

SEVERAL ISSUES ON TAXATION OF THE SHARING ECONOMY BUSINESS MODEL, WITH SPECIAL REGARD TO THE HUNGARIAN REGULATION¹

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Abstract

Sharing economic models and services will gain more and more importance in economic life and will grow even more dynamically in the future. These business models are transforming consumer habits through technological advances and creating a serious competition for the traditional sector.

The new models are challenging the legal regulation, as some of their business benefits stem from market deregulation, especially in the area of taxation. In order not to encourage the expansion of the gray economy, these companies should look for solutions in tax law that do not impose administrative burdens on the operation of these types of businesses but force them to fulfill their tax obligations.

This article describes the tax issues that arise in this area and introduces regulatory alternatives, particularly highlighting the Hungarian regulation.

Keywords: *taxation, tax law, sharing economy, financial regulation.*

1. Introductory thoughts

Social and economic changes create new innovative solutions to which legal regulation and financial regulation in particular, must respond. Particularly there is a rapid development in the technology sector, through which consumer and community habits are transformed and are changing. Younger generations not only organize their lives on the Internet, but also use it to communicate, buy, educate, access literature.

In welfare states, increased consumption and consumption demands of

the new entrants are becoming more and more problematic for mankind, that is, for how long the Earth's resources are enough to meet hyper-consumption needs. The literature also reviews the consumer society with sufficient criticism. This is the consumption of disposable things, including not only the packaging material, but also the production models that replace and discard objects in the field of durable consumer goods. The other problem is the use of less-used goods, that is, the purchased goods are rarely used, while technically and technologically obsolete. Out-of-resources tools become too expensive for the economy. But here is the hedonistic over-

¹ The described article/presentation/study was carried out as part of the EFOP-3.6.1-16-00011 "Younger and Renewing University – Innovative Knowledge City – institutional development of the University of Miskolc aiming at intelligent specialisation" project implemented in the framework of the Szechenyi 2020 program. The realization of this project is supported by the European Union, co-financed by the European Social Fund.

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consumption, quick recollection of resources. This generates environmental, social and political problems. All of these problems and changes in consumer demand together result the spread of the sharing economy, which is also becoming a new sector of the economy.

The literature analysis shows how social and economic influences contributed to the development of the model¹. Due to the spread of advanced digital platforms and devices, access is via an online platform, so demand and supply can be interconnected, allowing fast communication both in space and time. Also, the low prizes, which are due to the low transaction costs, are also playing an important role compared to the traditional business model. Economic rationality was also a determining factor. By utilizing unused or less-used assets, asset owners get revenue that helps to reduce the high financial burden on the asset. Nevertheless, the asset owner can get extra income without additional investment, either with secondary, ancillary activities. Users will only pay for their actual use. An environmentally conscious consumption model and personal interaction, a community experience, induced an important change. Shared, community consumption is more environmentally conscious and more sustainable as it is based on more effective use of existing tools. By the growth of the globalization, product and service offerings appear on online markets, and as a result of the urbanization demand and supply are getting closer together. Changes in the economic crisis and

consumption patterns have also contributed to the process. With the economic crisis, consumers turned their attention to cheaper solutions, as more consumers had to face more difficult financial circumstances. On the other hand, in the area of consumption habits, the dynamic development of online shopping can be observed, which also means the diversity and variation of the supply side².

2. The sharing economy model and its areas

As a result of the habits of economic life, changed market conditions, confidence in traditional economic structures and the emergence of technological innovations, we can witness the emergence of the increasingly influential sharing-based models³. As regards the definition of sharing economy, it can be stated that an unified Hungarian definition does not exist yet, it can be done by illustrating the main features of the phenomenon. In the absence of a concept, a sharing-based model, a sharing economy or access-based business model is characterized by a systematic and rational use of resources, more accurately, a model where the access is made an online web platform or through a mobile application. In this model, consumers do not purchase products, services, and products based on service, but obtain them only on an “on-demand” basis⁴. The Commission of the European Union defined this concept as the term sharing economy refers to a business model in which activities are facilitated by

¹ Nagy Zoltán, *A közösségi gazdaság (Sharing economy) és pénzügyi szabályozása (The financial law regulation of the sharing economy business model)* - http://www.uni-miskolc.hu/~microcad/publikaciok/2016/E_feliratozva/E_7_Nagy_Zoltan.pdf [last access on 14.03.2017].

² *Idem.*

³ Juho Hamari, Mimmi Sjöklint, Antti Ukkonen: *The Sharing Economy: Why People Participate in Collaborative Consumption*, Journal of the association for information science and technology, 2015 - <http://onlinelibrary.wiley.com/doi/10.1002/asi.23552/abstract> [last access on 27.03.2017].

⁴ Nagy Zoltán, *op.cit.*

cooperation platforms that create an open access market for the temporary use of goods and services often provided by private individuals⁵. It was estimated that the sharing economy would receive EU revenue of EUR 3.6 billion in 2015 from the cooperation platforms operating in the following five key sectors: accommodation (short term rental), transportation, household services, professional and technical services, and community finances⁶. The development of the model was stimulated by several factors, such as the development of information technology, economic rationality and changed consumption habits. The economy that divides our consumption patterns into a continuous transformation is about a more rational use of our knowledge, property, time and space, and its fundamentals are nothing but online communities⁷.

2. The development of information technology, the emergence of digital platforms

The “information explosion”, “electronic revolution” in the last decades of the XX century can be compared to the industrial-technical revolution of the XIX. century. The statement is undoubtedly true, as regards the impact on the interaction of the people living in the consumer society. The cardinal difference, however, is that, as long as the Industrial Revolution triumphed

for nearly two centuries of continuous change, the information explosion itself reached the same in nearly two decades. As a consequence, the so-called information society is gradually being built and realized as the widespread use of computer tools and the direct production of information can be considered as the pillar of this realization⁸. Although the Earth's population has always done sharing-based activities (eg leasing), this economic trend has gained enormous importance with the development of digital technology, the emergence and spread of digital platforms and devices. As a result of technological advances, a sharing-based model allows access to tools and services on an on-demand basis to be more accurately scaled on time and to dynamically link demand and supply. In our opinion the sharing-based economic model's most remarkable advantage and characteristic at the same time is the fact that it provides a rational use of resources. The consumer who is using the platform is not forced to buy the product, on the other hand the owner of the product retains the ownership of the service during the provision of the service, makes an ad hoc profit that would only be obtained for other legal transactions (eg lease).

By leaving behind the tendencies of the XX. century, we can say that ownership and possession do not have such an existential and emotional essence, more and more people think that possession has an increased burden, which is the time-

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, European Agenda for the Community Economy dated February 2016, <http://ec.europa.eu/DocsRoom/documents/16881/attachments/2/translations/hu/renditions/pdf> [last access on 22.02.2017]. Participants in the Community economy may be divided into three categories: (i) (“private individuals”) or professional service providers (“professional service providers”) providing services, resources, time and/or skill; (ii) all of these users, and (iii) intermediaries who establish, through an online platform, a link between service providers and users and facilitate the transaction (“collaboration platforms”).

⁶ Communications from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2016., p. 1-3.

⁷ Berkovics Dalma, A hozzáférés ereje. TEDxYouth@Budapest előadás, (The power of access. TEDxYouth @ Budapest performance) 2013.

⁸ Pázmándi K., Verebics J., E-jog, HvgOrac Kiadó, 2012, p. 17-24.

consuming choice, maintenance, repair costs. Furthermore, here we can talk about not only rationality but also sustainable consumption, which implies the application of unused goods⁹. Changed consumer behaviors have helped to create new solutions. As a result of the urbanization and globalization, demand and supply are close to each other, we can acquire a traveling partner within minutes, practice rental rights on the neighbor's household device, and listen to the music playlist created by a platform user at the other end of the world¹⁰. And not only this possibility but also the need for it is increased, as the popularity of personal interaction among the consumers of the 2010s was also included, which also indicates the prosperity of the relationship to ownership. The real change in attitude in the last phase of the evolutionary development of sharing may mean that people realize that they do not have to possess the objects to meet their needs: it is enough to reach them wherever and whenever they can use them¹¹. Nevertheless, almost a decade after the global economic crisis, consumer attitudes can be felt, which is reflected in the selection of services and products from the point of view of saving. E-commerce provides the most common¹² alternative to this behavior and attitude¹³.

All of these factors force the development of a different business model. As for companies operating on the sharing economy model basis, we can distinguish between consumer-to-consumer (c2c) and business-to-consumer (b2c) business models. In the c2c model, the consumer and service provider reach each other through an

IT platform of a company, as interacting with each other we can consider them as almost equal partners. However, in the b2c model, the service provider is not separated from the company, so the company itself is the one that creates a platform for share-based business services. More and more traditional companies (BMW-DriveNow, Car2Go, MOL Bubi, MOL Limo) deliver their products through this new b2c business model to consumers by creating a revenue-generating alternative¹⁴. This behavior is, according to our opinion, proactively able to bring the traditional and market-based “new players” closer thereby eliminating market tensions that may even lead to the complete disappearance of new models (see Uber Hungary Ltd.'s withdrawal from Hungary).

3. Regulatory problems arising from the operation of the model.

While innovation is undoubtedly a motor of competition, the sharing economics companies face many problems. In the absence of regulation, the sector can be regarded economically gray from the aspect of taxation. The goal we think is that all legislators need to keep in mind the “whitening” of the sector. It is a globally observable problem that can cause the anger of all traditional operators to bear that the participants in the new model bear lower costs and administrative burdens, thus

⁹ Osztovics A., Kőszegi Á., Nagy B., Damjanovics B., 2016.

¹⁰ Botsmann, Rogers, *What's mine is yours – the rise of collaborative consumption*, Harper-Collins, 2010 - https://www.ezonomics.com/ing_international_surveys/sharing_economy_2015/ [last access on 28.03.2017].

¹¹ Botsmann, Rogers, *op.cit.*, 2015.

¹² <http://www.kutatocentrum.hu/hirek/2015/cikk-302/5-bol-4-netezo-vasarol-online> [last access on 28.03.2018].

¹³ Nagy Zoltán, *op.cit.*, p. 2-3.

¹⁴ Osztovics A., Kőszegi Á., Nagy B., Damjanovics B., 2016.

gaining a competitive edge¹⁵. It would seem easy to extend the personal scope, but in our view, this would destroy the very essence of the model, and would deprive consumers of the benefits that brought the model to life. However, absolute banning is also unreasonable as companies may look for “legal loopholes”. Sharing operators are subject to tax rules as well. This includes rules on personal income tax, corporation tax and value added tax. Hidden employment also raises tax problems¹⁶. Hidden work involves the production processes and services for money that are not registered by the state, but from the aspects of any other respects counts legal. Here is a mention of the phenomenon of tax denial. There are several motifs and forms of tax denial in the broad sense: “tax avoidance”, tax evasion and fiscal fraud. Their common characteristic is that the taxpayer or their group acts contrary to the ideas of taxpayers. However, the legal assessment of the three phenomena is quite different. Therefore, in the present case, we will only focus more on the phenomenon of tax evasion. Tax evasion, as opposed to tax avoidance, is a violation of the tax liability by illegal means. It should be pointed out that the statistical surveys of conduct on criminal prosecution do not give a fairly good picture as there is a very high percentage of the latency in this area¹⁷. In

addition to this problem, there are a number of other problems, such as difficulties in identifying taxpayers and taxable income, lack of information on service providers, aggressive tax exacerbation in the digital sector, different taxation practices across the EU and inadequate exchange of information. However, in order to ensure a level playing field between the same service providers, the European Commission draw attention of the Member States to the revision of tax rules¹⁸.

Finally, we also have to face the problems that we can address by multidisciplinary examination of the model. That is, if the legislator undertakes to regulate share-based business models, it must be examined not only from the point of view of tax law, financial law, but (completeness) also liability for damages, health insurance, consumer protection and labor law. The currently feedback-based evaluation system is far from being suitable for achieving that goal. The European Union also draws the attention of the Member States to the establishment of a balanced approach to ensure that recipients enjoy a high level of protection against unfair commercial practices¹⁹.

Summing up the above, the state, and then the legislator to whiten the sector and promote regulation, while at the same time maintaining the model, we must primarily take the following steps in our view:

¹⁵ Daniel E. Rauch, David Schleicher, *Like Uber, but for Local Government Law: The Future of Local Regulation of the Sharing Economy*, 2016 - https://www.law.gmu.edu/assets/files/publications/working_papers/1501.pdf [last access on 14.03.2017].

¹⁶ Lackó M., Semjén A., Fazekas M., Tóth I. J., *Rejtett gazdaság, rejtett foglalkoztatottság: kutatási eredmények és kormányzati politikák a nemzetközi és hazai irodalom tükrében*, MTA Közgazdaságtudományi Intézet, Műhelytanulmányok MT-DP-2008/7 (Hidden Economy, Hidden Employment: Research Outcomes and Government Policies in the Mirror of International and Hungarian Literature, MTA Institute of Economics, Worksheets MT-DP-2008/7) - https://www.researchgate.net/publication/242266109_Rejtett_gazdasag_rejtett_foglalkoztatottsag_kutatasi_eredmenyek_es_kormanyzati_politikak_a_nemzetkozi_es_hazai_irodalom_tukreben [last access on 14.03.2017].

¹⁷ Földes Gábor, *Pénzügyi jog*, Osiris Kiadó, 2007., 81.

¹⁸ Lackó M., Semjén A., Fazekas M, Tóth I.J., 2008.

¹⁹ Christopher Koopman, Matthew Mitchell, Adam Thierer, *The Sharing Economy and Consumer Protection Regulation: The Case for Policy Change*, *The Journal of Business, Entrepreneurship and Law*, 2015/2 - <https://www.mercatus.org/system/files/Koopman-Sharing-Economy.pdf> [last access on 14.03.2017].

- Modification the structure and level of contribution, contribution drafting
- Reduction of administrative burdens
- More effective control behavior
- Government campaign²⁰

4. Hungarian regulatory solutions in the transportation sector

First of all, it is important to examine the operating modes of in question. On the one hand, we can talk about the so-called *car-sharing* form in which a community-owned means of transport - usually car use - takes place for a fixed period of time. In addition, we can narrow the circle to the fact that is one or two hours, or the more frequent 1-2 days of exercise is the practice of quasi rental rights. Secondly, it necessary to mention the ride-sharing form, which is nothing more than a way for passengers of traveling together by a car. The driver of the vehicle shares his vehicle with passengers who wish to travel on the same route.

Finally, there is the ride-sourcing solution. For this method, a freight transfer is carried out, that is, an IT-based transport service is used by consumers through a mobile application. Most of the drivers carry out their service with a motor vehicle owned by them. However, the provision of such services for the purpose of gaining income may also be carried out as an ancillary activity, which is not a negligible circumstance in terms of tax law. Some service providers are only economic

operators that use IT support to organize their carriers (see Taxify), while others also use dynamic pricing for that purpose (see Uber)²¹.

Not only did the company achieve great success at local level. In addition to the figures in the introduction, I would like to highlight the results of a study on the subject that in 2015, according to the most recent data, the company has reached \$ 68 billion, ranking first in the list of the most successful start-up businesses in the world²². The Hungarian subsidiary of the company was registered as Uber Hungary Ltd. in 2013, and it withdrew from the Hungarian market after one and a half years of successes.

For each taxation issue, it is necessary to examine whether the activity is covered by the tax rule. Regarding the scope of personality, that is, whether the Act on VAT²³ is essentially applicable to Uber's drivers, the following should be emphasized. According to the VAT Act, an enterprise in another Member States including a passenger transport service provision, which is related to a mobile is subject to the law. EU rules are based on the differentiation of the terms "trader" and "consumer". A trader's "person acting for purposes relating to commercial, industrial, craft or professional activities"; the person acting for the consumer²⁴ for the purposes of his commercial, business, craft or professional activities"²⁵. Applying the aforementioned legislation in the light of the foregoing is therefore possible if the platform is used by

²⁰ Lackó M., Semjén A., Fazekas M, Tóth I., J.,2008.

²¹ Földes Dávid, Dr. Csizsár Csaba, *Az autonóm városi személyközlekedés hatásai (The effects of the urban passenger transport)* - http://kitt.uni-obuda.hu/mmaws/2016/pages/program/papers/Paper_15_F%C3%B6ldes_Csizs%C3%A1r_IFFK%202016.pdf [last access on 17.04.2017].

²² Scott Austin, Chris Canipe. Sarah Slobin, *The Billion Dollar Startup Club*, Wall Street Journal 2014-<http://www.panoramic.com/wp-content/uploads/2015/03/The-Billion-Dollar-Startup-Club.pdf> [last access on 27.03.2017].

²³ Act CXXXVII. of 2007 on Turnover Tax, paragraphs 5-24.

²⁴ Article 2 (b) of Directive 2005/29 / EC (Unfair Commercial Practices Directive).

²⁵ Article 2 (b) of Directive 2005/29 / EC.

a trader to commit himself to the commercial activity. However, the question remains to be solved on the basis of which a possible dispute may arise between persons whose one is a trader who does not qualify as a trader for the purpose of providing a commercial activity to another non-trader. And what are the conditions under which an activity can be considered to be a commercial activity? According to the Commission's guidelines on the Community economy the following aspect should be taken into account: the frequency of services, the profit target and the level of business turnover.²⁶ The activity of a company (natural or legal person) carrying out a passenger service on its own behalf and at a risk as a business is taxable and can only be done by using a tax number²⁷.

A taxable person is a legal person, an organization who owns an economic business, irrespective of its place, purpose and result²⁸. Economic activity²⁹ is the pursuit of an activity on a business or permanent basis or on a regular basis when it is directed towards or results in the attainment of the consideration and is carried out in an independent manner. Accordingly, an enterprise which carries out passenger transport services through a mobile application for the purpose of satisfying passenger transport requirements is a compulsory VAT activity. Thus, the taxable nature of the service provided is not affected by the fact that the passenger's demand for services and the service provider who offers

passenger transport services are met by a mobile application.

A taxpayer who is taxed under the general rules must declare it if he intends to establish a commercial relationship with a taxable person in another Member State³⁰. A commercial relationship is also the provision of a service related to the use of a mobile application where the service provider establishes a commercial relationship with a taxable person in another Member State³¹.

The activities carried out by Uber drivers³², like cab drivers, must be carried out as entrepreneurs, which can be done as a private entrepreneur or in a joint venture. If the driver carries out the provision of a service as a private entrepreneur, the provisions of Act CXLVII of 2012 on Taxes on Subsidiary Enterprises and the Small Business Tax Act or Act CXVII of 1995 on Personal Income Tax. (hereinafter referred to as "the Szja Act") shall be fulfilled. For persons providing passenger services, it is more sensible to choose a tax-payer for this type of private entrepreneur, since if he does not work in full-time, he has to pay an item of HUF 25,000 per month, compared with a monthly tax of HUF 50,000 in case of a full-time activity. It is to be noted that the independence of tax revenue also applies to this business form, taking into account the maximum revenue threshold. In the case where the taxpayer chooses tax-based taxation, his income can be determined by two methods. One is flat-rate taxation, while the other is taxation based on itemized

²⁶ Communications from the Commission.

²⁷ Act CL of 2017 on the Rules of Taxation, paragraph 1-7.

²⁸ Act CXXVII. of 2007 on Turnover Tax, paragraph 5, section 1.

²⁹ Act CXXVII. of 2007 on Turnover Tax, paragraph 6.

³⁰ Act CL of 2017 on the Rules of Taxation, paragraph 22., section 1e.

³¹ Information on the tax liabilities of the "UBER driver", 2016, https://www.nav.gov.hu/data/cms393278/Tajekoztato_az_UBER_sofor_adokotelezettsegeirol_2.pdf [last access on 2017.02.17].

³² The most important rules of the VAT system to be fulfilled by the taxpayers who are subject to the general rules as regards their intra-Community acquisitions of goods, their use of services, their supply of goods and services https://nav.gov.hu/data/cms280503/29_fuzet_Az_általanos_szabalyok_sz_adozok_Kozossegben_beli_termekbeszerzes_2013.pdf [last access on 2017.04.02].

accounting. It is preferable to choose a flat-rate taxation. With this option you can live up to an annual income of 15 million forints³³. You will then have to pay 15% of your personal income tax after 20% of your income. In addition, it should be noted that 25% of the income of the supplementary activity have to be paid 15% personal income tax³⁴. The concept of supplementary activity is governed by the provisions of Act LXXX of 1997 on Social Security Beneficiaries and Private Pension Beneficiaries and the Coverage of these Services. (abbreviated as Tbj. in Hungarian).

According to the civil law in force, business associations are companies with legal personality, which are established with the financial contribution of the members, in which the members share a profit and jointly bear the loss.³⁵ For the taxation of domestic companies, except for the special taxation possibilities, the provisions of the corporate tax law³⁶ are applicable. The corporate tax base is the “profit before tax” for a resident taxpayer and a foreign entrepreneur taking into account the rules on reducing and increasing the profit before tax. It should be noted that the costs, expenses incurred by the use, maintenance and operation of an used car for the benefit of the company are considered to be certain costs incurred in the course of a passenger business.³⁷ In the event that a general partnership, a limited

partnership or a limited liability company is established for the continuation of that activity have only private members, it may also choose to impose its tax liability on the basis of the simplified entrepreneurial tax rules. In accordance with the Act XLIII of 2002 on simplified entrepreneurial tax, (hereafter Act Eva), taxpayers who have an annual income of less than HUF 30 million, together with VAT – in order to simplify their accounting obligations and reduce their tax burden – can choose the simplified entrepreneurial taxation.

The Commission considered it important to point out in its guidance that Member States should strive to impose proportionate obligations and to ensure a level playing field. Companies offering similar services should apply similar taxation requirements: *public information in connection with the tax liability, attention from tax authorities, guidelines and enhancing transparency through online information*³⁸.

In addition, it is important to highlight the professional specifications that actually resulted the getaway of Uber Hungary Ltd. from Hungary. The main reason was the amendment of the Article 9 of the Act XLI of 2012 on Passenger Services³⁹. The Hungarian government has imposed dispatch service requirements as defined in the Decree for service providers (Uber

³³ Act CXVII of 1995 on Personal Income Tax, paragraph 53, section 1b.

³⁴ Act CXVII of 1995 on Personal Income Tax paragraph 53., section 1c.

³⁵ Act V. of 2013 on Civil Code of Hungary paragraph 3:88, section 1.

³⁶ Act LXXXI. of 1996. on Corporate Income Tax.

³⁷ Act LXXXI. of 1996. on Corporate Income Tax, paragraph 6, section 1.

³⁸ Communications from the Commission.

³⁹ Act XLI. of 2012 on passenger transport paragraph 12/B. section (1) The transport authority shall order the temporary unavailability of the data published through the electronic communications network (hereinafter referred to as “electronic data”), made accessible by the operator of the service, to the provision or delivery of a commercially-based passenger transport service directly or indirectly through the presentation of the steps required to take advantage of it, promotes those that do not meet the requirements set out in the Government Decree on dispatcher service or stand-alone dispatch service. (2) The unavailability of electronic data pursuant to paragraph (1) may be made if the decision of the competent authority imposes a fine for the lack of a dispatcher license defined in the Government's decree and the fined person continues to do the unauthorized activity.

drivers). In case of non-compliance these requirements, the authority orders blocking for 365 days and is inspected by the National Media and Infocommunications Authority⁴⁰. The amount of the fine can range up to 50,000-200,000 HUF⁴¹.

As outlined above, the current legal environment perfectly covers the share-based economy model as well. However, as shown by the withdrawal of Uber Hungary Kft. From Hungary, it would be a desirable legislative method to introduce provisions that are capable of maintaining the benefits of the model, while alleviating the economic and social tension between the traditional passenger transport sector and the sharing economy⁴².

Conclusions

There are different examples of tax legislation in international practice. It is certain that new technology solutions will cause the legislator many obstacles on a number of serious issues in order to change the traditional regulatory framework with the solutions that can be applied to sharing economic models. One such solution would be that the service provider pay directly instead of the service provider. Another solution may be an individual agreement with the service provider on tax payment. A third option, followed by Hungary, introduces the relevant industry standards. However, this latter solution may impose a burden on the service provider which may impede the service or providers assume the risk of tax evasion. It is therefore clear that it is not easy to resolve this issue. By tax law gives preference to a sharing economy model, it will have a competitive

disadvantage for other sector players. The right solution would be to redesign taxation and industry regulation in the traditional sectors by taking into account the needs of the new model.

A good example is the example of Estonia which, in our opinion, should be followed by those countries that strive to reduce the tension between businesses and tax authorities in the sharing economy. The Member State intends to simplify the tax returns with the cooperation including car sharing platforms as well. Transactions between the provider of the service and the consumer are recorded in the cooperation platform, which then only transmits the important (from the aspect of taxation) information and data to the authorities for tax purposes. The authorities then fill the tax payment form. It is easy. The basic idea is to help taxpayers to meet their tax obligation with the lowest possible expense. In our opinion, legislation will be waiting for in the coming years. Rather, it is conceivable that traditional service providers are forced to innovate the sharing economic model, as it can be observed in the domestic cab market.

With the introduction of the Taxify mobile application, Hungary has taken a step forward in responding to changed consumer behavior and market conditions, but has taken a step backwards to regulate the sharing community economy at the same time. As indicated earlier, it proves to be a proactive solution when a company operating in a traditional economic model is expanding its operating profile with a Community economic model. An excellent example of this is MOL Limo⁴³, a community passenger transport innovation created by MOL. This initiation is welcome.

⁴⁰ Act XLI. of 2012 on passenger transport paragraph 12/B section 3.

⁴¹ Act XLI. of 2012 on passenger transport paragraph 12/B section 4.

⁴² João E. Gata, *The Sharing Economy, Competition and Regulation*, Competition Policy International, 2015.

⁴³ <https://www.mollimo.hu>.

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