charge, and the details of the documents proving the payment (declaration) of the product charge.**⁶⁵

Among the data of the documents proving payment, the endorsement must include the number and date of the invoice issued by the debtor, the name, address and tax number of the debtor, at least at the time of the first domestic placing on the market of the product.

The supplier of a debtor in a reclaim position must include the clause necessary to validate the right of reclaim on the invoice. The clause is not mandatory and must be provided only at the express request of the debtor in a recovery position.

A debtor who chooses to pay a flat-rate product fee as a small issuer may not enter the above-mentioned invoice clause on the invoice when making the flat-rate payment.⁶⁶

8.7.3. Placing on the market without charging a product fee (Ktdt. § 3 (6))

The debtor shall indicate the product subject to the product charge (battery, packaging, advertising paper, etc.) on the invoice, referring to the invoice items

a) *"the product fee for..... is not paid on the basis of a case-by-case declaration by the buyer",*

or

⁶² Ktdt. Paragraph 14 (4).

⁶³ Art. 8 (2) Vhr.

⁶⁴ Art. 9 (3) Vhr.

⁶⁵ Ktdt. Paragraph 13 (3).

⁶⁶ Ktdt. § 13 (2).

b) *"the product fee for..... will not be paid on the basis of the customer's declaration for the period registered under ..."*

will display the text.⁶⁷

Each clause must be indicated together with a reference to the invoice item.

When the goods subject to the product charge are delivered to the product charge warehouse, the debtor must also indicate on the invoice the weight of the goods subject to the product charge and their BTI or CC code.⁶⁸

8.7.4. Delivery to the product fee warehouse with refund of the product fee

If the debtor sells goods subject to a product fee reclaim to the holder of an industrial warehouse licence, he must indicate on the invoice, by reference to the invoice item, the words *"the seller is making use of the product fee reclaim"*, the BTI or CC code of the goods subject to the product fee, the quantity, the rate of the fee and the amount of the reclaim.⁶⁹

9. Special rules for the discharge of the obligation to pay the product charge (flat-rate, flat-rate, warehouse charges)

The product fee liability **can be assumed** on the basis of **an invoice** or **contract**.⁷⁰ The person who assumes the product charge obligation is responsible for its fulfilment and the rules applicable to the debtor apply to him.⁷¹

9.1. Acceptance on account

Only the product charge liability arising on the first domestic placing on the market of other petroleum products subject to a product charge on domestically produced petroleum products may be transferred on the invoice, subject to the application of the appropriate invoice clause.⁷² **In the event of non-fulfilment or incorrect fulfilment of the invoice clause, the product fee obligation is not transferred to the assignee.**

9.2. Contractual takeover

You can assume the product charge obligation:

⁶⁷ Art. 7 (1) Vhr.

⁶⁸ Art. 7 (2) Vhr.

⁶⁹ Art. 7 (3) Vhr.

⁷⁰ Ktdt. § 14 (1).

⁷¹ Ktdt. Paragraph 14 (2).

⁷² Art. 8 (2) Vhr.

- **the first domestic purchaser**, if he sells abroad or stores in a tax warehouse within the meaning of the VAT Act at least 60 per cent of the goods subject to the product charge purchased from the first domestic distributor;
- **the first domestic buyer who resells the product in its unaltered form**, if he sells at least 60 per cent of the packaging purchased abroad or stores it in a tax warehouse under the VAT Act and the seller has previously assumed the obligation to resell the packaging in its unaltered form and condition or in a different presentation or to use it for his own purposes;
- **the contract manufacturer**;
- **producer organisation** (sales are made through a producer organisation);
- **the first domestic buyer of the packaging material**, if it is resold in the same form and condition or in a different presentation;
- **the first domestic purchaser of the packaging material, if he** produces packaging or creates packaging from the packaging material by contract packaging, if he rents the reusable packaging material under the rules of the authorised rental scheme for reusable packaging material;
- **the first domestic purchaser who resells the packaging in its unaltered form, if he** produces packaging or creates packaging from the packaging under a contract packaging scheme, if he leases the reusable packaging under the rules of an authorised leasing scheme for reusable packaging and the first purchaser has previously assumed the obligation to resell the packaging in its unaltered form and condition or in a different presentation or to use it for his own purposes;
- **the first domestic buyer of packaging material, if it is** used for the production of packaging material, packaging material, packaging accessories or packaging aids of a further processed material, size or appearance;
- **the first domestic buyer who resells the packaging material in its unaltered form, if he uses it** for the production of packaging material, packaging equipment or packaging aids of a further processed material, size or appearance and the buyer has assumed the obligation by reselling the packaging material in its unaltered form and condition or in a different presentation or by using it for his own purposes;
- to the **first domestic buyer who resells packaging material (plastic film) of heading 3920, if it is** put up for retail sale in the same or a different form and condition or packing;
- to the **first domestic buyer who resells packaging material (plastic film) of heading 3920 in the unaltered state**, if it is resold in the unaltered state or in another presentation in the context of a retail sale and the first buyer has assumed the obligation to resell the packaging material

resells it in the same form and condition or in another presentation or uses it for its own purposes.⁷³

The contractual assumption, which **can be for a maximum of 3 years, requires prior registration with the NAV in** order to be valid (including any amendments). The assignee may apply for registration, amendment or cancellation within 15 days of the conclusion or amendment of the contract on the ASZ page of the TKORNY form.

The contract is **applicable from the date of registration or, if the parties agree on a later date, from the date specified in the contract. The NAV will notify the contracting parties of the** date of registration.⁷⁴

The product fee obligation covered by the assumption is transferred to the assignee during the period of applicability of the contract - i.e. from the date of registration or from a later date until the final date specified in the contract - at the time of domestic marketing⁷⁵, if the notification has been registered by the NAV and the specified clause - "*the product fee obligation is subject to the provisions of the Ktdt. § 14 (5) paragraph) ...) shall be borne by the purchaser.*"⁷⁶ - was entered on the invoice.

The assumption can be made when the above conditions are met, after which the product fee obligation is borne by the assuming party.

9.2.1. Sales abroad

The transferee may ship the product abroad within 365 days of the last day of the quarter of purchase. If the certified sale and delivery do not take place within 365 days, the assignee's product charge liability for that quantity will start on the 366th day.

No product tax is payable on the quantity sold and delivered abroad, but product tax is payable on domestic sales of less than 40 percent according to the general rules. If the domestic sales exceed 40 per cent, the transferee is liable to pay the product charge on the total quantity covered by the transfer.

9.2.2. Requirements for the content of the Contract

The **take-over contract** must contain the name, address and tax number of the contracting parties - or, in the absence of a tax number, the tax identification number - and the name of the product subject to the product charge,

⁷³ Ktdt. Paragraph 14 (5).

⁷⁴ Ktdt. 14/A. §.

⁷⁵ Ktdt. § 5 (1).

⁷⁶ Vhr. § 9 (3) para.

the tariff heading, the first three digits of its BTI or CC code, the period of the undertaking and the exact legal place of the title of the undertaking.⁷⁷

9.3. Átalány

Payment of the product charge flat rate

- the low emitter⁷⁸ and
- can be chosen by the

vehicle distributor.

The debtor **must notify the NAV of the activity** carried out with the product subject to the product fee **and of his intention to pay the flat-rate⁷⁹ within 15 days of the start of the activity.**

If you were a flat-rate payer in the previous year, you **do not have to repeat the declaration each year.**

The choice of a flat-rate payment **cannot be changed** within a given year, except in the case of an overrun of the quantitative limits.⁸⁰

9.4. Performing individual waste treatment

The institution of individual waste management and the possibility to pay a reduced environmental product charge for waste management will be abolished from 1 July 2023.

9.5. Product Fee Warehouse

In a **product charge warehouse, products subject to the product charge may be stored without payment of the product charge, or produced in an industrial product charge warehouse**, or further processed, prepared for re-use, and the liability of the liable person arises only at the time of end use or when the product is placed on the domestic market.

The NAV may authorise the use of a product fee warehouse on request.

9.5.1. Authorisation

The operation of a product fee warehouse may be authorised, on request, to any economic operator(s) who

⁷⁷ Vhr. § 9 (1).

⁷⁸ Ktdt. § 2, point 6.

⁷⁹ Ktdt. § 10 (1).

⁸⁰ Ktdt. § 15 (3).

- the legal user of the property for its operation;
- uses a system of records and documentation that allows the quantitative accounting of the goods used, produced, processed, incorporated as components or accessories into other products, prepared for re-use, stored and invoiced;
- you do not have any unpaid customs duties or taxes, unless you have been authorised to pay them by instalments or deferred payment;
- is not bankrupt or being wound up, is not being wound up or is not being compulsorily wound up;
- in the case of an industrial warehouse, undertake to have its balance sheet certified by an independent auditor from the year following the year in which the warehouse licence is issued;
- has a qualified product fee administrator or employs a qualified administrator, employs a representative to manage the affairs of the warehouse; and
- the manager, the chief executive officer, in the case of a sole proprietor, the sole proprietor:
 - the Criminal Code of 1978 on the Criminal Code in force until 30 June 2013 IV Act of 1978 (hereinafter: Act IV of 1978) against economic or public purity,
 - Act C of 2012 on the Criminal Code, Act XXVII or XXXVIII of the Criminal Code.
Chapter XLIII of the Treaty

you are not subject to a final conviction for an offence or have been exonerated from the prejudicial effects of a criminal record.⁸¹

The authorisation is valid for an unlimited period.⁸² Licences previously issued for a fixed term but in force when the amendment to the product fee regulation entered into force have also become open-ended.⁸³

The warehousekeeper is responsible for fulfilling the obligations relating to the goods subject to the payment of the charge and the conditions laid down in the authorisation⁸⁴, and the rules applicable to the debtor apply to him.

The conditions for the authorisation of a goods warehouse may be examined by the NAV in the authorisation procedure, both before and after the authorisation is granted. If the conditions for authorisation are no longer fulfilled or if the licence holder of the warehouse has not remedied the deficiencies identified by the NAV during the inspection within the prescribed period, the **licence is revoked by the NAV.**⁸⁵

⁸¹ Ktdt. Paragraph 9/A (1).

⁸² Ktdt. Paragraph 9/A (2).

⁸³ Ktdt. 39/A. §.

⁸⁴ Ktdt. Section 9/A (5).

⁸⁵ Ktdt. 9/A § (7).

In this case, the day after the withdrawal, the holder of the warehouse licence **becomes liable to pay the product charge** for the quantity of stock for which the product charge has not been paid or has been reimbursed, under the heading of own use.⁸⁶

9.5.2 How the warehouse works

The storage, production, processing, incorporation as components or accessories into other products **not subject to product charges** may be carried out in the product charge warehouse, provided that **their separation is ensured**. In a commercial goods warehouse, goods subject to product charges may be subject to different handling procedures.⁸⁷

If the parties **have so agreed in writing**

- **in the industrial product fee warehouse**
 - the production, processing, stocking, incorporation as a component part or accessory into another product, or preparation for re-use, of a product subject to a product charge owned by another person⁸⁸ ;
- **and in the commercial goods warehouse**
 - the storage of a product subject to a product charge belonging to the holder of the product charge warehouse
 - the storage by a warehousekeeper of goods subject to a product charge belonging to another person

can be done.⁸⁹

The following may be temporarily released from the industrial warehouse by written agreement between the parties

the product is subject to the product charge if

- it is not possible to carry out certain sub-tasks of production, processing, preparation for re-use or incorporation as a component or accessory in another product in the industrial property warehouse; or
- the rental packaging authorised under the Government Decree on the rules of the reusable packaging rental scheme is made available to the lessee.⁹⁰

The possibility of temporary issue and the description of the technologically justified activity or activities to be carried out at this address **shall be indicated in the application** at the time of granting the authorisation.⁹¹

⁸⁶ Ktdt. 9/A § (11).

⁸⁷ Ktdt. Section 9/A (6).

⁸⁸ Vhr. § 2/C (1).

⁸⁹ Vhr. 2/D. §.

⁹⁰ Vhr. § 2/C (2).

⁹¹ Vhr. § 2/C (3).

No retail sales or sales on consignment may be made in the product fee warehouse.

Exception to this

- the use, otherwise than for packaging, of packaging materials of heading 3920, and
- sales to a passenger travelling to a final destination abroad in a transit area at an international public airport where departing passengers registered for a flight are staying, in a shop selling goods for non-domestic consumption only.⁹²

The warehouse keeper **must provide an itemised inventory to support**

- the opening stock of the product fee warehouse on the day of the establishment of the product fee warehouse,
- the closing stock of the product fee warehouse on the date of the termination of the product fee warehouse,
- in other cases, the opening and closing stocks of goods in the goods warehouse on a calendar yearly basis, with a quantitative record as at the last day of the calendar year-end.⁹³

If the inventory shows a difference in quantity compared with the records, the surplus must be stored, taking into account the ownership of the goods, or, if no ownership can be established, the licensee of the warehouse, and in the case of a shortage, must be accounted for as own use to the licensee.⁹⁴

The warehouse keeper must submit data electronically to the NAV on the products subject to product charges entered and withdrawn from the warehouse during the month in question, as well as on the stock of the warehouse, on a quarterly basis, by the 20th of the month following the quarter in question.⁹⁵

The data content requirements for the records of the product fee warehouse, the order of entry and exit, the list of usual forms of handling that can be carried out in the product fee warehouse, and the data content of the data reporting on entry and exit to the product fee warehouse and on the stock of the warehouse are set out in Annex 7 to the Act.

10. Packaging Environmental product fee concerning special rules for the

10.1. Composite or associated packaging

The product charge is based on the weight of the product per kilogram. Some packaging forms use **ingredients from several different material streams.**

⁹² Ktdt. Section 9/A (12).

⁹³ Vhr. § 2/F (1).

⁹⁴ Vhr. § 2/F (3).

⁹⁵ Vhr. § 2/E (5).

In such cases, the product charge payable shall be determined by.

- if it is physically **separable into its constituent parts**, the **individual constituents product charges**,
- if the packaging is physically **indivisible** and consists of **at least ninety-five per cent of homogeneous material**, the **product charge** applicable to the **main component for the** total weight of the packaging,
- if the physical means of packaging **cannot be physically separated into its components and there is no component** that constitutes **ninety-five per cent by weight** of the packaging, the product charge **applicable to the associated materials**

shall apply.⁹⁶

10.2. Reusable packaging /cardboard/

A pallet included in the register of reusable packaging at the request of the user by issuing reusable pallet packaging in parts is not subject to a product charge, provided that it is used by the issuer as reusable packaging for at least 365 days from the date of its acquisition.⁹⁷

Registration can be initiated at the waste management authority.⁹⁸

10.3 Redemption fee scheme

No product charge is payable on the release of packaging by the packaging unit, whether placed on the market or used for private purposes, provided that the packaging is used under a returnable packaging scheme.⁹⁹

10.4. Reusable packaging as part of packaging imported from abroad

No product charge liability arises on the personal use of such a product if the debtor can prove by records and supporting documents that the reusable packaging material **was returned directly to a foreign country or to an industrial warehouse within 365 days** of the date on which the liability arose.¹⁰⁰

The return shipment is confirmed if the importer's records contain at least the name of the packaging subject to the product charge, the CsK code, the GTIN number (global trade identification number, bar code) or, in the absence of a GTIN number, the data set out in Annex 8 to the Vhr.

⁹⁶ Ktdt. § 27 (1).

⁹⁷ Ktdt. § 4 (2) paragraph f).

⁹⁸ Vhr. Annex 8.

⁹⁹ Ktdt. § 4, paragraph 2, point e).

¹⁰⁰ Ktdt. § 4 (2) (d).

the quantity, the date of delivery, the transport document certifying the delivery or, in the absence of a transport document, the return.¹⁰¹

If such products **remain in Hungary**, they are subject to a product charge. A refund may be claimed on the basis of outward dispatch beyond the product charge assessment period.¹⁰²

From 2014, **packaging imported as part of the packaging of goods imported from abroad** does not need to be included in the register of reusable packaging if it is not placed on the domestic market.

11. Recovery of the product charge

The product charge paid, except for the flat rate paid by a small number of issuers, may be refunded in the following cases:

- **the certified delivery abroad of** the product subject to the product charge;
- **the sale abroad of** a product subject to the product charge in the same form or in the same form and condition as **another product incorporated in the** same form and condition;
- activities related to procurement exempt from public charges under international treaties, activities related to the implementation of the North Atlantic Treaty Organisation's Security Investment Programme;
- **raw material used as a direct material** (raw material subject to **product charges**) in the **production of a product subject to product charges**;
- **the certified return abroad of reusable packaging** that is part of packaging imported from abroad **beyond the period for which the product charge is fixed**;
- the use of packaging material or packaging aids for the production of non-packaging (except for resale);
- the product charge paid for a **closure** placed on the market as a component of packaging as a commercial packaging or metal drinks packaging.¹⁰³

in the case of.

It is also refundable:

- the amount of the product charge for other petroleum products which are shown to have been used or exploited by the debtor;¹⁰⁴
- for packaging materials which are in direct contact with the plant protection product and which constitute the packaging of the plant protection product, the amount of the refund paid by the applicant for the treatment of waste

¹⁰¹ Vhr. § 2/A (2).

¹⁰² Ktdt. § 25 (1) paragraph f).

¹⁰³ Ktdt. § 25 (1).

¹⁰⁴ Ktdt. § 25 (2) para.

paid to the non-profit organisation that organises the packaging as a service fee, for the weight of the packaging material that has become waste.¹⁰⁵

With the exception of the refund for the recovery of used or waste lubricating oil, the **product charge can be refunded in the periodic return of the period of entitlement.**¹⁰⁶

11.1. Certified outbound transport

The most common case of refund.¹⁰⁷ **This is not where the waste becomes a pollutant, i.e. where the product charge is not justified.** If the product charge has been paid previously and the product has been shown to have been shipped abroad, a refund is possible.

The return shipment abroad - or to an industrial warehouse - shall **be deemed to be certified** if the importer's records contain at least the name, the CV code, the GTIN number or, in the absence of a GTIN number, the data set out in Annex 8 to the VAT Regulation, the quantity, the date of shipment and the transport document certifying the shipment or, in the absence of a transport document, the data certifying the return.¹⁰⁸

11.2. The product subject to the product charge in its unaltered form or incorporated into another product in its unaltered form and condition

The refund is conditional on the **issue of an invoice or other document proving the purchase of the product**, which must include the number and identification of the invoice or other document proving the completion of the transaction issued by the debtor when the product was first placed on the domestic market, the name, address and tax number of the debtor, and the amount and rate of the product charge indicated on the invoice or the annex thereto or on the other document proving the completion of the transaction issued by the debtor.¹⁰⁹

With the exception of packaging material in the reusable packaging register and waste of other petroleum products, the product charge cannot be reclaimed on **used or waste products subject to the product charge** when sold abroad.¹¹⁰

11.3. Use of a chargeable product used as a direct material (raw material) in the manufacture of a chargeable product

¹⁰⁵ Art. 25 (2a) of the Ktdt.

¹⁰⁶ Art. 25/A (2) of the Ktdt.

¹⁰⁷ Ktdt. § 25 (1) a).

¹⁰⁸ Vhr. § 2/A (2).

¹⁰⁹ Art. 25 (3) of the Ktdt.

¹¹⁰ Art. 25/A (4) of the Ktdt.

Use as a raw material is when the product subject to the royalty is **incorporated into another product according to the technological process**, losing its original properties in the case of other petroleum products.¹¹¹

The debtor must keep a record of the date of use of each raw material and the quantity of the product subject to the charge used as a raw material.¹¹²

The amount of production scrap and waste may also be taken into account for the refund, but in this case the production scrap and waste cannot be included in the waste recovery output.¹¹³

11.4. Certified return abroad of reusable packaging that is part of packaging imported from abroad beyond the product fee period

In addition to keeping a record of outbound deliveries with specific data, the refund is conditional on the provision of appropriate proof of delivery. The proof of the return of reusable packaging abroad - or to an industrial warehouse - can also be provided by a quantity-based record of the packaging in accordance with the data in Annex 8 to the Vhr.

12. Compliance with EU law, new concepts, new rules

Directive 2015/720, which amends Directive 94/62/EC on packaging and packaging waste, sets targets for Member States to reduce the use of lightweight plastic carrier bags in the EU.

In Hungary, Government Decree 301/2021 (VI. 1.) on the restriction of the placing on the market of certain other plastic products banned the placing on the market of certain single-use plastic products, so from 1 July 2021, lightweight plastic carrier bags with a wall thickness of more than 15 microns, excluding those made of biodegradable plastic, will no longer be allowed on the market.

In order to reduce the quantity of plastic carrier bags placed on the market, the MTR will set a higher rate for certain products from 1 July 2021 and introduce new definitions.

Plastics¹¹⁴: Council Regulation (EEC) No 793/93 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and amending Regulations (EEC) No 793/93 and (EC) No 1488/94.

¹¹¹ Ktdt. § 2, point 1a.

¹¹² Vhr. § 2 (3) a).

¹¹³ Ktdt. § 25 (6) para.

¹¹⁴ Art. 2 § 24a of the Ktdt.

a **polymer** within the meaning of Article 3(5) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 repealing Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC, **to which additives or other substances may have been added and which is suitable for use as a main structural component of plastic carrier bags, including biodegradable plastics.**

*Biodegradable plastic*¹¹⁵ is capable of physical and biological degradation to carbon dioxide (CO₂), biomass and water, and can be recycled both through composting and anaerobic digestion, in line with European packaging standards.

Under the previous legislation, the product charge was not payable on the domestic placing on the market, private use or stocking of products made from raw materials derived entirely from renewable sources and biodegradable plastic in accordance with the requirements of standard MSZ EN 13432:2002 or equivalent. Under the current rules, biodegradable plastic products are also subject to a product charge, but at a lower rate than other plastics.

*Plastic carrier bags*¹¹⁶ are plastic carrier bags, with or without handles, provided to consumers at the point of sale of goods or products, other than plastic flexible-wall coolers or cooler bags.

*Lightweight plastic carrier bags*¹¹⁷ are plastic carrier bags with a wall thickness of less than 50 microns.

*Very lightweight plastic carrier bags*¹¹⁸ are plastic carrier bags with a wall thickness of less than 15 microns used for hygienic purposes or for primary packaging of bulk food in cases where it helps to prevent food waste.

Annexes 2 and 3 of the Ktdt. have also been amended to reflect the new definitions. Plastic carrier bags are subject to a uniform rate of 1900 HUF/kg, while biodegradable plastic carrier bags are subject to a product charge of 500 HUF/kg.

The new product categories also include new HS codes, which can be found in Annex 1 of the Vhr.

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¹¹⁵ Art. 2 § 5a of the Ktdt.

¹¹⁶ Art. 2 § 25.

¹¹⁷ Art. 2 § 22.

¹¹⁸ Art.