

# Council of EU Authorises Hungary to Increase Threshold to Exempt Small Businesses from VAT

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On 22 May 2023, the Council of the European Union authorised Hungary to exempt from VAT taxable persons whose annual turnover does not exceed the equivalent in national currency of EUR 71,500.

With this authorization, Hungary will continue to derogate from article 287 of the [VAT Directive \(2006/112\)](#) by increasing the exemption threshold from EUR 48,000 to EUR 71,500.

The previous authorization to apply a higher threshold than the one established under article 287 of the [VAT Directive \(2006/112\)](#) (EUR 48,000 instead of the threshold of EUR 35,000), was granted on 18 January 2022 (for more information, see [European Council: Hungary May Continue Applying a Higher Exemption Threshold for Small Businesses \(19 January 2022\)](#)).

The authorization was approved by [Council Implementing Decision \(EU\) 2023/1025](#), published on 25 May 2023 in the Official Journal of the European Union, since it has a positive impact on the simplification of VAT obligations, reduces the administrative burden and compliance costs for both small enterprises and tax authorities and does not majorly impact total VAT revenue generated.