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Act XCIII of 1990

on Duties

With a view to improving the balance in contributions to state functions and social responsibilities, and to increasing the sources of revenue of municipal governments, Parliament has adopted the following Act on the basic regulations governing duties and the establishment of fees for administrative and court services:

PART ONE

GENERAL PROVISIONS

Chapter I

DUTIABLE EVENTS

Obligation to Pay Duties and Fees

Section 1

Property acquisition duty shall be payable for inheritance, gifts, and quid pro quo transfer of property; a procedural fee or an administrative service or court fee shall be payable for administrative and court proceedings in the manner prescribed in this Act and as established in specific other legislation; and supervisory fee shall be charged for the judicial oversight activities of courts of registry. An extra administrative service fee may be prescribed by the relevant legislation, payable in addition to the duties prescribed in this Act, for any proceedings of the relevant authority that is otherwise subject to payment of duty, where such proceedings are conducted immediately - within the framework of administrative services - at the client's request at a time beyond regular office hours, or at a place outside the authority's official premises, and for providing the means necessary for official action.

Territorial Application and Persons Covered

Section 2

(1) The provisions governing inheritance duty shall apply to all inherited estate located in Hungary, without exception. The same provisions shall apply to movable estate inherited by a Hungarian citizen or a non-Hungarian citizen residing in Hungary or a legal entity established in Hungary, where the estate is situated abroad, as well as to rights as an object of property which are part of a foreign estate, if no inheritance duty or tax corresponding thereto is payable in the state in which such estate is situated. The burden of proof to prove that the duty or tax was in fact paid abroad lies with the heir. The provisions on inheritance duty shall not apply to real estate property devise situated abroad.

(2) The provisions governing duties on gifts and quid pro quo transfer of property shall apply to real estate property situated in Hungary, automobiles and trailers registered in Hungary, and rights pertaining thereunto, and in connection with shares in the capital of a company with holdings in real estate properties located in Hungary, unless otherwise provided for by an international agreement.

(3) This Act shall apply to the acquisition of moveable tangible property or rights related thereto - with the exception of automobiles and trailers registered in Hungary, and rights pertaining thereunto, and any share in the capital of a company with holdings in real estate properties located in Hungary - based on a

legal transaction, if the transfer of such movable tangible property or the acquisition of such rights took place in Hungary.

(4) In connection with any accession of wealth by way of remission of a debt, assignment, the assumption of a debt or any other similar way, this Act shall apply if the beneficiary is considered a resident private individual by definition of the Personal Income Tax Act, or a body registered in Hungary.

(5) The provisions of this Act governing procedural fees shall apply to both natural and legal persons, unless otherwise provided for by an international agreement.

Chargeability of Duties

Section 3

(1) Inheritance duty shall become chargeable on the day of the death of the testator.

(2) Gift duty shall become chargeable:

a) on the day of the conclusion of the donation contract, in respect of real estate property;

b) on the day of signing the deed of contract, in respect of movable property or rights; if a contract deed has only been made abroad, on the day upon which the dutiable event [Subsection (3) of Section 2] took place;

c) upon acquisition of the property, if no deed has been issued in respect of the donation of movable property or rights.

(3) Duty on the quid pro quo transfer of property shall become chargeable:

a) on the day of conclusion of the underlying contract;

b) on the day of the auction, in the case of purchase by auction;

c) on the day on which the decision becomes definitive in connection with the acquisition of real estate property, movable property and rights by virtue of a court or regulatory decision;

d) upon acquisition of the property, in the cases other than what is contained in Paragraphs a)-c).

(4) Procedural fees shall become chargeable on the day when the application for the opening of the proceeding is submitted.

(5) In connection with transactions related to the acquisition of property subject to the approval of an authority (permit, consent, acknowledgment), the duty shall become chargeable on the day when such approval is granted or, if more than one such approval is required, on the day when the last approval is granted. This provision shall apply also if the consent of a third party is necessary for the contract to become valid.

(6) In respect of a contract that is contingent upon a suspension or dissolution condition, or upon a specific day of initiation, the property acquisition duty shall become chargeable on the day when the contract becomes operative.

(7) The provision contained in Paragraph a) of Subsection (3) shall also apply to contracts for the financial leasing of real estate properties and motor vehicles (trailers) where title is transferred at the end of the lease term.

Exemptions from Duties

Section 4

(1) If exemption applies to the subject matter of a duty (subject-oriented duty exemption), no duty shall be paid. In respect of the exemption of a person otherwise liable to pay a duty (personal duty exemption), no duty may be charged to the exempted party.

(2)

Section 5

(1) The following shall be granted full exemption from duties:

a) the State of Hungary;

b) municipal governments and their associations;

c) publicly financed bodies, the Magyar Nemzeti Vagyongkezelő Zrt. (Hungarian National Asset Management Zrt.), and the Tartalékgazdálkodási Kht. (Reserve Management Kht.), or the nonprofit business association functioning as such;

d) non-governmental organizations, public bodies;

e) religious organizations, church associations, religious institutions;

f) foundations, including public foundations as well;

g) water management companies;

h) the health insurance administration agency and the pension insurance agency empowered to manage the National Pension Insurance Fund;

i) the Magyar Nemzeti Bank (National Bank of Hungary);

j) the Magyar Távirati Iroda Részvénytársaság (Hungarian News Agency);

k) the North Atlantic Treaty Organization, furthermore, the armed forces of the Parties to the North Atlantic Treaty and other nations participating in the Partnership for Peace, ratified by Act LXVII of 1995, which are stationed in Hungary, including the military and civilian personnel with citizenship other than Hungarian who are employed by such armed forces, in respect of duties which are related to the service obligations of such personnel;

l) the development councils governed under Act XXI of 1996 on Regional Development and Land Use Planning;

m) nonprofit business associations registered as public-benefit and priority public-benefit organizations;

n) the European Communities, their institutions and bodies, agencies and separate funds.

(2) The organizations described in Paragraphs c)-g) and m) of Subsection (1) shall be entitled to duty exemption only if they have no corporate tax payment liability incurred for revenues from entrepreneurial activities pursued in the calendar year preceding the time of accession of wealth or initiation of the proceeding or, in respect of publicly financed bodies, have incurred no payment obligation towards the central budget for their profits.

(3) In connection with any accession of wealth by an organization (foundation), they shall attach a written statement concerning the fulfillment of the conditions for duty exemption under Subsection (2) at the time of notification for dutiable purposes or, in the case of administrative or court proceedings, at the time of the opening of the proceedings. Such statement shall contain an indication that the organization (foundation) was not subject to any corporate tax payment liability on its revenues from entrepreneurial activities pursued in the calendar year prior to acquisition of the property or the time of the opening of the proceeding - or in the absence of such activities -, and was not required to make payments to the central budget on its profits.

(4) Where the duty on property acquisition became chargeable, and it was notified for dutiable purposes prior to 1 June, or in connection with procedural fees if the proceedings are opened before 1 June, the organization (foundation) shall provide a statement declaring that they do not anticipate to incur any tax liability. If the commitment contained in the statement is not realized, the organization (foundation) shall have until 1 July of the year when the duty becomes chargeable to notify the competent authority thereof and pay the duty subsequently without any tax penalty.

Section 6

(1) The duty exemption of international organizations, their officers and their family, foreign states, the diplomatic missions, consular posts and other representations of foreign states in Hungary, their members and their family shall be governed by international agreements, or in the absence thereof by reciprocity.

(2) As to whether reciprocity applies shall be determined relying on the directive of the minister in charge of taxation issued in agreement with the minister in charge of foreign policies.

PART TWO

DUTIES ON THE ACQUISITION OF PROPERTY

Chapter II

DUTY ON INHERITANCE AND GIFTS

Section 7

Accession of wealth upon the death of the testator or by way of gift shall constitute the subject matter of inheritance and gift duty.

Subject-Matter of Inheritance Duty

Section 8

(1) 'Subject of inheritance duty' shall mean any property acquired on the basis of inheritance - including redemption of beneficiary ownership and takeover of a private medical practice - devise or bequest, a compulsory share of inheritance, or a gift causa mortis.

(2) Any and all assets granted to a third party from the estate based on the testator's disposition shall be construed as legacy devolved from the testator directly upon the third party for dutiable purposes. The value of such assets shall be deducted from the value serving as the basis of the duty on the inheritance (legacy).

(3) Any inheritance (legacy) devolved upon, but not yet delivered to the decedent shall comprise a part of the estate. Accordingly, inheritance duty shall be paid separately for the estate devolved upon the decedent, in accordance with the family relationship between the first and the further decedents. Such duty shall be paid by the heirs in proportion to their shares of inheritance.

(4) Rights registered in the real estate register which continue to exist regardless of any change in the person of the proprietor (inheritance) of the asset shall not be subject to inheritance duty.

Waiver of Inheritance, Disclaimer of Inheritance

Section 9

(1) No duty shall be chargeable if inheritance is renounced without consideration. If the inheritance is renounced for consideration, gift duty shall be chargeable on the basis of such consideration.

(2) An heir or legatee who disclaims the inheritance or legacy after descent and distribution may not be required to pay inheritance duty (Section 674 of the Civil Code).

Disposition upon Descent and Distribution, Inheritance Allocation Agreements

Section 10

(1) Any person who, upon descent and distribution, surrenders his share of inheritance voluntarily, in full or in part, to another heir in the course of the probate proceedings, shall not be charged any inheritance duty in respect of the surrendered share. The other heir acquiring such share, or part thereof, shall pay the inheritance duty as if the part of the estate had devolved upon him directly from the decedent. If surrender is effected for consideration, inheritance duty shall be imposed upon the heir, and a duty on quid pro quo transfer of property shall be charged to the person acquiring such inheritance share.

(2) No inheritance duty may be imposed on inherited real estate property, or a part thereof, if such is assumed by a creditor of the decedent for satisfaction of the creditor's claim against the property. In this case a duty on quid pro quo transfer of property shall be chargeable to the estate creditor; this provision shall not apply if the estate creditor is also the decedent's heir.

(3) If the heirs conclude an agreement among themselves as to the allocation of inheritance, each participating heir shall be liable to pay the inheritance duty on the value of his respective share of inheritance. An heir, however, who, by virtue of allocation, receives a share from the inheritance, for consideration, in excess of his share prescribed by law or in the testament, shall pay a duty on quid pro quo

transfer of property on the value in excess of his inherited share, while the heir who surrendered the property for consideration shall pay inheritance duty.

Subject-Matter of Gift Duty

Section 11

- (1) The following shall be subject to gift duty:
- a) gifts of real estate property;
 - b) gifts of movable property;
 - c) granting of a right, surrender of such right or the exercise thereof without consideration, and the waiver of such right without consideration.
- (2) The gifts listed under Subsection (1) shall be subject to the payment of duty only if duly documented, or, in respect of movable property, if the market value of the movable property granted undocumented to any one donee exceeds 150,000 forints. Such gifts - except for the transactions referred to in Paragraphs c), k), l) and m) of Subsection (1) of Section 17 - shall be reported to the state tax authority within thirty days in accordance with the provisions set out in Subsections (3)-(4) of Section 91.
- (3) Rights given as a gift shall not be subject to the payment of duty if retained by the donor for his own benefit, or if the real estate property is transferred as a gift encumbered with some rights already existing and registered in the real estate register, prior to the transfer of such rights.
- (4) If upon occurrence of a condition subsequent or a final deadline the asset reverts to the donor, no gift duty shall be payable on such transaction.

Rate of Inheritance and Gift Duty

Section 12

- (1) The amounts of duty on inheritance and gifts shall be calculated on the net worth of the inheritance or gifts received by any one heir, legatee or donee, according to the rates indicated in the following table:
- a) In the case of inheritance:

Group	General Rate of Duty	Duty on the Acquisition of Residential Property
I. For the decedent's children, spouse, parents, and grandchildren supported in the decedent's household in the absence of a parent (adopted, step-, and foster children shall be construed as being the same as biological children and adoptive, step-, and foster parents shall be construed as being the same as biological parents)	11% up to 18 million forints plus 15% on any amount between 18 million forints and 35 million forints and 21% on any amount over 35 million forints	2.5% up to 18 million forints plus 6% on any amount between 18 million forints and 35 million forints and 11% on any amount over 35 million forints
II. For those of the decedent's grandchildren, grandparents, and brothers and sisters not	15% up to 18 million forints plus 21% on any amount between 18 million forints and 35 million forints and 30% on	6% up to 18 million forints plus 8% on any amount between 18 million forints and 35 million forints and 15% on any amount over 35 million forints

included in Group I	any amount over 35 million forints	
III. For all other heirs	21% up to 18 million forints plus 30% on any amount between 18 million forints and 35 million forints and 40% on any amount over 35 million forints	8% up to 18 million forints plus 12% on any amount between 18 million forints and 35 million forints and 21% on any amount over 35 million forints

b) In the case of gifts:

Group	General Rate of Duty	Duty on the Acquisition of Residential Property
I. For the donor's children, spouse, parents, and grandchildren supported in the donor's household in the absence of a parent (adopted, step-, and foster children shall be construed as being the same as biological children, and adoptive, step-, and foster parents shall be construed as being the same as biological parents)	11% up to 18 million forints plus 18% on any amount between 18 million forints and 35 million forints and 21% on any amount over 35 million forints	5% up to 18 million forints plus 8% on any amount between 18 million forints and 35 million forints and 12% on any amount over 35 million forints
II. For those of the donor's grandchildren, grandparents, sisters and brothers not mentioned in Group I	15% up to 18 million forints plus 21% on any amount between 18 million forints and 35 million forints and 30% on any amount over 35 million forints	8% up to 18 million forints plus 10% on any amount between 18 million forints and 35 million forints and 16% on any amount over 35 million forints
III. For all other donees	21% up to 18 million forints plus 30% on any amount between 18 million forints and 35 million forints and 40% on any amount over 35 million forints	10% up to 18 million forints plus 21% on any amount between 18 million forints and 35 million forints and 30% on any amount over 35 million forints

(2) The inheritance and gift duty of rights related to residential property shall be calculated by the duty rates prescribed in Paragraphs a)-b) of Subsection (1) pertaining to the acquisition of residential property.

(3) It shall be established as to which group the heir or donee belongs for the purposes of duty assessment as per the circumstances prevailing at the time of the decedent's death, or at the date when the gift was granted.

(4) In respect of the inheritance or donation of ownership title to or any rights in motor vehicles and trailers, the rate of the duty shall be twice the duty charged on the quid pro quo transfer of a motor vehicle or trailer (Section 24).

(5) The rate of duty for the right for the pursuit of a private medical practice, or for the transfer of such right as a gift shall be 10 per cent of the duty base defined under Subsection (7) of Section 13.

(6) In the event where the assets which are subject to the general rate of inheritance or gift duty includes arable land as well, the rate of duty that is otherwise chargeable on the arable land shall be determined according to the ratio that the arable land represents within the value of all assets subject to general rates of duty without any allowances.

Basis of Duties on Inheritance and Gifts

Section 13

(1) The net worth of an inheritance or gift shall be the market value of the asset acquired, less the deductions made under Subsection (2).

(2) When calculating the aforementioned net worth, the estate debts (Section 677 of the Civil Code), or the portion of the debts charged on the gift and the value of any other encumbrances prorated to each heir or donee, shall be deducted from the market value of the asset acquired. The fees payable to the administrator and the executor appointed during the probate proceedings shall also be construed as estate debts. Encumbrances comprising rights shall be applied as prescribed in Section 72, in which case the duty base shall be established in accordance with Subsection (4) of Section 15.

(3) The estate charges pertaining to individual assets that are subject to payment of duties as forming part of the estate shall be deducted from the market value of the asset in question. The estate charges applicable to the entire estate shall be taken into consideration in the proportion of the dutiable asset acquired by the heir in comparison with the non-dutiable asset (exempt assets inside the country and assets outside the country, to which this Act does not apply).

(4) The existence and amount of debts and other charges shall be evidenced by the heir (legatee) or the donee. The usual costs of the decedent's funeral may, however, be accepted without proof.

(5) A donee shall pay duty on quid pro quo transfer of property for any debts and other charges on the gift, not including any rights of others in the gift.

(6) If the estate or gift includes an automobile or trailer as well, the value thereof shall not be taken into consideration when calculating the net worth of other estate or gift.

(7) The duty base for the right for the pursuit of a private medical practice, or for the transfer of such right as a gift, shall be the value of the right without any deduction of encumbrances.

(8) If a particular real estate property is transferred as a gift to a person through several contracts within a five-year period, the amount of duty shall be calculated on the net worth of the parts of the property already transferred together with the latest addition, provided that the net worth of the property is over 18 million forints. The market value, which serves as a basis for the property's net worth, shall not include any increment in value achieved by investments made since earlier transfers. The amount of duty calculated in accordance with the above shall be reduced by the amount that would have to be paid on the previously acquired ownership shares of the same property as if they had been acquired at the same time as the most recently acquired share.

Section 14

The value of the compulsory share of inheritance shall be deducted from the hereditary share of the heir required to surrender such share. An heir who satisfies the claim of another party entitled to a compulsory share with cash or some other consideration, which is not part of the estate, shall pay a duty on quid pro quo transfer of property, while the party entitled to such compulsory share shall pay inheritance duty.

Duty on the Transfer of Beneficial Interests and Rights of Use by Way of Inheritance or as a Gift

Section 15

(1) If the persons to inherit ownership title to and any beneficial interest or the right of use of an asset are not the same, the heir of the ownership title shall pay inheritance duty on the market value thereof with the value of the beneficial interest or the right of use, calculated as defined in Section 72, deducted, while the

holder of the beneficial interest or the right of use shall pay inheritance duty on the value of the beneficial interest or the right of use calculated the same way.

(2) The provisions contained in Subsection (1) above shall also apply when a donor grants ownership title to the asset to one person, while granting beneficial interest or the right of use thereof to another person.

(3) The basis of the duty payable by the party acquiring ownership or such rights shall be calculated as prescribed in Subsections (1)-(2) even if the transfer of the beneficial interest or the right of use by way of inheritance is exempt from duties - including if granted without consideration -, or it is not subject to inheritance and gift duty.

(4) In respect of any asset transferred (devolved) with any beneficial interest or right of use held by others, or if acquired with such rights granted simultaneously, the basis of the duty payable by the person acquiring ownership shall be the difference between the market value established irrespective of such beneficial interest or right of use, and the value of the beneficial interest or right of use calculated in accordance with Section 72. This provision shall apply also when ownership title to the asset is acquired by the holder of the beneficial interest or the right of use.

Exemption and Allowance on Inheritance and Gift Duty

Section 16

(1) The following shall be exempt from inheritance duty:

a) inheritance (legacy) bequeathed for scientific, artistic, educational, cultural, and public welfare purposes in Hungary;

b) inheritance of savings deposits;

c) 20 million forints from the net worth of the hereditary share of any heir listed in group I of the table contained in Section 12;

d) the fraction of movable inheritance with a market value of less than 300,000 forints per heir. When establishing the value limit, any other movable property exempt of duty on other grounds, as well as the value of the decedent's automobile or trailer, clothing articles and other personal effects within reason shall be disregarded;

e) inheritance of beneficiary ownership or the right of use of a residential property by the surviving spouse;

f) any inheritance where the decedent is a minor, and his estate is inherited by his parents, including adoptive, step, and foster parents;

g) inheritance of ownership (ownership share) of a landed property suitable for the construction of a residential building, and rights in such real estate property, if the heir builds a residential building on such inherited real estate property within four years of the operative date of the grant of probate, and the net floor space of the residential suite(s) contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. The heir shall have until the order for the payment of duty becomes definitive to notify the state tax authority regarding his intention to build a residential building;

h) the acquisition of debt securities issued by any State that is a party to the Agreement on the European Economic Area.

(2) In order to verify completion of the construction of the residential house referred to in Paragraph g) of Subsection (1) the state tax authority shall contact the competent building authority within fifteen days following the expiry of the four-year time limit specified therein. If the building authority provides a certificate in proof of the occupancy permit issued to the name of the property owner, the state tax authority shall cancel the duty assessed, but suspended in respect of payment. The state tax authority shall cancel the duty also if the owner of the property presents the occupancy permit made out to his name within the four-year time limit. If the heir has inherited more than one landed properties, and agreed to build a residential building on all of them, then proceeded to merge the lands, the state tax authority shall cancel the duty if the net floor space of the residential suite(s) contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. In all other cases the duty shall be payable on all landed property with default interest. If the heir proceeds to subdivide the landed property inherited, of the suspended duty the state tax authority shall cancel the part that applies to the subdivided land on which the residential building was constructed, provided that the net floor space of the residential suite(s)

contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. The duty remaining shall be payable with default interest. If the size of the permissible building space applicable at the time the duty becomes payable and at the time the occupancy permit is issued is different, the one that is deemed more favorable for the person liable for the duty payable shall be applied. If inside the time limit made available for the construction of the residential building the beneficiary economic operator is undergoing transformation, the successor in title shall be held liable to finish the residential building.

(3) If an heir offers a work of fine, applied or folk art, a museum object, collection, or a part thereof, acquired through inheritance, to the State or a municipal government, or to an institution of higher education, and the offer is accepted, the heir shall be exempt from the inheritance duty payable for the movable inheritance so offered. An heir shall be exempt from the payment of inheritance duty in its entirety if the value of the movable inheritance offered and accepted reaches the amount of the duty chargeable on the whole of the inheritance originating from the same estate.

(4) An heir under the legal age shall have until the second year from his reaching legal age to pay the inheritance duties without any default interest levied. Prior to the expiry of this deadline such debts may be paid off with a reduction of 10 per cent for each calendar year preceding the deadline when payment was effected, up to 70 per cent at the most.

(5) In the application of the exemption under Paragraph c) of Subsection (1), the duty base established on the residential property acquired by the heir and on the associated rights (hereinafter referred to as "residential suite") shall be reduced. If the net worth of the residential suite acquired by the heir is below twenty million forints, the assets which are subject to the general rate of inheritance duty shall be exempt up to the amount remaining from the twenty million forints with the net worth of the residential suite deducted.

(6) In respect of the inheritance of title of ownership or certain rights to arable land, half of the regular inheritance duty shall be paid, or one quarter if the heir qualifies as a family estate farmer in accordance with the Act on Arable Land. With regard to the latter, the heir shall file a statement to declare his eligibility for said allowance before the operative date of the order for payment.

(7) When the heir to arable land surrenders his title to any portion of his ownership in the said arable land to another heir for consideration, and if this person qualifies as a family estate farmer in accordance with the Act on Arable Land, the original heir shall be exempt from inheritance duty on the hereditary share so surrendered.

Section 17

(1) The following transactions shall be exempt from gift duty:

a) receiving any gift given for scientific, artistic, educational, public cultural and public welfare purposes in Hungary, and the acquisition of property on the basis of public commitment (foundation), as well as acquisition of pecuniary value from public gifts serving charitable purposes;

b) acquisition of ownership (ownership share) of a landed property suitable for the construction of a residential building, and rights in such real estate property, if the donee builds a residential building on such real estate property within four years of the date of submission of the contract for dutiable purposes, and the net floor space of the residential suite(s) contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. The donee shall have until the order for payment of duty becomes definitive to notify the state tax authority regarding his intention to build a residential building;

c) receiving any gift that entails personal income tax liability and the obligation of payment of social security contribution or health insurance contribution upon the donor and the donee, furthermore, any securities obtained under an approved employee securities benefit program, and any stocks and shares provided by a business association to its employees under an employee stock ownership plan exempt from personal income tax liability;

d) gratuitous acquisition of the management right of residential property;

e) gratuitous acquisition by the administrator of the management right of public utility facilities supplying the public, and of land forming part thereof;

f) acquisition by the nature conservation administrator of the right of management of nature conservation areas owned by the State;

g) gratuitous acquisition of savings deposits;

h) acquisition of arable land as a gift as a precondition for eligibility for support to agricultural producers for homestead conveyancing under Point 2 of Paragraph u) of Section 3 of the Act on Arable Land;

i) gifts provided to public-benefit organizations for the purposes of public service activities;

j) assets transferred under statutory obligation without any consideration;

k) employee benefits provided by the employer which are exempt from personal income tax;

l) remission of a claim of a credit institution, investment service provider or financial enterprise originating from financial services, activities auxiliary to financial services, investment services or activities auxiliary to investment services, where the amount of debt is 10,000 forints or less, on condition that it permanently terminates the claim of the credit institution, investment service provider, financial enterprise vis-à-vis the private individual;

m) remission of outstanding public utility charges (gas, electricity, district heating, water, sewage, garbage collection, central heating services) by the service provider, provided that the per capita income of the private individual debtor and his close relative living in the same household is less than twice the prevailing maximum old-age social security pension;

n) under Subsection (2) of Section 18, the acquisition of movable tangible property by an economic operator by means of the gratuitous transfer of assets according to the Accounting Act, that is not subject to duty on quid pro quo transfer of property, or the acquisition of a claim by means of transfer as gift among economic operators, including the remission and assumption of debts;

o) any debt cancelled by a financial institution, if cancelled with a view to preventing the impoverishment of the debtor and his family, under the conditions ensuring equal and non-discriminatory treatment to all customers of similar circumstances. The financial institution affected shall provide a certificate to the debtor regarding these conditions.

(2) In order to verify completion of the construction of the residential building referred to in Paragraph b) of Subsection (1), the state tax authority shall contact the competent building authority within fifteen days following the expiry of the four-year time limit specified therein. If the building authority provides a certificate in proof of the occupancy permit issued to the name of the property owner, the state tax authority shall cancel the duty assessed, but suspended in respect of payment. The state tax authority shall cancel the duty also if the owner of the property presents the occupancy permit made out to his name within the four-year time limit. If the donee received more than one landed properties, and agreed to build a residential house on all of them, then proceeded to merge the lands, the state tax authority shall cancel the duty if the net floor space of the residential suite(s) contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. In all other cases the duty shall be payable on the land with default interest. If the donee proceeds to subdivide the landed property received, of the suspended duty the state tax authority shall cancel the part that applies to the subdivided land on which the residential building was constructed, provided that the net floor space of the residential suite(s) contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. The duty remaining shall be payable with default interest. If the size of the permissible building space applicable at the time the duty becomes payable and at the time the occupancy permit is issued is different, the one that is deemed more favorable for the person liable for the duty payable shall be applied. If inside the time limit made available for the construction of the residential building the beneficiary economic operator is undergoing transformation, the successor in title shall be held liable to finish the residential building.

(3) In respect of gifts of title of ownership or any rights in arable land, half of the gift duty that is otherwise due shall be paid. In connection with the exemption referred to in Paragraph h) of Subsection (1), the burden of proof for eligibility for exemption lies with the person receiving the gift. The document in proof of the award of the support shall be attached with the donation contract to be submitted to the real estate supervisory authority, and the real estate supervisory authority shall forward this document in accordance with Subsection (1) of Section 92 together with a copy of the donation contract to the competent state tax authority.

(4) Where either of the parties - recognized as economic operators under the Accounting Act - to a transaction that involves the transfer of assets without any consideration, is owned outright by the other party, or if such economic operators are owned outright by the same person, the rate of property acquisition duty specified in the table contained in Paragraph b) of Subsection (1) of Section 12 under Group I shall apply. These rates shall apply also if the economic operator in question is owned outright by a donor to whom the definition of an economic operator does not apply.

No inheritance duty or gift duty shall be levied for the acquisition of a license for the pursuit of a private medical practice, if the previous licensee had been authorized to perform the licensed activities by virtue of the Medical Practice Act following its entry into force. Eligibility for duty exemption shall be demonstrated by the private individual to whom the license for a private medical practice was transferred.

Inheritance and Gift Duty Allowances on the Transfer of Assets of Small Enterprises

Section 17/B

(1) With respect to the transfer of the assets of a private entrepreneur who meets the requirements pertaining to small enterprises, which are exclusively used for business purposes, by way of inheritance, or - if the small enterprise is terminated - as a gift within three months of the time of termination of private entrepreneurial activities, the private individual heir or successor shall be entitled to reduce the duty base as defined in Subsections (3)-(5) regarding the market value of the assets received. The above-mentioned allowance shall be available on condition that the beneficiary shall, within thirty days of the operative date of the grant of probate in the case of transfer by inheritance, or of the day of acceptance in the case of transfer as a gift:

- a) commence operations in the capacity of a private entrepreneur, or
- b) transfer the business assets acquired to his sole proprietorship, or to a business association in which he has a majority stake, in the form of in kind contribution,

and shall not terminate such business activities for a period of three years from the last day of the year when the order for payment became definitive, shall not sell his stake in his sole proprietorship or shall not reduce his share in the business association in which he has a majority stake.

(2) The allowance referred to in Subsection (1) may be claimed if:

a) - in the case of transfer by inheritance - the surviving spouse or the private individual heir, if there is no surviving spouse or upon the spouse's consent, makes a statement at the probate hearing declaring his commitment to the requirements set out in Subsection (1). The statement shall be made in front of a notary public and an official copy of the notarized statement shall be attached to the grant of probate with full effect and sent to the state tax authority;

b) - in the case of transfer as a gift - a statement shall be filed with the state tax authority by the owner of the small enterprises concerning termination of the business and by the private individual successor declaring his commitment to the requirements set out in Subsection (1) before the time of notification of acquisition of property.

(3) Where ownership of or beneficial interest in the business assets is transferred upon the surviving spouse, the value of the business assets based on which inheritance duty is to be normally levied shall be reduced by 50 per cent or by up to five million forints.

(4) Where ownership of the business assets is transferred upon any private individual heir - other than the heir referred to in Subsection (3) above -, the value of the business assets based on which inheritance duty is to be normally levied shall be reduced by 25 per cent or by up to two and half million forints.

(5) Where ownership of or beneficial interest in the business assets is transferred upon a private individual by gift, the value of the business assets based on which inheritance duty is to be normally levied shall be reduced by 25 per cent or by up to two and half million forints.

(6) If the heir or successor to whom duty allowance was granted under Subsections (3)-(5) fails to comply with the requirements set out in Paragraphs a)-b) of Subsection (1), or terminates the entrepreneurial activities within the three-year period referred to in Subsection (1) in the absence of unavoidable reasons beyond operational risks which are otherwise considered normal for business activities, or if he sells his stake in his sole proprietorship or reduces his share in the business association in which he has a majority stake, the amount of the allowance actually received shall be repaid in double the amount.

Inheritance and Gift Duty Allowances on the Transfer of Capital Contributions in Small Business

Section 17/C

(1) Where the share in the capital of an economic operator - recognized as a small business - is inherited by or donated to a private individual as gift, the said private individual shall be entitled to reduce the duty base in accordance with Subsections (3)-(5) of Section 17/B if:

a) the capital share of the heir or donee, or the heirs or donees where applicable, in the small business in question - including the capital thus acquired by himself or with other heirs or donees collectively - exceed 50 per cent of the entire capital of the small business, and

b) the heir or donee holding over 50 per cent of the capital of the small business provides a statement, or if there are several heirs or donees they provide a statement collectively, before the operative date of the order for payment, declaring their intention to refrain from terminating the small business within a period of three years from the last day of the year when the order for payment became operative, and from reducing the share he or they hold in the capital of the small business.

(2) If the heir or donee to whom duty allowance was granted terminates the operations of the small business within the three-year period referred to in Subsection (1) in the absence of unavoidable reasons beyond operational risks which are otherwise considered normal for business activities, or if he reduces his share in the capital of the small business that was acquired with duty allowance, the amount of the duty allowance actually received shall be repaid in double the amount.

Chapter III

DUTIES ON QUID PRO QUO TRANSFER OF PROPERTY

Subject Matter of the Duty

Section 18

(1) Acquisition of real estate property, movable property defined in Subsection (2), as well as rights for consideration or by any other means under exemption from inheritance or gift duty shall be subject to a duty on quid pro quo transfer of property. This provision shall also apply to any accession of wealth based on a contract of inheritance, where Subsection (1) of Section 3 shall apply as to the chargeability of duty.

(2) The liability to pay duties shall apply to the following transactions involving rights and movables:

a) acquisition of rights in immovables, and any financial gain obtained through the termination of such rights;

b) transfer of the exercise of beneficial interest in respect of real estate property;

c) acquisition of movable property at an auction conducted by an authority;

d) acquisition of ownership or any rights in motor vehicles and trailers;

e) acquisition of the ownership of, or rights pertaining to structures located on public areas, not qualifying as real estate property;

f) obtaining a license for the pursuit of a private medical practice;

g) acquisition of securities under contract of inheritance;

h) acquisition of holdings (stocks, business shares, cooperative shares, investor share certificates, converted investor shares) in a company with holdings in real estate properties located in Hungary.

(3) The acquisition of wealth by an owner of real estate property shall not be subject to duty on quid pro quo transfer of property if such acquisition takes place as a result of the termination of the beneficial interest or right of use filed on his real estate property because of the beneficiary's death, or, in the case of right of survivorship, through the widow contracting a new marriage, including termination of the beneficial interest or right of use contingent on the occurrence of a condition, or stipulated for a fixed period of time, on occurrence of the condition, or on expiration of the period of time stipulated.

(4) Duty on the acquisition referred to in Paragraph h) of Subsection (2) above shall be payable if the holdings:

a) controlled by the beneficiary, or - if a private individual - by his spouse, registered partner, child, parent;

- b) controlled by an economic operator under the majority ownership of the persons referred to in Paragraph a), individually or on the aggregate;
 - c) controlled by an economic operator that is affiliated to the persons referred to in Paragraphs a) and b) according to the Act on Corporate Tax and Dividend Tax;
- reach or exceed - individually or on the aggregate - 75 per cent of the company's total capital.

General Rate of Duty

Section 19

(1) Unless otherwise provided for by this Act, the general rate of duty on the quid pro quo transfer of property shall be 4 per cent, for the acquisition of real estate property or the capital contribution in a company with holdings in real estate properties located in Hungary, it shall be 4 per cent of the market value of each real estate property acquired up to 1 billion forints, without any deduction of encumbrances, plus 2 per cent of the portion of the market value above 1 billion forints, not to exceed 200 million forints per property. In respect of the acquisition of partial ownership in a real estate property the 4 per cent rate shall be applied for the fraction of the 1 billion forints in proportion of the ownership percentage acquired, or up to 200 million forints per property shall be applied in proportion of the ownership percentage. In connection with the acquisition of any right in immovables, the 4 per cent duty rate shall apply to that fraction of the 1 billion forint limit, or the 200 million forint limit shall be applied to that proportion which the right represents in the market value of the real estate property in question. In connection with the acquisition of any real estate property in connection with which any right has been registered - including the rights registered at the time the title is transferred - the 4 per cent duty rate shall apply to the same fraction of the 1 billion forint limit, or the 200 million forint limit shall be applied to that proportion as the value of ownership represents in the property's market value with the value of the right deducted.

(2) In connection with the transfer of title to real estate properties by way of exchange, the duty base shall be the market value of the real estate property acquired thereby, subject to the exceptions set out in Section 21.

(3) The duty base for the transfer of a license for the pursuit of a private medical practice shall be the value of the license, without any deduction of encumbrances, while the rate of duty shall be 10 per cent of said duty base.

(4) In the case of the acquisition of property based on a contract for support, life annuity or inheritance, the basis of the duty shall be the market value of the property acquired.

(5) Upon the acquisition of holdings under Paragraph h) of Subsection (2) of Section 18, the duty base shall comprise the market value of the real estate properties held by the company in the percentage the holdings controlled by the party liable for the duty payable represent at nominal value at the time of occurrence of the criteria described in Subsection (4) of Section 18 in all of the company's capital holdings at nominal value, less the market value of the holdings controlled by the party liable for the duty payable that was acquired by the party liable for the duty payable:

- a) more than five years previously, or before 1 January 2010;
- b) inside a period of five years before the time of occurrence of the criteria described in Subsection (4) of Section 18, but after 1 January 2010, subject to a duty on quid pro quo transfer of property, or duty free under Section 26;
- c) by way of inheritance or as a gift.

Duty Base for the Quid Pro Quo Transfer of Property in the Case of Beneficial Interest and Right of Use

Section 20

(1) Where beneficial interest or the right of use is granted simultaneously with the quid pro quo transfer of property, the buyer shall be liable to pay duty on quid pro quo transfer of property on the market value calculated in accordance with Section 72, reduced by the value of beneficial interest or right of use, while

the beneficiary or the user shall pay a duty on the acquisition of property corresponding to the calculated value of beneficial interest or right of use.

(2) If a real estate property is sold as encumbered with some beneficial interest or right of use already existing, and registered in the real estate register, prior to transfer, or if sold with the transferor retaining beneficial interest or the right of use, the retention of beneficial interest, or the acquisition of the right of use shall be exempt from duties. In this case, the buyer shall pay a duty on quid pro quo transfer of property according to the market value reduced as described in Subsection (1). This provision shall also apply when title to the real estate property is acquired by the holder of beneficial interest or the right of use.

(3) In the cases described in Subsections (1) and (2), the base for the duty chargeable upon the buyer or the party to whom the beneficial interest or right of use is transferred shall be established in the manner defined in Subsection (4) of Section 15. Unless otherwise provided for by law, the duty on the basis of the duty calculated this way shall be paid in the amount determined in Subsection (1) of Section 19.

Rate of the Duty on the Quid Pro Quo Transfer of Residential Property and Associated Rights

Section 21

(1) Unless otherwise provided for by this Act, the basis of the duty on quid pro quo transfer of property for the acquisition of residential property shall be the market value of the residential property. The rate of the duty for each residential suite shall be 2 per cent up to 4 million forints and an additional 4 per cent for the portion of the market value above 4 million forints. In respect of the acquisition of partial ownership in a residential suite the 2 per cent may be applied for the fraction of the 4 million forints in proportion of the ownership percentage acquired, and the 4 per cent rate shall be applied for the amount in excess thereof.

(2) If the buyer of a residential property has been granted a home building allowance at the time of purchase, the amount of such allowance, with the exceptions set out in Subsections (3)-(5) and (8), shall be deducted from the market value.

(3) In connection with the transfer of title to residential suites by way of exchange, the duty base shall comprise the difference of the full market value of the residential suites exchanged, without any deduction of encumbrances.

(4) In connection with the transfer of title to more than two residential suites by way of exchange, the duty base shall comprise the differential of the lowest and highest market value, without any deduction of encumbrances, of the real estate properties exchanged.

(5) In respect of the purchase of a residential property, when the private individual buyer has sold his other residential property within a period of one year preceding or following the time of purchase, the duty base shall comprise the difference between the market values of the properties purchased and sold, without any deduction of encumbrances. If the private individual buyer purchases or sells more than one residential property within one year, when establishing the value differential on which the duty is based, only the sale that produces a more favorable duty base for the person who is subject to payment obligation and that takes place immediately before or after the acquisition may be applied in terms of each and every purchase of residential property. If the private individual buyer is unable to verify the sale of other residential property(ies), in compliance with the aforementioned conditions, to offset his additional purchases of residential properties, the duty obligation on such acquisitions of residential properties shall be levied according to the general regulations set out in Subsections (1) and (2) of Section 21. For the purposes of this Subsection, any form of tenancy or beneficial interest on the property shall not be treated an encumbrance.

(6) If the value difference established in accordance with Subsection (5) is higher than the market value of the residential property purchased, the duty base shall be the market value of the residential property purchased.

(7) In respect of the sales transaction described in Subsection (5), the purchaser shall be required to certify the sale of his other residential property mentioned therein by producing a copy of the sale contract suitable for the transfer of title in the real estate register, or in another appropriate way, and shall simultaneously declare that the conditions set out in Subsection (5) have been satisfied.

(8) In connection with the transfer of residential properties by way of exchange or by way of a sales transaction described in Subsection (5), if the residential property exchanged or sold is encumbered with

beneficial interest or right of use, and upon the acquisition of ownership the owner establishes a right identical to the previous one for the same beneficiary, the party acquiring said right shall pay a duty on quid pro quo transfer of property for the value of the right calculated on the basis of the difference of the market values, while the owner shall pay the duty for the value difference reduced by the calculated value of this right.

(9) If the amount of duty payable pursuant to Subsection (1) of Section 27 by the buyer is higher than the amount that such buyer would be required to pay in connection with the ownership right of the residential property acquired or on the beneficial interest or right of use of such property as prescribed in Subsection (1) and in Section 23, only the lower sum shall be chargeable.

Section 22

In respect of the transfer of a residential property in exchange for the tenement right of a rental unit owned by the State or a municipal government, the duty base on quid pro quo transfer of the property shall be 50 per cent of the market value of the residential property. The provisions contained in Subsection (1) of Section 21 shall apply to the rate of the duty.

Section 23

For the acquisition of an incorporeal right in residential property, the rate of duty prescribed in Subsection (1) of Section 21 shall be paid on the market value calculated in accordance with Section 72. The 2 per cent duty rate shall apply to that fraction of the 4 million forint limit which the incorporeal right represents in the market value of the residential property. For the acquisition of a residential property in which an incorporeal right has been registered - including incorporeal rights registered at the time the title is transferred - the 2 per cent duty rate shall apply to the same fraction of the 4 million forint limit as the value of ownership represents in the property's market value.

Duty on Quid Pro Quo Transfer of Real Estate Property for Commercial Purposes

Section 23/A

(1) Upon acquisition of ownership rights in a real estate property the rate of duty shall be 2 per cent of the market value of the real estate property without any deduction of encumbrances, if the buyer:

a) is licensed to engage in the selling of real estate properties (hereinafter referred to as "marketing of real estate properties"), and whose net sales revenue for the previous tax year originate from such activities up to at least 50 per cent or more, or

b) is authorized by the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority) to provide financial leasing services,

and he provides a statement before the order concerning payment of the duty becomes operative agreeing to sell the property within two years of the time of lodging the notification for dutiable purposes, or to transfer the real estate property by way of conveyance of title under lease contract at the end of the term.

(2) Real estate funds operating by authorization of the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority) shall be liable to pay the duty under Subsection (1) for their purchases of real estate properties.

(3) The buyer shall disclose the distribution of net sales revenue before the order concerning payment of the duty becomes operative. If the notification for dutiable purposes is made before the first day of the sixth month of the tax year, the buyer shall provide a statement declaring that the net sales revenue is expected to be distributed according to Subsection (1) as forecasted. If the commitments made in the statement are not satisfied, the buyer shall have until the fifteenth day of the sixth month of the tax year when the duty becomes chargeable to notify the state tax authority thereof, upon which the state tax authority shall subsequently charge the duty payable for such acquisition of property under Subsection (1) of Section 19 or Subsection (1) of Section 21 to the buyer, less the amount assessed according to Subsection (1), plus fifty per cent. If the audit conducted by the state tax authority finds that the statement made by the buyer was false, the state tax authority shall subsequently charge the duty payable for such acquisition of property

under Subsection (1) of Section 19 or Subsection (1) of Section 21 to the buyer, in the amount of the difference assessed according to Subsection (1), multiplied by two.

(4) Any entrepreneur who has commenced operations in the buying and selling of real estate properties during the tax year when the dutiable event occurs, in respect of the purchase of any real estate property for the purpose set out in Subsection (1), shall pay the duty in the amount defined therein if providing a statement before the order for payment concerning the duty becomes operative in which to assume that at least 50 per cent of his net sales revenues for the tax year will originate from the buying and selling of real estate properties. If the commitment relating to the distribution of net sales revenue is not satisfied, the state tax authority shall subsequently charge the duty payable for such acquisition of property under Subsection (1) of Section 19 or Subsection (1) of Section 21 to the buyer in the amount of the difference determined according to Subsection (1), plus 50 per cent. The entrepreneur shall have until the fifteenth day of the sixth month of the year following the tax year to notify his failure to comply with the commitment. If the audit conducted by the state tax authority finds that the entrepreneur's commitment relating to the distribution of net sales revenue is not satisfied, the state tax authority shall subsequently charge the duty payable for such acquisition of property under Subsection (1) of Section 19 or Subsection (1) of Section 21 to the entrepreneur, less the amount assessed according to Subsection (1), multiplied by two.

(5) The state tax authority shall contact the competent real estate supervisory authority where the property in question is located, or shall consult its own records to verify the transfer of a real estate property acquired for the purpose specified in Subsection (1) by way of resale or conveyance of title under lease contract at the end of the term, past the two-year time limit following the time of notification of the acquisition of property for dutiable purposes.

(6) If the sale or financial leasing of the property in question did not materialize, that is to say there is no evidence in the real estate register as to the change of ownership or financial leasing with purchase option at the end of the term, the state tax authority shall subsequently charge the duty payable for such acquisition of property under Subsection (1) of Section 19 or Subsection (1) of Section 21 to the buyer, less the amount assessed according to Subsection (1), multiplied by two. Resale of the property or financial leasing arrangement shall be considered documented also in the case where the opening of real estate registration proceedings are verified on the title deed, provided that the real estate registration proceedings are concluded by the registration of ownership or the financial leasing arrangement with purchase option at the end of the term.

(7) If the buyer divides the property into several separate properties, the excess duty may be charged, as commensurate, only on the property that the entrepreneur did not sell or convey under a financial leasing arrangement with purchase option at the end of the term within two years from the date on which the property acquired for the purpose referred to in Subsection (1) was notified for dutiable purposes.

(8) If the buyer is terminated by succession inside the time limit prescribed for resale, the successor acquiring title to the real estate property referred to in Subsection (1) shall be exempted from having to pay the difference between the amount of duty paid by the predecessor and the amount otherwise payable only if he sells the real estate property within the two-year time limit provided to the predecessor, or if he transfers the property under financial leasing arrangement with purchase option at the end of the term. Failing this, the state tax authority shall levy the difference under Subsection (6) upon the successor buying the real estate property.

Duty on Quid Pro Quo Transfer of Real Estate Property to a Credit Institution

Section 23/B

(1) If the credit institution affected provides a statement enclosed with the notification for dutiable purposes of having a real estate property acquired in a loan for real estate trade-off, for a maximum period of three years in order to mitigate or eliminate its financial loss, or through a liquidation or enforcement proceeding against its debtor, the duty shall be 2 per cent of the market value of the real estate property without any deduction of encumbrances.

(2) Following the three-year period referred to in Subsection (1) above, the state tax authority shall consult its own records, or shall contact the competent real estate supervisory authority where the property in question is located, to verify that the property had in fact been transferred. If the sale of the property in

question did not materialize, the state tax authority shall subsequently charge the duty payable for such acquisition of property under Subsection (1) of Section 19 or Subsection (1) of Section 21 to the credit institution, less the amount assessed according to Subsection (1), multiplied by two.

Duty on Transactions Concluded by Gross Disparity in Value

Section 23/C

Where the consideration provided for the purchase of a real estate property fails to reach 50 per cent of the property's market value, a duty shall be charged on the remaining 50 per cent of the amount of consideration actually paid from the market value of the asset in question at the rate described in Section 12 for gift duty. The amount that remains from the market value after the part that is deemed dutiable as a gift is deducted shall be subject to the duty normally charged for the quid pro quo transfer of property. If the consideration was determined below the market value on account of any debt on the real estate property that was assumed by the buyer, then for the purposes of this Subsection the amount of such debt on the real estate property that was assumed by the buyer shall be added to the amount of consideration actually paid.

Rate of the Duty on Quid Pro Quo Transfer of Automobiles and Trailers

Section 24

(1) In respect of the acquisition of title to a motor vehicle, the rate of duty shall be 18 forints for each cubic centimeter, or any fraction thereof, of displacement capacity of the motor vehicle's engine, subject to the following exceptions:

a) the rate of duty shall be 24 forints for each cubic centimeter, or any fraction thereof, of displacement capacity for automobile engines over 1890 cubic centimeters, or over 500 cubic centimeters of displacement capacity for motorcycles;

b) for motor vehicles powered solely by electric motors, the rate shall be 400 forints for each kW capacity of the engine, or any fraction thereof;

c) in the case of motor vehicles fitted with Wankel rotary combustion engines, the rate of duty shall be 36 forints for each cubic centimeter of chamber volume, or any fraction thereof.

(2) In respect of the acquisition of title to a trailer, if the permissible maximum gross weight of the trailer is less than 2,500 kg, the duty payable shall be 9,000 forints; in all other cases, the duty shall be 22,000 forints.

(3) In respect of the acquisition of rights in an automobile or a trailer, such as beneficial ownership, use or operating rights, 25 per cent of the duties prescribed in Subsections (1) and (2) shall be charged.

(4) Where the acquisition of ownership title to an automobile or trailer also involves the acquisition of rights, such as beneficial ownership, use or operating rights, or if ownership title to an automobile or a trailer is transferred to a person holding beneficial ownership, use or operating rights, the amount of duty payable by the buyer shall be calculated by deducting the amount of duty charged under Subsection (3) for the acquisition of beneficial ownership, use or operating rights from the amount of duty calculated according to Subsections (1)-(2).

(5) In respect of the acquisition of a specific ownership percentage in an automobile or a trailer, including the acquisition of rights such as beneficial ownership, use or operating rights, the duty payable shall be compounded in proportion to the ownership percentage acquired.

Duty Payable in the Case of Termination of Joint Ownership

Section 25

(1) In the case of the termination of joint ownership of real estate property, duty on the acquisition of property shall be payable if one of the co-owners obtains a value higher than the value corresponding to his

former share of ownership as a result of division. The duty on the acquisition of property shall be imposed on the value differential.

(2) In the case of the termination of marital property, the value differential shall be established based on the value of all jointly owned assets. A duty on the acquisition of property corresponding to the legal title of the property acquisition shall be paid on the value differential. If either party receives a higher share from the joint property solely because he or she has assumed a higher share of the joint debts, and the amount of such debts is equal to the value differential, no duty shall be imposed.

(3) In respect of the termination of the community property of domestic partners, the provisions of Subsection (2) shall apply based on percentage of share in joint ownership.

Duty Exemptions and Allowances

Section 26

(1) The following shall be exempt from the duty on quid pro quo transfers of property:

a) acquisition of ownership (ownership share) of a landed property suitable for the construction of a residential building, and rights in such real estate property, if the party acquiring the property builds a residential building on such real estate property within four years of the date of submission of the contract for dutiable purposes, and the net floor space of the residential suite(s) contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. The party acquiring the property shall have until the order for payment concerning the duty becomes definitive to notify the state tax authority regarding his intention to build a residential building;

b) acquisition of the management right of residential property;

c) acquisition of the management right of water facilities and its components serving public purposes;

d) acquisition by the nature conservation administrator of the right of management of nature conservation areas owned by the State;

e) acquisition of the right to manage state property;

f) when a new residential property or a share in such property - with a market value of 15 million forints or less - is purchased, if it has been built or developed by a company for the purpose of resale, including if developed by the conversion of a building that was not registered in the real estate register, or by expansion (e.g. addition of a mansard), and was not used as a residential building or residential suite. If the market value of the new residential suite is less than 30 million forints and the buyer is unable to provide proof of the sale of another property, of the duty established under Subsection (1) of Section 21 the sum that would be due if the market value of the residential suite was 15 million forints need not be paid. In the case of obtaining a share in such residential suite the buyer shall be able to claim the allowance based on the 15 million forints in proportion of the share he has obtained in the residential suite;

g) acquisition of property by way of preferential transformation under Act on Corporate Tax and Dividend Tax;

h) acquisition of property by way of preferential exchange of shares under Act on Corporate Tax and Dividend Tax;

i)

j) acquisition of real estate property received in exchange for an expropriated property or for a property affected by mine damage, or, up to the amount of indemnification due to the party, purchase of real estate property by the person so indemnified, also including the acquisition of identical rights from the amount of indemnification received for the termination of rights due to another person in respect of such real estate property;

k) purchase of real estate property from the purchase price of real estate property purchased for a public purpose that may serve as the basis of expropriation, also including the purchase of identical rights from the purchase price for the termination of rights due to another person in respect of such real estate property;

l) acquisition of the right of ownership in an automobile or trailer by a company whose net sales revenue for the previous tax year originate from the sale of motor vehicles and trailers up to at least 50 per cent (authorized car dealer), or by an entrepreneur engaged in financial leasing activities and registered by the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority);

m) acquisition of the right of ownership or beneficial interest in residential suites owned by a municipal government or by the State by a person having purchase right pursuant to Subsection (1) of Section 45,

furthermore, by a person having the right of first refusal pursuant to Subsections (1)-(2) of Section 49 of Act LXXVIII of 1993 on the Rules Applicable to the Tenement and Alienation of Residential Suites and other Premises (hereinafter referred to as the "Housing Act");

n) acquisition of ownership of arable land based on an agreement concluded in the framework of voluntary land exchange with the purpose of integration of lands, as well as any related beneficial interest or tenure where the same person already had beneficial interest or tenure on the land exchanged;

o) any acquisition of wealth by a law office through transformation (merger, demerger), when the subsequent office (offices) is (are) construed as the successor(s) of the former one;

p) the acquisition of arable land by a private individual engaged in agricultural activities who is registered, as verified, by the body in charge of agricultural and regional development aid, as laid down in specific other legislation, on condition that the private individual agrees not to alienate this arable land for a maximum period of five years nor to register any right on the land, and to use the arable land for agricultural purposes as a private entrepreneur or a small-scale agricultural producer. The buyer shall file a statement to declare his commitment to these requirements to the state tax authority before the operative date of the order for payment. In the event the private individual alienates the arable land inside the five-year time limit, or registers any right on it, or uses it for purposes other than agricultural, the duty otherwise due shall be charged and collected as doubled;

q) transfer of a real estate property within the framework of preferential transfer of assets in accordance with the Act on Corporate Tax and Dividend Tax subject to compliance with all of the following requirements:

qa) the transferring company did not claim during the year when the transfer took place and during the preceding two calendar years the reduced duty rate under Section 23/A and has no duty suspended under Paragraph a) of Subsection (1) of Section 26,

qb) the value of the real state properties represent in all transferred assets, exclusive of liquid assets and monetary claims, is not higher than 50 per cent,

qc) the transferring company has at least two divisions that functioned during the previous two full tax years - comprising twelve months - as independent divisions,

qd) the receiving company agrees to refrain from claiming the reduced duty rate under Section 23/A by the end of the second calendar year following the year when the transfer took place,

qe) the company taking over a division agrees, furthermore, to refrain from transferring the assets received within one year following their notification for dutiable purposes.

(2) In order to verify completion of the construction of the residential building referred to in Paragraph a) of Subsection (1), the state tax authority shall contact the competent building authority within fifteen days following the expiry of the four-year time limit specified therein. If the building authority provides a certificate in proof of the occupancy permit issued to the name of the property owner, the state tax authority shall cancel the duty assessed, but suspended in respect of payment. The state tax authority shall cancel the duty also if the owner of the property presents the occupancy permit made out to his name within the four-year time limit. If the owner of the property has purchased more than one landed properties, and agreed to build a residential building on all of them, then proceeded to merge the lands, the state tax authority shall cancel the duty if the net floor space of the residential suite(s) contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. In all other cases the duty shall be payable on all landed property with default interest. If the owner of the property proceeds to subdivide the landed property acquired, of the suspended duty the state tax authority shall cancel the part that applies to the subdivided land on which the residential building was constructed, provided that the net floor space of the residential suite(s) contained in the building is at least 10 per cent of the permissible building space fixed in the general zoning plan. The duty remaining shall be payable with default interest. If the size of the permissible building space applicable at the time the duty becomes payable and at the time the occupancy permit is issued is different, the one that is deemed more favorable for the person liable for the duty payable shall be applied. If inside the time limit made available for the construction of the residential building the beneficiary economic operator is undergoing transformation, the successor in title shall be held liable to finish the residential building.

(3) If the real estate property received in exchange, as described in Paragraph j) of Subsection (1), has a higher value than the expropriated property, or if the market value of the real estate property acquired exceeds the amount of indemnification or proportionate part thereof due to the purchaser, exemption from duty shall not apply to such excess value.

(4) The purchaser described in Paragraph k) of Subsection (1) shall obtain a statement from the agency competent to conduct the expropriation proceedings to verify that the expropriation would have been justified for the purpose, for which the real estate property was purchased from him.

(5) The receiving company shall have until the order concerning payment of the duty becomes definitive to notify the state tax authority regarding the conditions listed under Paragraph q) of Subsection (1). If the receiving company makes any misleading statement in connection with what is contained in Subparagraphs qb)-qe) of Subsection (1), or if fails to abide by them, the tax authority shall subsequently charge the duty payable under Subsection (1) of Section 19 or Subsection (1) of Section 21 to the receiving company, multiplied by two.

(6) In respect of the first acquisition of a residential property (ownership share), at the time when the duty becomes chargeable, young adults under the age of 35 shall be entitled to an allowance of 50 per cent, not to exceed 40,000 forints, of the duty otherwise payable, if the market value of the entire residential property does not exceed 8 million forints. In respect of the acquisition of an ownership share in a residential property of such value, the person acquiring the property shall be entitled to an allowance in the percentage of the ownership share acquired.

(7)-(8)

(9) For the purposes of Subsection (6), a person who does not own and has never owned a residential property, does not hold and has never held up to a 50 per cent ownership share in a residential property, or does not have and has never had any rights in a residential property registered in the real estate register shall be deemed a first-time residential property buyer. In respect of establishing entitlement for such allowance, residential property encumbered with widow's beneficial interest and, for persons of legal age, residential property that has been sold before reaching such legal age shall not be taken into consideration. The person who has already used the allowance described in Subsection (6) prior to the time at which the duty obligation originates shall not qualify as a first-time buyer of residential property. The person acquiring the property shall file a statement concerning use of the allowance and fulfillment of the eligibility conditions before the operative date on the duty payment warrant.

(10) The authorized car dealer exempted under Paragraph l) of Subsection (1) shall provide a statement to the state tax authority each tax year that he functioned as a car dealer - as supported by the distribution of his net sales revenue from the previous tax year -, with the exception that:

a) if the statement is issued before the first day of the sixth month of the tax year the buyer's statement shall declare, based on the distribution of his net sales revenue as forecasted, that he will function as a car dealer. If the commitments made in the statement are not satisfied, the buyer shall have until the fifteenth day of the sixth month of the tax year to notify the state tax authority thereof, upon which the state tax authority shall subsequently charge the duty payable for such acquisition of property to the buyer, with a 50 per cent surcharge. If the audit conducted by the state tax authority finds that the statement made by the buyer was false, the state tax authority shall subsequently charge the duty payable for such acquisition of property multiplied by two,

b) any entrepreneur who has commenced operations as a car dealer during the tax year when the statement is made, may assume that at least 50 per cent of his net sales revenues for the tax year will originate from the sale of motor vehicles. If the commitment relating to the distribution of net sales revenue is not satisfied, the state tax authority shall subsequently charge the duty that was unpaid in consequence of the statement, with a 50 per cent surcharge. The entrepreneur shall have until the fifteenth day of the sixth month of the year following the tax year to notify his failure to comply with the said commitment. If the audit conducted by the state tax authority finds that the entrepreneur's commitment relating to the distribution of net sales revenue is not satisfied, the state tax authority shall subsequently charge the duty that was unpaid in consequence of the statement, multiplied by two.

(11) If a person who is otherwise eligible for reduced duty rate under Section 23/A files a statement according to Paragraph a) of Subsection (1) pertaining to his acquisition of a real estate property, all subsequent duty obligations shall be subject to the provisions only as related to such statement. In this case, the provisions laid down in Section 23/A shall not apply to the acquisition of such properties.

(12) No duty shall be levied on the grounds of a quid pro quo property transfer for obtaining a license for a private medical practice, if the previous licensee has been authorized to perform the licensed activities by virtue of the Medical Practice Act following its entry into force. Eligibility for duty exemption shall be demonstrated by the private individual to whom the license for the private medical practice was transferred.

(13) The conditions for exemption or allowance under Paragraph f) of Subsection (1) shall be verified - if it is not immediately apparent from the sales contract - to the state tax authority by the buyer, by

presenting the contractor's statement concerning compliance with these conditions, before the operative date of the order for payment.

(14) In connection with the acquisition of beneficial rights in any non-marketable historical monument or any property of the like (group of properties) owned by the State or a municipal government in exchange for the rehabilitation, development and subsequent preservation, no duty on quid pro quo transfer of property shall apply.

Section 26/A

(1) The purchase of residential property (and any rights associated thereto) in place of one that was destroyed or damaged beyond repair (hereinafter referred to as "destroyed") due to a natural disaster shall be exempt from the duty on quid pro quo property transfers, if:

a) the private individual - whether under the title of full or partial ownership, beneficial interest or tenancy - lived in the residential property that was destroyed by some natural disaster as his principal and only place of residence; and if he does not own another property, does not have a share of 50 per cent or more and does not hold beneficial interest or tenancy in a residential property, and

b) purchases a residential property with a market value of 6 million forints or less, in full or in part, to replace the destroyed property or acquires beneficial interest or tenancy in a residential property for a valuable consideration, and if such procurement is notified for dutiable purposes by 31 March of the year following the year in which the other property was destroyed.

(2) When purchasing a share in a real estate property as defined in Paragraph b) of Subsection (1), no duty shall be levied if the percentage of this share does not exceed the percentage held by the purchaser in the destroyed residential property.

(3) When reporting the purchase of a replacement property for dutiable purposes, the purchaser shall verify ownership of the destroyed property by an official duplicate of the property's title deed and shall demonstrate the conditions laid down in Paragraph a) of Subsection (1) by a certificate issued without charge by the notary of the municipal government responsible for the place where the destroyed property had been located.

Chapter IV

PARTIES LIABLE FOR PAYMENT OF DUTIES ON THE ACQUISITION OF PROPERTY

Section 27

(1) The duty on the acquisition of property shall be paid by the acquiring party. In connection with the exchange of residential properties, the contracting parties shall be liable for paying such duty established according to Subsections (3), (4), and/or (8) of Section 21 in the percentage their respective share in the acquired properties represent in the market value of all residential properties involved in the transaction. The ratio (ratios) specified in accordance with the above shall not be increased if the provision of Subsection (9) of Section 21 applies to either party.

(2) Where duty is payable under Paragraph h) of Subsection (2) of Section 18, the persons referred to in Paragraphs a)-c) of Subsection (4) of Section 18 shall be liable to pay the duty according to Subsection (5) of Section 19 on the duty base calculated for their respective holdings.

(3) The provisions of the Act on the Rules of Taxation shall apply to parties subject to the payment of duties, with the exception that no joint and several liability of a co-heir may be established for the payment of duty on inheritance.

PART THREE

PROCEDURAL FEES AND FEES FOR ADMINISTRATIVE AND COURT SERVICES

Chapter V

DUTIES ON ADMINISTRATIVE PROCEEDINGS

Subject-Matter of the Duty

Section 28

- (1) Administrative proceedings shall be subject to the payment of duties in accordance with this Act.
- (2) Duty payment obligation shall also apply if:
 - a) the competent authority's decision is for or against the petition, in part or in whole;
 - b) the competent authority terminates the proceedings;
 - c) the competent authority dismisses the proceedings by a decision in favor of a settlement.
- (3) If, upon request, new proceedings are opened in the same matter, the duty shall be paid again.
- (4) Proceedings for which the fee established as prescribed in Section 67 are payable shall not be subject to a duty on administrative proceedings.

Duty Rates

Section 29

- (1) Unless otherwise prescribed in the Schedule to this Act, the duty on administrative proceedings of the first instance shall be 2,200 forints (general procedural fee).
- (2) The duty on an appeal against an administrative resolution of the first instance, unless otherwise prescribed by the Schedule to this Act and the monetary value of the subject matter of the appeal proceeding can be established, shall be 400 forints for every 10,000 forints of the amount affected by the appeal, or not less than 5,000 forints and not more than 500,000 forints. If the monetary value of the subject matter of the appeal proceeding cannot be established, the duty on the appeal shall be 5,000 forints.
- (3) The duty on a petition for requesting supervisory action under the Act on the Rules of Taxation shall be paid in the amount referred to in Subsection (2) of Section 29. The provisions of Section 32 shall apply in respect of the refund of such duty.
- (4) Unless otherwise prescribed in this Act, the duty on appeals against rulings shall be 3,000 forints. If a ruling can be contested only in conjunction with an appeal against the resolution or the ruling adopted in conclusion of the proceedings, and the party is requesting a judicial review as well, the duty shall be chargeable on the appeal filed against the resolution only.
- (5) The duty on demurrers of enforcement shall be 5,000 forints. An appeal lodged against a ruling adopted in connection with a demurrer of enforcement shall be subject to a duty of 10,000 forints.
- (6) The duty referred to in Subsection (1) shall be charged for proceedings for the reopening of a case, irrespective of the duty paid for the main proceedings.

Basis of the Procedural Fee

Section 30

- (1) The basis of the duty on administrative proceedings shall be the value of the subject matter of the proceedings at the time of the opening of such proceedings.
- (2) In the case of any change in the subject matter of the proceedings, and/or the value of the subject matter of the proceedings, the difference shall be paid, if more than the duty paid on the proceedings is due.
- (3) The duty may not be reduced or refunded if the party liable for payment of the duty changes the subject matter of the proceedings, and/or the value of the subject matter of the proceedings in a way as a result of which the value decreases.

Parties Liable for Payment of the Duty

Section 31

(1) The duty on administrative proceedings shall be paid at the time of initiating the proceedings by the party who requested such proceedings. The Schedule to this Act may prescribe different provisions with regard to special duties on administrative proceedings.

(2) If one administrative proceeding is instituted in a case involving more than one client, the clients requesting the proceeding shall assume joint and several liability for the payment of the duty. Joint and several liability shall cease to apply if the administrative body issues separate decisions with regard to each client.

(3) In respect of administrative proceedings of the first instance, if more than one petition is submitted as part of the same submission, the duty - with the exception set out in Subsection (4) - shall only be paid once, in the amount corresponding to the petition for which the highest duty is chargeable.

(4) If one petition is submitted for matters, the evaluation of which falls under the competence of more than one authority, or such matters affect different spheres of competence within one agency, the procedural fee shall be paid as if separate petitions had been submitted.

(5) If there is more than one client involved in the proceedings, and the nature of the proceedings precludes the possibility of adopting different decisions in respect of each client, the duty payable shall be in the amount otherwise due as if the proceedings were conducted involving one client only. On the contrary, the duty payable shall be in the amount otherwise due as if separate proceedings were conducted for each client.

(6) If a petition is filed against more than one resolution or ruling that can be appealed separately, the duty shall be paid as if separate proceedings had been initiated against each decision.

(7)

(8) The duty charged for the proceedings of the special authority shall be paid together with the duty (administrative service fee) payable for the underlying proceedings by the party on whose behalf the proceedings were opened. Where the prior proceedings of the special authority is required, the duty or the administrative service fee chargeable shall be paid at the time when requesting such proceedings.

Refund of the Duty on Remedy Procedures

Section 32

(1) All duties paid for remedy procedures shall be refunded to the client, if the respective administrative decision or measure reviewed by an administrative authority or court proved to be in violation of law, in full or in part, to the detriment of the client.

(2) Refund shall be ordered ex officio, in a resolution adopted in conclusion or in respect of the remedy procedures, and shall be sent - with the exception set out in Subsection (3) - to the state tax authority of competence according to the home address or registered office of the client, and/or the seat of the court for the purpose of implementation of the refund.

(3) Refund of duty for remedy procedures paid to the duty revenue account of the competent tax authority under Subsection (3) of Section 73 shall be executed by the tax authority of the first instance of the main proceedings.

Exemptions

Section 33

(1) Persons who were granted exemption from charges by an administrative authority pursuant to specific other legislation may not be ordered to pay duties.

(2) For the purpose of the enforcement of certain constitutional rights and the fulfillment of obligations, and for promoting social justice, the following proceedings shall be exempt from duty owing to their subject matter, in addition to the proceedings exempted under the Schedule and in specific other legislation:

1. proceedings related to the enforcement of rights and the fulfillment of obligations originating from laws connected with elections, as well as referendums;

2. proceedings initiated by independent court bailiffs in connection with judicial enforcement proceedings they have conducted;
3. proceedings for the handling of reports, recommendations and complaints made in the public interest;
4. proceedings related to birth, marriage, adoption, support, care and death, and with proceedings for the first correction of personal data of national and ethnic minorities, with the exception of:
 - a) documents necessary for Hungarian citizens and stateless persons residing in Hungary for contracting marriage abroad,
 - b) documents necessary for the marriage in Hungary of persons with citizenship other than Hungarian, furthermore
 - c) extracts from registers,
 - d)
5. extracts from registers shall be exempt from duties in the following cases:
 - a) if issued to the party affected for the first time following the registration of the birth, marriage or death,
 - b) if issued for the purpose of the entry in the register of children raised in institutes or by the State,
 - c) if no duty exempt extract has been issued on an entry registered prior to 1 January 1953 in accordance with the index, and
 - ca) from the birth register to the person registered, in the case of adoption, to the adoptive parent,
 - cb) from the marriage register to the spouse,
 - cc) from the death register to the spouse or to a direct relative of the deceased;
 - d) if issued for the purpose of conducting proceedings based on Law-Decree No. 53 of 1957 on the Promulgation of the International Convention on the Recovery Abroad of Maintenance signed in New York on 20 June 1957;
 - e) the parents' marriage certificate is issued for having the birth of their child registered;
 - f) the birth and marriage certificate of the deceased persons is issued for the registration of death;
 - g) if issued for the first time to the party affected in respect of the birth, marriage and death certificate data corrected on the basis of the Act on the Rights of National and Ethnic Minorities;
- 5/A. procedure for changing one's married name;
6. all proceedings initiated before the guardian authority, and the documents required for such proceedings;
7. certificates required for the establishment of the compensation fee of educational institutions not included in the sphere of state care;
8. documents necessary for the purpose of court proceedings for the declaration of death, or for having the death registered;
9. documents necessary for having the family status of children born out of wedlock settled in the court of law;
10. proceedings related to placement in pre-school institutions, and documents required therefor;
11. proceedings related to compulsory education, admission to secondary and higher educational institutions, proceedings by students in connection with studies, tuition fees, examination fees, and their placement in dormitories, students' hostels, boarding-schools, furthermore, school and training course certificates, except for the copies and the transcripts of certificates;
12. proceedings related to the granting of scholarships, accrediting school studies pursued abroad, the adaptation of certificates, diplomas, and/or scientific degrees granted by foreign educational institutions, furthermore, proceedings related to the acceptance of certificates and diplomas granted by foreign educational institutions;
13. proceedings related to the issue, change, replacement, revocation and registration of "Hungarian Nationality Cards" and "Hungarian Ethnicity Cards", as well as the provision of information from the identification card records;
14. documents necessary for the establishment and verification of employment relationship and co-operative membership relationship;
15. proceedings related to claiming employment-related benefits (unemployment aid and benefit, retraining support, etc.), as well as proceedings related to retirement, and the documents necessary for such proceedings;
16. proceedings related to the granting of decorations, and the permission for wearing them;
17. documents and medical certificates on medical examinations prescribed compulsory for citizens for the prevention of diseases in general and for the individual, and/or are connected to official proceedings;

18. all proceedings initiated with agencies or institutes or institutions in the service of social welfare in matters related to social policy;
19. proceedings for the authorization of aid to crime victims;
20. proceedings aiming for the recovery of costs borne instead of the owner, manager or user for the purpose of the elimination of widespread endangerment;
21. official endorsements fixed on documents for the purpose of control, authentication or consent, in accordance with the relevant legislation;
22. proceedings for the permission of exemption from charges, as well as documents issued for the verification of the fulfillment of the condition of being exempt from charges;
23. proceedings of first instance initiated before the tax authority in matters concerning taxes and mandatory contributions, and before the customs authority in connection with customs, including also proceedings of such nature of other authorities related to the establishment of tax or other similar charges, with the exception of proceedings for special consideration, proceedings for granting payment facilities (deferral, installments), the issuance of certificates of compliance with tax, customs, duties and social security obligations and proceedings for the issuance of a tax and value certificates;
24. proceedings initiated before the real estate supervisory authority for the arrangement of voluntary land exchange for the purpose of consolidation of lands, as well as indemnification proceedings, proceedings related to ownership shares, and the documents necessary for such, furthermore, expropriation proceedings;
25. animal health proceedings initiated as a disease control measure;
26. mandatory notification of changes, as required by law, in data on file at administrative bodies;
27. proceedings for the authorization of export and transit of goods in international commerce;
28. proceeding for the authorization of the provision of legal aid;
29. any protest and appeal in connection with coercive measures taken by the police lodged by the person concerned;
30. proceedings for remedy in respect of resolutions on the notice prepared by the tax authority based on the balance of the tax account of the taxpayer;
31. proceedings opened in connection with any violation of the principle of non-discrimination;
32. replacement of small-scale producer license, if necessitated by a change in the name of the township or street, or house number shown in the small-scale producer license on the basis of a central or municipal government decision, and when the change concerns the transfer of the small-scale producer's home address to the jurisdiction of another county;
33. proceedings for preliminary injunction or a temporary restraining order granted pursuant to specific other legislation in a domestic relations case, in connection with domestic violence;
34. proceedings of the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority) related to the protection of consumers;
35. proceedings of the consumer protection authorities related to the protection of consumers.

Mode of Payment of Duties on Administrative Proceedings

Sections 34-36

Chapter VI

DUTIES ON COURT PROCEEDINGS

Subject-Matter of the Duty

Section 37

- (1) Duties shall be paid on court proceedings as prescribed in this Act.
- (2) Court actions (services) for which the fee established in Section 67 is payable shall not be subject to any court proceeding duties.

(3) Unless otherwise prescribed by this Act, the provisions set out in Title IV of the Schedule shall apply in respect of duties payable for photocopies of documents prepared by a court or a criminal investigation authority.

Parties Liable for Payment of the Duty

Section 38

(1) The party initiating the proceedings shall be liable to pay the duty at the time of the opening of such proceeding, unless the payment of the duty is to be decided subsequently, in which case the duty shall be paid by the party so ordered by the court.

(2) In the event if more than one obligor is involved, if the right enforced cannot be divided, or the proportion of interest cannot be established otherwise, the obligors shall assume joint and several liability, or shall otherwise be liable for payment of the duty in proportion to their interests.

(3) If a proceeding is not initiated by the party entitled, rather by a party duly authorized to act in his name and on his behalf, payment liability shall be discharged by the party in whose interest the proceeding was initiated.

Duties on Civil Proceedings

Basis of the Duty on Civil Proceedings

Section 39

(1) Unless otherwise prescribed by law, the duty base in judicial and non-judicial civil proceedings shall be the value of the subject matter of the proceedings at the time of the opening of the proceedings, or the value of the claim or part of claim disputed in remedy proceedings.

(2) In respect of the legal actions specified in Subsection (2) of Section 24 of the CPC, the basis of calculation of the duty shall be the value of the subject matter of the action defined therein.

(3) If the value of the subject matter of the proceeding cannot be established in accordance with the provisions of Subsection (1), the basis for calculating the duty shall, unless otherwise provided by law, be:

a) 350,000 forints in legal proceedings before local courts and 200,000 forints in non-judicial proceedings;

b) before the Fővárosi Bíróság (Municipal Court of Budapest) and before county courts:
- 450,000 forints in proceedings by any court of original jurisdiction, or 250,000 forints in non-judicial proceedings,

- 300,000 forints in appeal proceedings and in litigation, or 170,000 forints in non-judicial proceedings;

c) 600,000 forints in appeal proceedings before courts of law and in litigation or 300,000 forints in non-judicial proceedings;

d) before the Legfelsőbb Bíróság (Supreme Court):

- in appellate proceedings 500,000 forints,

- in review procedures 600,000 forints.

Section 40

(1) If a party moves to enforce more than one claims originating from a single relationship, or from more than one relationships, in the same proceeding, the value of the subject matter of the proceeding shall be established based on the aggregate value of the claims submitted, without any additional charges.

(2) In the case of alternative petitions, duty shall only be paid once in the amount of the petition for which the highest duty is applicable.

(3) In proceedings filed for having an arbitration award or agreement annulled, the duty shall be established based on the value awarded in the Arbitration Tribunal's resolution or, in the absence thereof, in accordance with the provisions of Subsection (3) of Section 39.

(4) The duty base for an appeal lodged in an order for payment procedure shall be the same as the duty base for the underlying proceedings.

Section 41

(1) If the court awards a higher judgment than the amount originally filed for, the duty payable shall be established on the basis of this amount.

(2) In the event that the value of the subject matter of the proceedings is reduced by the parties or is subsequently established at a lower amount, the duty base shall not be reduced, unless otherwise provided for by this Act. If the value of the subject matter of the proceedings increases on the basis of a statement by the party, the difference between the duty paid, or taken into account at the time of the opening of the proceeding and the duty calculated by taking the higher value as a basis, shall be paid and registered on the document pertaining to such change.

General Rate of Duties of Civil Proceedings of the First Instance

Section 42

(1) The rate of duty on the duty base described in Sections 39-41, unless otherwise prescribed by this Act, shall be as follows:

- a) in court proceedings, 6 per cent or not less than 10,000 forints and not more than 900,000 forints;
- b) in connection with any contest of court injunction, 3 per cent or not less than 5,000 forints and not more than 450,000 forints;
- c) in the event of a petition for a summons for a pretrial review and applications for the immediate hearing of verbal petitions, 1 per cent or not less than forints 3,000 and not more than 15,000 forints;
- d)
- e) 1 per cent in enforcement proceedings or not less than 5,000 forints and not more than 200,000 forints; if carrying out the enforcement falls within the competence of a court bailiff based out of a Budapest court or a county court, 3 per cent or not less than 8,000 forints and not more than 450,000 forints;
- f) in proceedings initiated for permission for payment by installment after a resolution has become definitive, for the amendment thereof, or for permission of payment by installment, 1 per cent or not less than 5,000 forints and not more than 15,000 forints;
- g) in proceedings initiated for permission for deferred payment or payment by installment of a fine levied, 1 per cent or not less than 5,000 forints and not more than 18,000 forints;
- h) in other non-judicial proceedings, excluding administrative proceedings without litigation, 3 per cent of the value of the subject matter of the proceeding or not less than 5,000 forints and not more than 150,000 forints.

(2) If the proceedings described in Paragraph c) of Subsection (1) are not conclusively completed in the first hearing, the duty shall be supplemented to the amount defined in Paragraph a). If an order for payment procedure is brought before the court (including if the plaintiff submits the claim to the court within thirty days of the operative date of the ruling adopted for the refusal of a request for the issue of an order for payment, or for the termination of the proceedings, or dispatches such claim by registered post addressed to the court), the duty shall be paid in the amount specified in Paragraph a), covering the fee payable for the order for payment procedure, minus any allowances.

(3) Petition for the opening of enforcement proceedings shall mean the submission of a petition for ordering judicial enforcement, or a document on which an enforcement clause can be appended, to the court. The submission of petitions for securing actions for money claims, and for the seizure of a specific thing shall also be construed as such.

(4) In actions instituted for the termination of trespass, the duty paid for the proceedings of an administrative body shall be included in the duty payable for the court proceedings.

Itemized Duties

Section 43

- (1) The duty on divorce actions shall be 12,000 forints.
- (2) In cases of claims for the regulation of the use of residence enforced in domestic proceedings, as well as the claims for the division of the joint property of the spouses in actions for divorce based on uniform declaration of will, the value of such items may not be taken into account separately for dutiable purposes. If a party enforces other pecuniary claims, the part in excess of the duty on the matrimonial case shall be chargeable.
- (3) The duty on proceedings instituted for the judicial review of administrative resolutions shall be 20,000 forints, unless otherwise provided for by law and unless the resolution is not connected with tax, dues or similar obligations, social security benefits or customs obligations, competition, broadcasting - apart from complaints -, electronic communication or public procurement.
- (4) In the case of a review of a resolution for indemnification for expropriation with regard to legal grounds, the amount of duty shall be 10,000 forints.
- (5) The duty on labor suits set out in Section 349 of CPC, if the value of the subject matter of the proceedings cannot be established, shall be 7,000 forints.
- (6) The duty on a general power of attorney before any court shall be 18,000 forints.
- (7) The duty on non-judicial administrative proceedings shall be 7,500 forints.

Duty on Bankruptcy and Liquidation Proceedings

Section 44

(1) The duty on the liquidation and bankruptcy proceedings of economic operators with legal personality, as defined in Paragraph a) of Section 3 of Act XLIX of 1991 on Bankruptcy Proceedings, Liquidation Proceedings and Voluntary Dissolution shall be 50,000 forints and 30,000 forints respectively, while for unincorporated business associations the duty on liquidation and bankruptcy proceedings shall be 25,000 forints and 20,000 forints respectively.

(2)

Duty on Proceedings by the Courts of Registry

Section 45

- (1) The duty on company registration shall be as follows:
 - a) 600,000 forints for public limited companies and European public limited-liability companies;
 - b) 100,000 forints for private limited companies and private limited-liability companies;
 - c) 100,000 forints for other legal persons not mentioned under Paragraphs a) and b);
 - d) 50,000 forints for unincorporated business associations;
 - e) 30,000 forints for sole proprietorships;
 - f) 50,000 forints for the Hungarian branches of foreign-registered companies;
 - g) 50,000 forints for direct commercial representations of foreign companies.
- (2) If an application for company registration also includes a request for the registration of a branch, no additional duty shall be paid above and beyond the duty defined in Subsection (1).
- (3) The duty payable for the registration of companies under simplified proceedings and for proceedings of the courts of registry other than those mentioned under Subsections (4)-(7) shall be 15,000 forints. If, following submission of the application for simplified company registration proceedings, the applicant is found ineligible for simplified registration, the competent court of registry shall issue a request for additional payment so as to reach the sum specified in Subsection (1).
- (4) The duty payable for the registration of changes relating to the transformation of companies, the acquisition of qualifying holding, obtaining the status of recognized group of companies, or to changes in the particulars of a public limited company shall be 50,000 forints. This sum also covers the duty payable for other changes notified simultaneously with the registration of changes relating to the transformation of companies, the acquisition of qualifying holding, and obtaining the status of recognized group of companies.

(5) The duty payable for the registration of changes in the company's assets shall be 40 per cent of the duty specified in Subsection (1) above. This duty also includes the duty payable for other changes notified at the same time.

(6) The duty for a certificate of incorporation shall be 5,000 forints, the duty for a company certificate shall be 3,000 forints, and the duty for an official copy of company records shall be 7,000 forints.

(7) In connection with the supply of electronic documents from the register of companies by way of electronic means or in the form of printed copies the duty shall be 2,000 forints for each company document.

Duties on Legal remedy in Civil proceedings

Duty on Appeal

Section 46

(1) On the duty base established in accordance with Sections 39-41, the rate of duty shall be 6 per cent in the case of appeals submitted against judgments or not less than 10,000 forints and not more than 900,000 forints.

(2) For an appeal submitted against a judgment delivered in an action for divorce, the duty shall be 8,000 forints. If an appeal is submitted against the provision of the judgment concerning conjugal property rights, except for the provision pertaining to the use of residential properties, the provisions of Subsection (1) shall apply.

(3) The rules pertaining to the duty on an appeal submitted by the party shall apply to the duty on the appeal submitted by the intervening party.

(4) The duty on a cross-appeal shall be half of the duty chargeable in accordance with Subsection (1) or not less than 5,000 forints.

Section 47

(1) If an appeal or complaint is lodged against a ruling, the rate of duty on the duty base established in accordance with Sections 39-41 shall be 3 per cent or not less than 7,000 forints and not more than 175,000 forints.

(2) The duty on an appeal filed against the decision of a notary public made on probate or other notarial proceedings shall be 10,000 forints.

(3) The duty on an appeal submitted against a ruling of the court of registry, as well as against resolutions made in bankruptcy and liquidation proceedings shall be 7,000 forints.

Section 48

If an appeal is lodged solely against the justification of a resolution or is for a change of deadline and/or the amendment of or dispensation with an approved allowance of payment by installment, the duty shall be 8,000 forints.

Duty on the Reopening of a Case

Section 49

In respect of proceedings for the reopening of a case, the duty shall be payable as defined in this Act, irrespective of the duty paid for the underlying proceedings.

Duty on Review Proceeding

Section 50

(1) In the case of review of a judgment, the rate of duty on the duty base determined in accordance with Sections 39-41 shall be 6 per cent or not less than 10,000 forints and not more than 2,500,000 forints.

(2) The duty on review of a ruling shall be half of the duty calculated in accordance with Subsection (1) or not less than 7,000 forints and not more than 1,250,000 forints.

(3) The duty on a cross-petition for review shall be half of the duty mentioned in Subsection (1) or not less than 7,000 forints and not more than 1,250,000 forints.

(4) The duty on review of a ruling of the court of registry as well as of resolutions made in bankruptcy and liquidation proceedings shall be 8,000 forints.

Allowances Applied in Remedy Proceedings

Section 51

(1) In respect of the proceedings regulated by Sections 46-48 and 50, if a court decision is annulled by the court without regard to the merits of the petition, or counter-petition, submitted in remedy proceedings, the party shall not be liable to pay the duty again for the repeated proceeding. Furthermore, if any change (increase) is made in the petition, only the duty differential resulting from such shall be paid.

(2) In respect of reopening a case, the provisions of Subsection (1) shall apply for the refund of duty or for the decision concerning the bearing of the duty as registered, if the party has lost the legal action in direct consequence of a criminal offense committed by the judge, the opponent or any other party who participated in passing the judgment contested by reopening the case, or if a definitive judgment has been delivered on the same legal matter prior to the judgment delivered in the action.

Duty on Criminal Proceedings

Section 52

(1) The duty on filing charges in proceedings conducted exclusively on the basis of private prosecution shall be 5,000 forints, the duty on appeal shall be 6,000 forints, while the duty for petitions for reopening the case and motions for review shall be 7,000 forints.

(2) In respect of cases of private prosecution, where charges are filed by more than one party in the same petition, furthermore, if separate cases of accusations filed by more than one party are consolidated, each filing party shall pay the duty as applicable. Where several cases conducted in connection with charges filed by the same party are consolidated, duties shall only be paid once upon consolidation. In respect of counter-charges, the duty shall be paid separately, with regard to both charges.

(3) Proceedings shall not be construed exclusively as cases of private prosecution if instituted in consequence of interrelated crimes committed to the injury of the same party, on account of which public and private prosecution are both applicable partially.

(4) No duty shall be paid in the phase of the proceedings where the indictment is presented by the public prosecutor.

Duties on Civil Claims and Claims of Indemnification Against the State

Section 53

(1) If civil claims are included in criminal proceedings, the duty on such grounds shall be paid only for having the claim reported and for filing the appeal. This duty shall be paid in addition to the duty on the criminal proceedings, in accordance with the rules on duties pertaining to civil proceedings.

(2) The duty on proceedings for the enforcement of indemnification claims against the State in connection with criminal proceedings shall be governed by the regulations on the duties pertaining to civil proceedings.

Duties on Petitions Associated with Criminal Proceedings

Section 54

(1) If a petition is not verbally submitted immediately after the hearing, or not while serving the term of imprisonment as sentenced, a duty of 2,000 forints shall be paid for:

a) petitions filed for postponing the commencement of the term of imprisonment, as well as for the execution and suspension of community service work;

b) petitions filed for the postponement and/or for deferment of payment of a fine, for the costs of criminal proceedings payable to the State, or for payment of a fine for contempt.

(2) The duty on petitions for clemency and judicial exoneration shall be 5,000 forints.

(3) The duty on petitions submitted to the minister in charge of the judicial system for the remission of legal sanctions of pecuniary nature shall be 1 per cent of the amount of debt involved or not less than 5,000 forints and not more than 20,000 forints.

(4) If a petitioner or a party filing private charges fails to pay the duty described in this Section and in Section 52 upon receipt of notice, the court shall draw up a protocol.

Rate of Duty in Arbitration Proceedings

Section 55

The duty for arbitration proceedings shall be 1 per cent of the value of the subject matter of the proceedings or not less than 5,000 forints and not more than 250,000 forints. If the value of the subject matter of the proceedings cannot be established, the duty shall be 10,000 forints.

Duty Allowances in Court Proceedings

Exemptions

Section 56

(1) The persons granted exemption from charges pursuant to specific other legislation, or exemption from duty in accordance with this Act may not be required to pay duties. Personal duty exemption shall not apply to the successor in title of the party in question.

(2) The provisions on duty exemption shall also apply to an intervening party.

(3) Copies of records or other documents prepared by the court for ad hoc conservators and for curators ad litem shall be free of duty.

Section 57

(1) The following shall be exempt from duty in civil cases:

a) the proceedings, if the court ex officio rejects the petition therefor without the issue of a subpoena, without investigation in merito in non-judicial proceedings, or without conducting an insufficient data procedure in respect of company registration; or if the legal action is dismissed on the basis of Paragraph a) of Section 157 of CPC;

b) proceedings for remedy instituted against decisions in cases of exemption from charges and rights for the suspension of payment of duty;

c) in actions for divorce, the counter-action lodged with regard to the marriage;

d) proceedings related to the declaration of death or for having the death registered, if disappearance or death took place in consequence of an event of war or natural disaster;

e) proceedings for the registration of foundations, public foundations, non-governmental organizations, public bodies, European groupings of territorial cooperation, furthermore, proceedings for the registration of ESOP organizations established in accordance with Act XLIV of 1992 on the Employee Stock Ownership Plan and for the approval of participation in a European grouping of territorial cooperation;

- f) petitions for the removal of wound-up firms from the register, including the petitions lodged in simplified dissolution procedures with the name of the receiver indicated;
 - g) petitions for the correction, and/or supplementation of resolutions;
 - h) proceedings related to the electoral roll;
 - i) proceedings related to changes notified upon being registered in the register of legal counsels;
 - j) appeals against resolutions prescribing transfer;
 - k) judicial review of administrative decisions adopted in indemnification cases;
 - l) tax consolidation procedures of municipal governments;
 - m) proceedings initiated by independent court bailiffs in connection with judicial enforcement proceedings, and the proceedings initiated for the enforcement of court decisions (court settlement) adopted in accordance with Council Regulation (EC) No. 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No. 805/2004 of the European Parliament and of the Council creating a European Enforcement Order for uncontested claims, and Council Regulation (EC) No. 2201/2003 concerning jurisdiction and the recognition and enforcement of judgments in matrimonial matters and the matters of parental responsibility, repealing Regulation (EC) No. 1347/2000;
 - n) proceedings instituted on the basis of favorable decision by the Constitutional Court;
 - o) any lawsuit in connection with the protection of personal data and access to information of public interest;
 - p) the judicial review of an administrative decision for the authorization of legal aid;
 - r) non-judicial proceedings for the review of resolutions for preliminary injunction or a temporary restraining order, or preventive injunction granted pursuant to specific other legislation in connection with domestic violence;
 - s) the judicial review of an administrative decision adopted concerning aid to crime victims.
- (2) The following shall be exempt from duty in criminal proceedings:
- a) in the proceedings described in Subsection (1) of Section 52, the appeal, petition for reopening the case and motion for review filed by the defendant and the defense counsel;
 - b) the proceedings described in Subsection (1) of Section 52, if the court dismisses the case prior to the commencement of personal hearing, or if the case is dismissed due to clemency;
 - c) the petition described in Subsection (2) of Section 54 if submitted by the defendant or the defense counsel;
 - d) the proceeding for the authorization of personal exemption from charges;
 - e) the one-time provision of copies of documents specified in Subsection (2), Paragraph a) of Subsection (5), Subsection (6) and Subsection (10) of Section 70/B of Act XIX of 1998 on Criminal Procedure to the defendant, the defense attorney or the legal representative of a minor who has been accused of a crime;
 - f) a copy of the accusation report provided to the accuser.

Reduced Duty

Section 58

- (1) The duty shall be 10 per cent of the duty on judicial proceedings:
 - a) if the plaintiff withdraws his claim during the first hearing;
 - b) if the legal action is declared suspended during first hearing, and is dismissed as a result of suspension;
 - c) if the defendant acknowledges the claim during the first hearing, or satisfies the claim prior to the first hearing;
 - d) if the parties reach a settlement during the first hearing;
 - e) if the parties jointly file for dismissal during the first hearing.
- (2) The duty shall be 30 per cent of the duty on judicial proceedings for a case dismissed by suspension following the first hearing, or due to the plaintiff's withdrawal, or if jointly requested by the parties.
- (3) The duty shall be 50 per cent of the duty on judicial proceedings, if a settlement is concluded following the first hearing. If the parties engaged in a mediation process governed in specific other legislation after the first hearing, and the court has approved the resulting settlement, 50 per cent of the normal court costs of judicial proceedings shall be reduced by the mediator's fees, including value added

tax, not to exceed 50,000 forints, provided that the mediation process is not precluded by law; in either case, the amount of duty payable may not be less than 30 per cent of the duty chargeable for judicial proceedings.

(4) If a legal action is dismissed by suspension, the court shall order the party initiating the proceedings to pay the duty.

(5) The provisions of Paragraph a) of Subsection (1) shall be duly applied in non-judicial proceedings, if withdrawal takes place prior to the announcement of the court's ruling on the merits of the case. In respect of the proceedings mentioned in Paragraph c) of Subsection (1) of Section 42, and of the judicial proceedings opened upon an order for payment procedure [second sentence of Subsection (2) of Section 42], provided that the conditions therefor are otherwise satisfied, the obligation of reduction shall apply only to the duty supplemented pursuant to Subsection (2) of Section 42.

(6) The provisions of Subsections (1)-(2) shall apply to the duty on civil claims enforced in criminal proceedings.

(7) In respect of an appeal or petition for court review, 10 per cent of the duty on appeal or petition for court review filed in civil and criminal proceedings shall be charged, if it is withdrawn prior to the commencement of the trial by the court of jurisdiction, or if withdrawn prior to the date of judgment out-of-court.

(8) The provisions of Subsections (2), (3) and (7) shall apply to the duty on cross-appeals. If the appeal is withdrawn by the submitting party following the commencement of the trial, the party submitting the cross-appeal shall only pay 10 per cent of the procedural fee.

(9) If the parties engaged in a mediation process governed in specific other legislation before the civil proceedings, the normal costs of the proceedings shall be reduced by the mediator's fees, including value added tax, that was paid by the party liable for the duty payable, not to exceed 50,000 forints, however, the amount of duty payable may not be less than 50 per cent of the normal rate of duty. No allowance may be granted if:

- a) the mediation process is precluded by law, or
- b) in spite of having reached a settlement agreement in the mediation process, either of the parties files charges at the court regarding the dispute settled by the said agreement, except if the charges are filed solely for the purpose of enforcement of the agreement.

(10) The procedural fee shall be 50 per cent of the normal rate of duty, if an evidentiary hearing was conducted prior to the civil action before a notary public or a court.

Right for the Suspension of Payment of Duties

Section 59

(1) Persons who have been granted the right for the suspension of payment of duties shall be exempt from the advance payment of duties. In such cases the duty shall be paid by the party so ordered by the court.

(2) The provisions on the right for the suspension of payment of duties shall also apply to intervening parties.

Section 60

(1) If advance payment of a duty is likely to impose an unreasonable burden on a person in light of his income and financial situation, such person may be granted exemption from the advance payment of duty, particularly if the amount of such duty exceeds 25 per cent of the taxable per capita income of the party and his spouse, and their dependent children living in the same household.

(2) Curators ad litem and ad hoc conservators appointed by the guardian authority, as well as parties in the interest of whom the public prosecutor or an authorized organization filed for legal action for the purpose of the enforcement of a due claim, shall be entitled to the right for the suspension of payment of duties.

Section 61

(1) A person who is to be supported by his/her parents, or who lives together with his/her spouse may only be granted the right for the suspension of payment of duties if the conditions thereof exist both in respect to such person and to the persons living together with him/her.

(2) A person whose litigation appears in bad faith or is likely to fail, may not be granted the right for the suspension of payment of duties, even if such person acts as an assignee, and there is reason to believe that the aim of the assignment was to render litigation with the benefit of the right for the suspension of payment of duties possible.

(3) The benefit of litigation with the right for the suspension of payment of duties may be granted to third country nationals described in the Act on the Admission and Right of Residence of Third-Country Nationals only by virtue of an international convention signed by the State of Hungary, or in the event of reciprocity. As to whether reciprocity applies shall be determined by the minister in charge of the judicial system.

(4) No right for the suspension of payment of duties may be permitted:

- a) in connection with actions filed for divorce;
- b) in company registration proceedings;
- c) in the proceedings described in Section 54.

Section 62

(1) The parties shall be entitled to the right for the suspension of payment of duties, irrespective of their income and financial conditions:

a) in labor disputes, if instituted in connection with damages caused by willful or grave negligence of an employee or with the liability of an executive employee for damages in accordance with the provisions of civil law; furthermore, in respect to the part in excess of the amount due by law in actions for severance pay, if it is more than twenty-times of the minimum wage;

b) in claims for compensation for damages in connection with any injury caused to the life, physical integrity or health, or to the financial assets of a person, when the life, physical integrity or health of the person was also put in jeopardy;

c) in claims for compensation for damages originating from criminal offenses, not including any injury to the life, physical integrity or health of another person, and infractions;

d) in domestic proceedings, with the exception of actions for divorce, as well as pecuniary claims awarded in domestic proceedings;

e) in suits for the termination of the right of bearing a name;

f) in actions in connection with the protection of persons under civil law;

g) in actions for compensation for damages caused within administrative authority;

h) in proceedings for the review of administrative resolutions;

i) in liquidation proceedings opened in connection with wages and other emoluments owed under contract of employment and in court proceedings instituted by a temporary administrator, liquidator or financial trustee under bankruptcy proceedings or liquidation proceedings, and in the debt consolidation proceedings of municipal governments;

j) in civil court and non-judicial (enforcement) proceedings instituted in connection with inventions, utility models, innovations, industrial design rights, topographies, know-how, and/or assistants' fee by inventors of inventions and utility models, innovators, authors of industrial designs and topographies, as well as assistants;

k) in proceedings instituted by housing cooperatives against their members or non-member owners, and condominium associations against their owners for the refund of operational, renovation or common maintenance costs;

l) in legal actions filed against the State for the enforcement of indemnification claims in connection with a criminal proceeding;

m) in lawsuits for damages filed in consequence of any violation of the plaintiff's fundamental rights to a fair trial and/or to conclude court proceedings within a reasonable period of time;

n) in actions filed for the annulment of contracts for the transfer of residential properties of private individuals;

o) in lawsuits filed against any reference data provider or the financial enterprise operating the central credit information system as set out in specific other legislation, in connection with the transmission and

processing of data in the central credit information system, or launched for the correction or erasure of reference data;

p) in proceedings opened for the correction of any particular entry that was registered ex officio relying on erroneous information, or if the entry contains any other type of error, or in proceedings opened to determine that an authority or court failed to comply with the obligation to forward any data registered ex officio in the companies register;

r) in non-judicial proceedings for the review of rulings adopted in administrative proceedings.

(2) In respect of the actions described in Paragraphs a)-c), g)-h) and l) of Subsection (1), the court may disregard to order the party to pay duty in the case of the partial loss of the action, if the amount of the award is to be determined at the court's discretion and if the amount requested was not manifestly exaggerated.

(3) In liquidation proceedings opened in connection with wages and other emoluments owed under contract of employment as specified in Paragraph i) of Subsection (1), the court shall provide for the payment of the duty in its ruling for terminating the proceedings or for the opening of liquidation proceedings.

Section 63

Application of the Rules of Exemption from Charges

Section 64

Court of Registry Supervisory Fee

Section 65

(1) The supervisory fee payable for judicial oversight proceedings conducted by courts of registry shall be 50,000 forints. The supervisory fee shall be payable by the company that is found by the court of registry to engage in unlawful conduct. The supervisory fee shall not be paid in ex officio judicial oversight proceedings if dismissed by the court of registry if the charge is found unsubstantiated.

(2) In connection with proceedings opened upon request, if the court of registry refuses to open judicial oversight proceedings if it finds the charge unsubstantiated, the applicant shall be liable to pay a supervisory fee of 15,000 forints.

(3) The court of registry shall order payment of the supervisory fee by the company implicated in judicial oversight proceedings in its ruling for establishing the unlawful conduct. Where the court of registry finds a request for judicial oversight proceedings unsubstantiated, it shall order the requesting party to pay a supervisory fee in its ruling adopted for refusing the proceedings.

(4) The matters not regulated in this Section shall be governed by the provisions on the costs of court proceedings.

Section 66

Chapter VII

ADMINISTRATIVE SERVICE FEES AND COURT FEES

Section 67

(1) Fees shall be paid for administrative proceedings and for services of an administrative nature provided by institutions as well as for certain procedural actions (services) of the court.

(2) The sphere of proceedings for which a fee shall be payable and the amount of such fee shall be decreed - under authorization conferred by an act or, in connection with proceedings or services provided for in a decree adopted by the Government acting within its original legislative competence, by authorization of this government decree - by the competent minister in agreement with the minister in

charge of taxation, or by the President of the Magyar Nemzeti Bank. An obligation for the payment of a fee which affects a large percentage of the population may only be prescribed by an act of Parliament.

(3) The amount of duty shall be determined to cover all costs incurred by the acting authority in connection with the proceedings to which it pertains, provided that such costs cannot be charged to others. For proceedings (services) involving variable costs, flat rate duties shall be established.

(4) Unless otherwise prescribed in the ministerial decree establishing a fee, payment of a fee shall be effected by way of credit transfer. If payment is made by way of credit transfer or money remittance services, the party entitled to collect such fee shall be specified in the relevant regulation on the fee, along with the description and payment account number.

(5) The legislation prescribing a fee shall contain regulations to provide for the collection, handling, registration and refunding of such fees, including the fee for remedy proceedings. Subject to the exceptions set out in Subsection (6), for matters not regulated in the relevant legislation prescribing the fee, including personal and subject-oriented exemptions, the relevant provisions of this Act shall apply to the extent specifically referred to by the legislation establishing the fee in question.

(6) The administrative service fee charged for the proceedings of special authorities shall be payable in accordance with the provisions laid down in the legislation prescribing the fee, and payment shall be verified enclosed with the application for the underlying proceedings. Where the prior proceedings of the special authority is required, the administrative service fee shall be paid at the time when requesting such proceedings.

(7) The extra administrative service fee shall comprise revenue for the acting authority. The amount of the extra administrative service fee and the duty payable for the proceedings may not exceed the costs actually arising in connection with the proceedings and the administrative services.

PART FOUR

ESTABLISHMENT AND PAYMENT OF DUTIES

Chapter VIII

ESTABLISHING THE DUTY BASE

Value Serving as the Basis of Duty

Section 68

(1) The market value serving as basis for property acquisition duty shall be established based on the market value in effect at the time when the notary public reports the property acquisition or when the real estate supervisory authority forwards the received documents pertinent to the property acquisition [Subsection (1) of Section 92] to the state tax authority, or when the state tax authority receives such information in another way.

(2) In respect of the cases described in Subsection (1), if reporting (forwarding) the documents pertaining to property acquisition for dutiable purposes takes place later than six months after the time when the duty becomes chargeable in consequence of some action of an administrative body, court or notary public, or upon any infringement by an administrative body, a court or notary public, the state tax authority shall reduce the market value serving as the duty base for each day beginning on the first day of chargeability and ending on the day of notification (forwarding) of the documents pertaining to the property acquisition as consistent with the prevailing central bank base rate, but by no more than 50 per cent. Such reduced market value shall not be lower than the amount set out in the contract, or, in the absence of such, the value declared by the person liable for payment of the duty (hereinafter referred to as “declared value”).

(3) Concerning the base of a procedural fee, the market value prevailing at the time of submission of the application for the proceedings shall apply.

Declaration of and Establishing the Value Serving as the Basis of the Duty

Section 69

The market value serving as the basis of the duty shall be declared by the party liable for the payment of duty at the time of reporting the transaction or the estate, if such obligation is in fact lies with this party. In other cases, the market value shall be declared by the deadline specified upon the state tax authority's request.

Section 70

(1) If the market value was not indicated or declared by the parties, or the indicated or declared amount is construed by state tax authority to differ from the market value, the market value shall be established by the state tax authority. If the value was established in a judgment, such value may not be overruled by the state tax authority.

(2) The state tax authority shall establish the market value relying on an on-site inspection and by applying comparative value, taking also into consideration the declaration of the party liable for payment of the duty, and if necessary, with the involvement of an independent expert.

(3) For the purpose of establishing the market value, the state tax authority shall take into account the following values of comparison, along with other determinant factors:

a) in the case of acquisition of real estate property, the determinant factors covering at least a 2-year period of property sales in the community in question, or a smaller isolated unit of a large settlement, or a region of an outlying area that is economically related; in particular such factors are the figures of real estate property sales showing increasing or decreasing trends, or the absolute lack of property sales, the details of value of the community or region if different from the above, furthermore, information concerning the sale of a real estate property within the nearest proximity in space and time to the dutiable real estate property which can be taken into account for establishing the market value. Real estate properties of the same designated purpose shall be considered for comparison. If there is no similar real estate property for comparison in the community, information on real estate transactions from similar communities in the region may be used for establishing the market value;

b) in the case of acquisition of movable property, the commercial or market price of movable properties of the same designated purpose.

(4) The value calculated in accordance with Section 72 shall be considered the market value of rights as an object of property.

Section 71

(1) The basis of duty shall be established in Hungarian forints.

(2) Any value indicated in a foreign currency shall be translated into forints by the official exchange rate quoted by the Magyar Nemzeti Bank effective for the day when the duty becomes chargeable.

(3) Unless otherwise provided for by this Act, in respect of round figures for the calculation of the duty base given in percentage, any fraction of less than 50 forints shall be disregarded, while any fraction above 50 forints shall be rounded up to 100 forints.

Establishing the Value of Rights

Section 72

(1) One-twentieth of the market value of assets, without any deduction of encumbrances, shall be construed the annual value of rights of the assets encumbered with such rights.

(2) The value of rights defined for a specific period of time shall be established by multiplying the annual value by the number of years specified. However, the value of such rights calculated this way may

not be more than twenty-times of the annual value, or the annual value in accordance with the age defined in Paragraph a) of Subsection (4) with regard to any beneficial interest or right of use of a natural person.

(3) In respect of rights for an indefinite period, the value of such rights, with the exception set out in Subsection (4), shall be five times the annual value.

(4) If a right applies for the lifetime or the time of marriage or widowhood of a person, the value thereof shall be established in terms of the age of the person in question as per the following:

a) if the holder of the right:

is below 25 years of age: ten times of the annual value,

is between 25 and 50 years of age: eight times of the annual value,

is between 51 and 65 years of age: six times of the annual value,

is over than 65 years of age: four times of the annual value;

b) if the term of a right is conditional upon the lifetime, period of marriage or widowhood of both the beneficiary and the obligee, the age of the older of the two persons shall be applied in respect of the multiplication rates defined in Paragraph a);

c) if the term of a right is conditional upon the lifetime of more than one persons having simultaneous entitlement, where such entitlement terminates upon the death of the person who dies first, the age of the oldest person shall apply for calculation; however, if entitlement remains in effect until the death of the last person, the age of the youngest person shall apply for calculation. The resulting value, serving as the duty base, shall be divided among the beneficiaries in the percentage the value of the right of any one beneficiary - as calculated by their age - represents in the whole;

d) if the term of a right covers the period of marriage, the age of the older spouse shall be applied for calculation.

(5) Value of the temporary use of a holiday resort shall be calculated by dividing the annual value of such right by three hundred and sixty-five [Subsection (1) of Section 72] for each day stipulated in the contract. For other issues the provisions set out in Subsections (2)-(3) of Section 72 shall apply.

(6) By way of derogation from the provisions of Subsections (1)-(5), the value of the license for a private medical practice shall be construed as the value indicated in the relevant contract of sale or donation contract or else the value declared by the person to whom the license had been issued. If this value does not reflect the true value of the commodity, the state tax authority shall estimate the value.

Chapter IX

PAYMENT OF DUTY

Method of Paying Duty

Payment of Duties on Administrative Proceedings

Section 73

(1) With the exceptions set out in Subsections (2)-(4), (7), (8) and (11), the duty on administrative proceedings shall be paid at the time of opening of the proceeding by affixing a duty stamp to the document initiating the proceeding.

(2) The duty on administrative proceedings launched at a document bureau by means other than electronic:

a) shall be paid in advance by postal money order, or

b) shall be paid - if the given document bureau has the proper facilities - by bank card or in cash at the time of the opening of the proceeding

to the account designated by decree of the minister in charge of taxation; the document bureau shall forward all cash payments of duties made to the aforementioned account by way of money remittance on a daily basis.

(3) The duty on proceedings of the tax authority of the first instance and the customs authority of the first instance (hereinafter referred to as "tax authority"), including if initiated by electronic means, - except for the duties on copies and extracts - and the duty on remedy proceedings lodged against a resolution or ruling

adopted or any act of enforcement carried out by the tax authority shall be paid to the duty revenue account of the competent tax authority. By way of derogation from what is contained in Subsection (1) of Section 73/A, the tax authority shall communicate the amount of any unpaid procedural fees and default penalty to the client by resolution, upon which the procedural fee may be paid within eight days of the time of delivery of the resolution to the tax authority's duty revenue account without any default penalty. Any duty and default penalty that remains outstanding nonetheless shall be collected by the tax authority.

(4) The procedural fee on administrative proceedings opened by way of electronic means shall be paid in advance by postal money order or subsequently by way of credit transfer with reference to the case number the acting authority has provided to the client in accordance with the provisions of specific other legislation laying down the detailed procedural rules of electronic communication.

(5) Advance payment of the procedural fee under Paragraph a) of Subsection (2) shall be verified to the competent authority at the time of opening the proceeding by attaching the deposit slip to the application, or if payment is made according to Subsection (4), by indicating the (8 digit) case number written on the deposit slip of the postal money order, and also indicating the amount of the procedural fee as paid and the date of payment.

(6) The procedural fee, if not paid in connection with an administrative proceeding launched by electronic means before the proceeding is initiated (when the application is presented), must be paid on the next working day when the case number is conveyed to the client.

(7) If imposed, the procedural fees - for the proceedings other than those specified in Subsections (2)-(4) - which are in excess of 10,000 forints may also be paid by way of postal money order or by way of credit transfer to the bank account specified by the state tax authority, or by bank card where the proper facilities are available. In such cases, the document subject to duty shall be submitted to the competent state tax authority in duplicate. The state tax authority shall verify receipt of such document subject to duty on the original copy.

(8) In respect of official proceedings initiated at or through a Hungarian consular post abroad, the duty on the proceeding shall be paid as prescribed in specific other legislation on consular fees.

(9) The administrative bodies seated in Hungary shall issue documents requested as are intended to be implemented in a foreign country to certify certain facts or to state certain data, or for another purpose, without the payment of duty, and shall communicate the amount of the duty payable:

a) if the document is sent abroad through diplomatic channels, to the minister in charge of foreign policies simultaneously upon forwarding the document;

b) in all other cases to the competent state tax authority, unless otherwise prescribed by the relevant legislation, by way of protocol.

No default penalty may be imposed on such non-payment of duty.

(10) In the case described in Paragraph a) of Subsection (9), the minister in charge of foreign policies shall send the documents to the consular post abroad and instruct it to collect the duty prior to the delivery of the document and record such payment in the Consular Information System or in the ledger of consular fees with the consular case number attached.

(11) An act or government decree, or a decree adopted in agreement with the minister in charge of taxation may contain provisions prescribing the duty charged for the proceedings of special authorities - other than prior proceedings of the special authority - shall be paid to the body conducting the main proceedings, according to the same conditions prescribed for payment of the duty or administrative service fee payable for the main proceedings. The authority conducting the main proceedings shall transfer the sum thus received for the proceedings of special authorities to the duty revenue account of the Magyar Államkincstár (Hungarian State Treasury) on the next working day following the time when it is credited to the account specified by law, or on the day of receipt if paid in cash.

(12) Where a client has paid any duty in accordance with Paragraph a) of Subsection (2) or with Subsection (4), and the related proceeding did not materialize, the client may request a refund by presenting the deposit slip of the postal money order to the competent state tax authority. The state tax authority shall then contact the treasury to check the application and shall decide accordingly whether to refund the duty or to refuse it by resolution.

Subsequent Compliance

Section 73/A

(1) If an application is submitted without payment of the duty chargeable, the acting authority, at the time of the opening of the proceeding, or if the proceeding is launched by electronic means after the deadline indicated in Subsection (6) of Section 73, if applicable, shall notify the client by mail if the application was submitted by post, and electronically as well if the proceeding was launched by electronic means, regarding his impending payment obligation, including a warning that failure to pay the duty within eight days,

a) if it was originally payable by way of duty stamp, by affixing the proper amount of duty stamps on a post card if the notification is sent by post,

b) by way of credit transfer or in cash in all other cases,

and the authority did not dismiss the proceedings on account of non-payment of the applicable duties by way of a ruling, a default penalty shall also be charged according to Section 82. The payment deadline shall begin upon receipt of the notice of payment. If the notice is sent through the post an additional 200 forints shall be charged to cover postal charges, paid in duty stamps on the reply post card, or in cash in other cases. The receipt and/or delivery of the notice shall be recorded on the document, and it shall be acknowledged by the client.

(2) If the client has requested an exemption from payment of the duty, the notice referred to in Subsection (1) may not be sent before the authority's decision.

(3) If a client fails to comply with his duty payment obligation within eight days of delivery of the notice requesting payment of duty and the acting authority did not dismiss the proceeding by resolution, a protocol shall be filed on non-payment of duty. Based on such protocol the competent state tax authority shall levy the amount of duty, the costs of notification and the default penalty.

Payment of Duties for Court Proceedings

Section 74

(1) The duty on court proceedings shall be effected by affixing duty stamps to the document instituting the proceedings, unless another mode of payment is allowed by the relevant legislation, or if the court provides for the payment of the duty in its closing decision. If imposed, the procedural fees which are in excess of 10,000 forints may also be paid by way of postal money order or by way of credit transfer to the bank account specified by the state tax authority, or by bank card where the proper facilities are available. In such cases, the document subject to duty shall be submitted to the competent state tax authority in duplicate. The state tax authority shall confirm payment of the duty on the original copy.

(2) In the event that the party liable for payment fails to pay the duty in spite of being duly notified, but the submission is not rejected, the unpaid duty shall be prescribed by the state tax authority on the basis of a protocol together with the default penalty.

(3) The matters not regulated in this Act in respect of the permission and withdrawal of the right for the suspension of payment of duties, as well as to the judicial measures in connection with the bearing, registration and payment of any duty not paid at the time of the institution of the proceedings and of supervisory fees charged by the court of registry shall be governed by the regulations on the exemption from charges.

(4) In arbitration proceedings the duty shall be paid together with the costs as established, which shall be transferred to the state tax authority by the acting arbitration court upon the conclusion of the proceedings.

(5) The minister in charge of taxation may - upon request - authorize, by way of derogation from the general provisions, subsequent payment of duties on court proceedings on account by any economic operator [Civil Code, Paragraph c) of Section 685] who is able to verify of having initiated during the twelve-month period prior to the submission of the application 1,000 or more court proceedings (judicial and non-judicial). The authorization shall be granted for one year, and may be extended by authorization of the minister in charge of taxation if the economic operator in question is able to verify of having satisfied the conditions for the authorization during the preceding twelve-month period. The minister in charge of taxation shall publish the authorization, and any extension, in the 'Tájékoztató' (Information Bulletin) section of the Pénzügyi Közlöny (Financial Gazette).

(6) If payment on account is authorized, the economic operator shall not be required to pay the applicable duties at the beginning of court proceedings for the cases to which the authorization pertains. Following the granting (extension) of the authorization, the economic operator shall be required to make a

prepayment by the fifteenth day of the following month. The amount of prepayment shall be 50 per cent of the duties paid for the court proceedings launched during the twelve-month period prior to the submission of the application. The balance outstanding shall be due and payable by the fifteenth day of the month that follows the month when the authorization expires to the account of the state tax authority having competence according to the economic operator's registered office.

(7) In the event of transformation of the authorized economic operator by way of converting into another company form or merger, the minister in charge of taxation shall modify the authorization upon request, whereas in the event of demerger, the successor economic operator shall apply for a new authorization. The new authorization may be granted to the successor economic operator if it is able to prove of taking over and continuing the activities of the predecessor economic operator. If the activities in question are carried on by several successor economic operators, the authorization shall be granted to all of them.

(8) The authorization, its renewal and any subsequent amendment of the authorization shall be subject to an administrative service fee as specified in specific other legislation.

Common Provisions Concerning the Payment of Procedural Fees

Section 74/A

(1) Where duty is paid with duty stamps they must be affixed to the document (report) initiating the proceeding or, in the absence thereof, the document drawn up in the course of the proceeding. The amount of procedural fee to be paid shall be rounded down to the nearest 100 forints for any amount of less than 50 forints or rounded up to the nearest 100 forints for any amount of 50 forints or more.

(2) Clients may not overwrite, or mark in any way, a duty stamp affixed to a document instituting a proceeding. The duty stamp shall be cancelled by the seal of the acting authority before which the proceeding has been instituted.

(3) Where duty is paid according to Paragraph b) of Subsection (2) of Section 73, the procedural fees shall be considered paid and the receipt shall be attached to the case file.

(4) In connection with payments made by way of bank transfer the regulations for the control of payment of procedural fees shall be decreed by the minister in charge of taxation.

(5) If the state tax authority has verified receipt of the document subject to duty liability according to Subsection (7) of Section 73 or Subsection (1) of Section 74, the competent court or any other relevant authority shall consider the duty as paid.

Cancellation of Duty Stamps

Section 75

(1) A duty stamp affixed to a document may be cancelled if it is in perfect condition. In all other cases, and if no payment is received in spite of being duly notified, the stamp may not be canceled by overstriking and a protocol shall be drawn up and sent to the state tax authority with an explanation attached.

(2) If a duty stamp affixed to a document for the purpose of duty payment shows visible signs of imperfections to the extent that previous use cannot be ruled out beyond doubt, or if separate parts of the duty stamp were fitted together, it shall be construed as if no duty was paid. The value of such stamps may not be refunded or applied toward another one.

(3) The official seal, indicating the date of cancellation, shall be stamped on each duty stamp affixed so as to position half of the seal on the duty stamp, and the date in the case of dated seals, and the other half on the document itself. If no such seal is available the fact of cancellation, and the date thereof, shall be recorded in writing on duty stamps in ink.

(4) If payment of duty is effected on the document released by the acting authority, the party subject to the payment of duty shall hand over the duty stamp for the purpose of being affixed and cancelled.

Payment of Duty on the Acquisition of Automobiles and Trailers

Section 76

(1) The duty on the acquisition of ownership of motor vehicles and trailers, or the acquisition of any rights in motor vehicles and trailers shall be paid - prior to the registration of transfer of ownership of the motor vehicle or trailer - by way of postal money order obtained in any document bureau, or by bank card where the proper facilities are available, to the account designated by decree of the minister in charge of taxation, or in cash to the teller of the document bureau. Documents evidencing the acquisition of such rights, with the exception set out in Section 89, shall be presented within fifteen days of the date of issue - together with the resolution of the state tax authority on exemption according to Paragraph 1) of Subsection (1) of Section 26, if applicable - at the document bureau competent for the registration thereof.

(2) Any cash payment to the teller must be verified by an accounting document provided to the client, and it must be recorded including the name and address of the buyer, and the amount of duty paid in. On the basis of these records, the document bureau shall transfer the duties collected each day to the duty revenue account of the competent state tax authority by way of postal money order. The document bureau shall prepare weekly statements on the sums paid by bank card or in cash, indicating the name and address of the payer and the amount paid, and shall send it to the competent state tax authority by the fifth day of the week following the week to which it pertains.

(3) Irrespective of the involvement of the document bureau as described in Subsection (1), the state tax authority shall function as the duty authority of first instance concerning the acquisition of automobiles and trailers. If so justified by any dispute or other circumstance in connection with the payment of a duty, the state tax authority shall levy the duty on property acquisition by resolution (Section 78). A default penalty for any delay in the notification of acquisition of property shall be imposed by the state tax authority by resolution.

Payment of Duty by Levy

Section 77

The following duties shall be paid in cash if levied:

- a) property acquisition duty, also including duty advances;
- b) procedural fees in the cases defined in this Act;
- c) duty which was previously not paid.

Duty Advances

Section 77/A

(1) The party liable for payment of duty shall pay a duty advance based on the value reported on the acquisition of ownership title, rights in immovables subject to gift duty or duty on quid pro quo transfer of property. Where no special provisions are prescribed by law, the provisions on property acquisition duty shall apply to duty advances. The obligation to pay duty advance shall apply even if the seller reserves the right of ownership until the purchase price is paid in full.

(2) The state tax authority shall communicate the amount of duty advance (including default penalties) in an order for payment. Such order for payment shall be recognized as an enforcement order up to the amount of the duty advance specified therein, irrespective of any appeal.

(3) The obligation for advance payment of duty shall not be prescribed in the order for payment if the real estate supervisory authority forwards its resolution adopted in a real estate registration procedure [Subsection (2) of Section 92] to the state tax authority prior to having the duty established.

(4) The duty advance may be paid up before the resolution in which it is imposed is adopted, as consistent for the declared value and the rate applicable for the property acquired, at the competent state tax authority in cash - if the state tax authority in question has proper facilities to accept cash - or to the state tax authority's duty revenue account. If payment is made in cash the underlying document, stamped as received by the real estate supervisory authority, made out on the transaction shall be presented at the same time. If payment is made to the duty revenue account, the above-specified document and the proof of payment shall be presented to the state tax authority when requesting a certificate of payment of duty

advance. The state tax authority shall issue the certificate of payment of duty advance immediately upon the receipt of cash, or after the time when the amount is credited to the account.

(5) The state tax authority shall refund a duty advance paid within thirty days ex officio if the conditions for refund (Section 80) are satisfied.

Order for Payment

Section 78

(1) Where duty is charged by way of levy, it shall be fixed in an order for payment (resolution), including default penalties as well. Such order for payment shall contain the data and information, and the relevant regulations applied, based on which the amount of duty was established.

(2) Where the basis of the duty cannot be clearly established at the time the duty is charged relying on the data and information available, the state tax authority shall notify the client in the order for payment that the resolution may be amended according to the Act on the General Rules of Administrative Proceedings inside the time limit to have the decision reversed or withdrawn.

(3) Subject to the exceptions set out in Subsections (4)-(5), a duty charged based upon an order for payment (resolution) shall be due on the day immediately following the day when the resolution becomes operative. No default interest shall be assessed if the duty is paid as charged within fifteen days of the day when the order for payment (resolution) becomes operative, unless a longer deadline is prescribed in the order for payment pursuant to this Act.

(4) Advance on a duty prescribed in the order for payment shall be due on the fifteenth day following delivery of the resolution, unless a longer deadline is prescribed in the order for payment pursuant to this Act. No default interest shall be assessed if such duty advance is paid within fifteen days of the aforementioned due date.

(5) The state tax authority shall issue an order for payment following the registration of the real estate property acquired [Subsection (2) of Section 92] for payment of the difference of the duty established in the definitive order for payment and the advance (hereinafter referred to as “duty balance”). The amount of duty indicated in the order for payment shall be due on the fifteenth day following delivery, unless a longer deadline is prescribed in the order for payment pursuant to this Act. No default interest shall be assessed if the duty is paid within fifteen days of the aforementioned due date.

Cancellation and Refund of Duty

Section 79

(1) Cancellation of an unpaid duty and/or any refund of duty that has been paid may only take place in the cases defined in Subsection (1) of Section 80, with the exception of remedy proceedings and the cases referred to in Subsection (2) of Section 16, Subsection (2) of Section 17, Subsection (5) of Section 21 and Subsection (2) of Section 26.

(2) An unpaid duty may be cancelled at any time, while a paid duty may be refunded within five years of the date of payment.

(3) If the court terminates or restricts property acquisition with retroactive effect to the date of acquisition, a refund of duty may also be requested following the five year period, but no later than within six months of the operative date of the court ruling.

(4) Any refund of duty shall be governed by the relevant provisions of the Act on the Rules of Taxation on tax refund.

Section 80

(1) Apart from the cases when the duty shall be cancelled or refunded pursuant to other provisions of this Act, the cancellation of a duty imposed, but not paid, and the refund of a duty paid shall be implemented ex officio or upon request of the party liable for the duty payable or his successor in the following cases:

a) if any circumstance has emerged following the time when the duty was established by final decision, having the effect to diminish the value of the inheritance or legacy with retroactive effect to the time of descent and distribution;

b) if the underlying transaction is amended, overruled, dismissed or dissolved by the court, and therefore less or no duty applies for the said transaction;

c) if the parties abandon the transaction upon mutual consent with intent to restore the original status quo, or the party so entitled rescinds from the transaction and this is verified, in connection with real estate property, by a resolution adopted by the real estate supervisory authority and, in other cases, by a document on mutual agreement or rescission;

d) if a right applies for the lifetime or the time of marriage or widowhood of a person, however, the entitlement terminates within a period shorter than one half of the amount of years presumed as calculated by the multiplication rates described in Subsection (4) of Section 72;

e) if the subject matter of a transaction is a right stipulated for a fixed period, and duty was imposed on the value calculated in accordance with Subsection (2) of Section 72, yet the entitlement terminates before the lapse of one half of the years applicable;

f) if a party liable for payment of duty overpaid the duty in consequence of a calculation error or an error in the interpretation of the relevant legislation;

g) if the duty or the duty base was erroneously calculated, or the duty was charged to a person other than the one liable for payment of duty, and also if it was charged more than once;

h) on occurrence of a condition subsequent in transactions;

i) in all judicial proceedings subject to duty exemption, or when the amount of duty may be reduced, but the duty has already been paid, or overpaid;

j) the authority shall refund the duty paid by a natural person if having granted exemption from charges in the proceeding, or if the authority's competence was withdrawn before the case was concluded, and there is no other authority with proper jurisdiction.

(2) In the cases described in Paragraphs d)-e) of Subsection (1), the fraction in excess of the duty calculated on the actual term of a right shall be cancelled or refunded, as applicable.

Section 81

(1) The duty paid in appellate proceedings shall be refunded if the court decision, also contested by an appeal, was repealed by virtue of an application for continuation with justification.

(2) In the cases described in Subsection (1) of this Section, in Subsection (1) of Section 80 and in Section 58, if duty was paid by duty stamp, the court shall send its decision to the state tax authority of jurisdiction by reference to where the court is located. If the duty was paid in cash in accordance with the provisions of Subsection (2) of Section 74, the court shall send its decision to the state tax authority to the account of which the duty was paid.

Default Penalty and Tax Penalty

Section 82

(1) In the event of failure, in part or in full or in default of the deadline prescribed, to fulfill a procedural fee payment obligation prevailing at the time of initiating the proceeding, furthermore, in the event of failure to fulfill the obligation of notification in connection with the acquisition of property, or filing such notice in default of the deadline or if filed insufficiently, the party subject to duty payment obligation shall be liable to pay a default penalty, in addition to the duty, in the amount prescribed by the Act on the Rules of Taxation.

(2) In the event of claiming the exemptions and/or allowances governed in this Act without proper eligibility, the infringer shall be liable to pay a tax penalty in the amount specified in the Act on the Rules of Taxation, unless otherwise prescribed in this Act.

Control

Sections 83-85

Term of Limitation

Section 86

The provisions of the Act on the Rules of Taxation shall apply in respect of the term of limitation for the right of assessment and collection of duties.

Default Interest

Section 87

(1) Default interest shall be paid in accordance with the provisions of the Act on the Rules of Taxation on duties not paid by the deadline set out in the order for payment (resolution) issued by the state tax authority based upon a court decision and as issued in the order for payment concerning a duty balance.

(2) If the condition described in Paragraph g) of Subsection (1) of Section 16, Paragraph b) of Subsection (1) of Section 17 and in Paragraph a) of Subsection (1) of Section 26 is not fulfilled, or if the beneficiary economic operator - or his successor in title held liable to finish the residential building - has requested to have the suspension of duty lifted inside the time limit made available for the construction of the residential building, the duty established but not paid shall be paid with default interest calculated from the due date (the day when the resolution becomes definitive) added.

(3) If the allowance specified in Subsection (5) of Section 21 of this Act was deducted without proper entitlement, the party affected shall be subsequently ordered to pay three-times the amount of the difference between the duty established as per the reduced duty base described in Subsection (5) of Section 21 and the duty chargeable according to the general provisions applicable for the property acquisition in question. If the allowance specified in Subsection (6) of Section 26 was deducted without proper entitlement, the party affected shall be subsequently ordered to pay three-times the amount of the allowance deducted.

Security and Collection of Duties, Payment Allowances

Section 88

(1) In respect of the issues not governed in this Act, particularly the establishment of joint and several liability for the payment of a duty, payment and collection of a debt, authorization for deferred payment or payment by installments, cancellation in part or in full of a duty liability under equitable circumstances, or the cancellation thereof on the grounds of being irrecoverable, the provisions of the Act on the Rules of Taxation shall apply.

(2)-(4)

Chapter X

PROCEDURAL REGULATIONS

Reporting of Inheritance (Devolution of Property) by a Notary Public

Section 89

(1) If an inheritance is transferred by a notary public, the notary public shall report such transaction to the state tax authority for dutiable purposes.

(2) For the purpose of reporting inheritance, the notary public shall send the grant of probate of full effect to the competent state tax authority within fifteen days of the grant of probate becoming definitive. A copy of the estate inventory, the will, the allocation agreement, and a certified, full copy of the records of the probate hearing shall be attached to the grant of probate.

(3) Subsections (1)-(2) shall also apply to the submission of the grant of probate passed in auxiliary probate proceedings.

Reporting of Inheritance by the Heir

Section 90

(1) Each heir shall submit a “Statement of Estate” to declare all inherited movable property to the state tax authority of jurisdiction by reference to the last known address of the decedent within ninety days of the decedent’s death, or, within the same deadline, shall request a notary public to carry out the probate proceedings in respect of such movable property, if the notary public is not required to institute probate proceedings ex officio in respect thereof, and if the conditions for duty exemption as described in Paragraphs b) and d) of Subsection (1) of Section 16 are not satisfied.

The body vested with authority to take inventory is required to notify the heir of this obligation during the hearing or the inventory proceeding conducted after the decedent’s death. The fact of said notice having been delivered shall be indicated in the course of the proceedings on the document.

(2) If the information contained in the Statement of Estate is contrary to common knowledge or incompatible with the information available to the state tax authority, the state tax authority shall be entitled to review and investigate such information subject to the relevant provisions of the Act on the Rules of Taxation.

(3) If probate proceedings need not be initiated neither ex officio, nor upon request, the notary public shall forward the Statement of Estate received to the competent state tax authority.

(4) When the license for a private medical practice is transferred, the new license holder shall report it to the state tax authority within sixty days of the death of the previous licensee with the transfer document attached in two counterparts for dutiable purposes. The duplicate of such document shall be attested by the state tax authority free of charge.

Reporting of Gifts and Quid Pro Quo Acquisition of Property

Section 91

(1) Acquisition (termination) of ownership of real estate property, or a right related to such real estate property shall be reported to the real estate supervisory authority for dutiable purposes by submission of the contract (document) therefor. Notification for dutiable purposes shall be effected by filling out the appropriate form for registration in the real estate register. If the party liable for payment of duty submits the application later than the thirty-day period defined in specific other legislation, or fails to meet his obligation of notification, or complies insufficiently, such party may be ordered to pay the default penalty mentioned in Section 82 of this Act.

(2) The transaction subject to duty on acquisition of property, which is not subject to any real estate registration proceedings shall be reported by the contracting parties, with the exception set out in Section 76, directly to the state tax authority. Such notification shall be effected by having the original and a duplicate of the document establishing the acquisition of property submitted within thirty days of the time when the duty becomes chargeable. Such duplicate shall be attested by the state tax authority free of charge.

(3) A transaction which is subject to payment of duty in spite of not being documented may also be reported verbally. Such verbal notification shall be recorded in writing and the state tax authority shall issue a receipt thereof to the client.

(4) The acquisition of property under Paragraph h) of Subsection (2) of Section 18 shall be notified only upon reaching the limit referred to in Subsection (4) of Section 18, by the person whose acquisition leads to having reached the said limit. At the time of notification for dutiable purposes, the notifier shall disclose the particulars (name, tax identification code or tax number) of the persons mentioned under Paragraphs a)-c) of Subsection (4) of Section 18 with additional holdings in the company in which the notifier has acquired the holdings in question.

(5) The obligation of notification described in Subsections (1)-(4) shall also apply to any acquisition of property where duty exemption is granted by legislation.

Section 92

(1) The real estate supervisory authority shall file the contract (document) submitted for the purpose of registration in the real estate register and forward an attested copy thereof, together with any other available documents necessary for the calculation of the duty, including the statement set out in Subsection (9) of Section 26, to the state tax authority with an index attached within eight days of receipt. Such index may be submitted electronically as well.

(2) Following conclusion of the real estate registration proceedings, the real estate supervisory authority shall forward its resolution on the registration or cancellation of ownership or right, or on rejection of registration, to the state tax authority. The documents necessary for the calculation of duty, which were not available at the time described in Subsection (1), shall also be attached to such resolution.

(3) The obligation of the real estate supervisory authority described in Subsections (1)-(2) shall not be contingent on whether the property acquisition is exempt from duty or not.

Refunding Duty Stamps

Section 93

Section 94

(1) The price of duty stamps shall be refunded if the duty stamps are damaged, accidentally affixed or no longer needed.

(2) Refunds may be requested in writing - with the duty stamp or the document on which the duty stamp is affixed attached - at the competent authority or state tax authority in whose jurisdiction the client's residence (corporate headquarters) is located.

(3) No refund shall be provided:

- a) if there is reasonable suspicion that the duty stamp is a counterfeit or that it has been used before;
- b) if the duty stamp is pieced together from separate pieces, if it is damaged or mutilated to an extent that suggests previous use, if only part of the stamped document is submitted, or if a duty stamp that has been detached (removed) from the document is submitted for replacement or refund;
- c) if the client has any outstanding public dues according to the tax authority's records.

(4) In the cases described in Paragraphs a) and b) of Subsection (3) above, the duty stamp (together with the document if it has already been affixed) shall be seized once a receipt has been issued therefor, and charges shall be filed if applicable. The receipt shall indicate the client's personal identification data, the face value of the duty stamp seized and the place where it was purchased.

Competence to Impose Duties

Sections 95-96

PART FIVE

CLOSING PROVISIONS

Chapter XI

ENACTING, AMENDING AND INTERPRETATIVE PROVISIONS

Enacting and Transitory Provisions

Section 97

(1) This Act shall enter into force on 1 January 1991, and shall apply - subject to the exception set out in Subsection (2) - to the property acquisition cases notified for dutiable purposes, or which became known to the state tax authority in some other way, and in proceedings instituted following the time of entry into force.

(2) If the duty on property acquisition became chargeable prior to 1 January 1991, and if the payment terms prescribed by the regulations on duties in force on 31 December 1990 were more favorable than those prescribed in this Act, such more favorable provisions, from the point of view of the party liable for payment of duty, shall be applied in the property acquisition cases notified for dutiable purposes, or which became known to the state tax authority in some other way, following the date of this Act entering into force, including cases processed after 1 January 1991.

(3) With due regard to the exceptions set out in Subsection (2) of Section 87, the provisions of this Act shall apply to the property acquisitions described in Paragraph g) of Subsection (1) of Section 16, Paragraph b) of Subsection (1) of Section 17 and in Paragraph a) of Subsection (1) of Section 26 notified for dutiable purposes prior to the entry into force of this Act, if the conditions defined therein are not satisfied.

(4)

(5) This Act shall have no bearing on the regulations on establishing any duty exemption.

(6) Where any duty obligation is prescribed by the relevant legislation for administrative proceedings, henceforward the general rate of the procedural fee shall be construed as chargeable.

(7) The provisions of Section 67 shall not affect the regulations concerning fees issued prior to the entry into force of this Act.

(8) Where any reference is made in any legislation to Act I of 1986, or to provisions repealed by this Act, henceforward the corresponding provisions of this Act shall be understood and applied.

Section 98

Section 99

Authorizations

Section 100

(1) The minister in charge of taxation is hereby authorized to decree:

a) the provisions for the handling of documents related to property acquisition duties, and for the imposition, accounting and bookkeeping of duties;

b) the detailed regulations concerning the payment of procedural fees, and for the control of such payments;

c) the regulations concerning the manufacture, distribution and supply of duty stamps;

d) the amount of administrative service fee to be charged for the authorization procedure in connection with subsequent payment of duties on court proceedings, and the detailed regulation for the collection, administration, registration and refund of such fees;

e) the procedure for the disclosure of data relating to transfers of real estate properties from the state tax authority's records, and the amount of the administrative service fee payable in connection with such procedures, and the detailed regulations concerning the collection, processing, administration and refund of such fees.

(2) The ministers having competence are hereby authorized to decree, in agreement with the minister in charge of public finances, the payment of extra administrative service fees for clearly defined administrative services, including the amount of the extra administrative service fee payable for such services.

Tax and Value Certificates

Section 101

The tax and value certificate issued by the notary of the competent municipal government shall contain the details of the real estate property and of the buyers (owners) of the property, the factors applied for establishing the value, and the market value of the real estate property at the given date.

Interpretative Provisions

Section 102

(1) For the purposes of this Act:

- a) 'assets' shall mean real estate property, movable property and rights;
- b) 'real estate property' shall mean any parcel of land and all other constituent parts of the land;
- c) 'movable tangible property' shall mean payment instruments, securities, capital contribution held in an economic operator, and all things other than real estate property;
- d) 'right as an object of property' shall mean dominant tenement, beneficial use or right of use - including the rights of use defined in the provisions concerning cooperative housing property -, asset management, license for a private medical practice, right of operation, and claims in connection with gratuitous rights;
- e) 'market value' shall mean the value expressed in monetary terms which can generally be achieved by the sale of an asset as the price thereof, with regard to its condition at the date when the duty becomes chargeable, without taking into consideration any liabilities in connection with the asset and, in respect of real estate properties, without a lease right being terminated at the time of sale on behalf of the party acquiring the property:
 - ea) in the case of any claim for the release of an asset, the market value of the asset at the time the duty becomes chargeable,
 - eb) in the case of any claim for the provision of a service, the value of the service expressed in monetary terms as applicable between independent parties,
 - ec) in the case of securities incorporating membership rights, partnership shares and capital contribution, the value calculated by the average stock market price in effect on the day when the duty becomes chargeable, or in the absence of this the commensurate portion that falls on the securities, partnership shares and capital contribution from the equity capital of the business association, cooperative or other legal person - in which the membership right was acquired - as shown in the balance sheet of the last annual report, before the date when the duty became chargeable, approved by the supreme decision-making body of the business association, cooperative or other legal person (or if no such balance sheet is available, in the initial statement of holdings at the time of foundation, or if the business association, cooperative or other legal person is undergoing liquidation at the time when the duty becomes chargeable, in the closing balance sheet dated on a day preceding the first day of liquidation proceedings);
 - ed) in the case of a company with holdings in real estate properties located in Hungary, the market value of the company's real estate properties shall comprise the market value of the real estate properties the company owns, plus the market value of real estate properties of economic operators in which the company has a 75 per cent interest, directly or indirectly, in the same proportion the company's direct or indirect share in the economic operator's total capital represents according to Paragraph o);
- f) 'residential property' shall mean a real estate property built for residential purposes and registered, or in the progress of being registered in the real estate register as a detached house or a residential suite, together with the parcel of land on which it stands. A building structure under construction shown as a detached house in the building permit if the walls and the roof structure are completed shall also qualify as a residential suite. If there is a residential building on a piece of land registered in the real estate register as a homestead, such building shall be regarded as residential property together with the developed parcel on which it stands. Any structure built on the land of a residential building, which is not essential for the residential suite shall not qualify as residential property even if adjoining the residential building (garage, workshop, shop, farm building, etc.), furthermore, any buildings entered in the real estate register as detached houses (residential suites), which have been employed for other purposes for at least five years prior to the time when the duty became chargeable;
- g) 'security' shall mean a document bearing the requisites prescribed by the relevant legislation or data recorded, registered, and forwarded in some other way, as specified by the relevant legislation, and the printing and issuing of which, or publication in such form, is permitted by the relevant legislation;

h) 'savings deposit' shall mean a sum of money placed by a private individual in a credit institution under a savings deposit contract (Section 533 of the Civil Code) and the interest it earns, including the funds the private individual has deposited under a bank account contract and their interest, with the exception of the funds put in business accounts and clearing accounts and their interest, which are to be registered with the tax authority pursuant to the Act on the Rules of Taxation;

i) 'motor vehicle' shall mean any means of road transport and tractors - other than agricultural tractors, self-propelled or towed heavy construction machinery, slow vehicles or mopeds - which are powered by built-in engines, and the registration of which is prescribed by law;

j) 'trailer' shall mean vehicles designed to be towed by a motor vehicle described in Paragraph i), freight and canopied trailers, semi-trailers and caravans, which are required by law to be registered by the authorities in order for such to participate in traffic;

k)

l) 'landed property suitable for the construction of a residential building' shall mean an undeveloped plot of land that is zoned for residential building in accordance with building regulations and the general zoning plan;

m) 'arable land' shall mean any unincorporated parcel of land shown in the real estate register as cropland, vineyard, orchard, garden, permanent pasture and meadow (grassland), reed bank or forest or woodland or as a fish pond, and utilized for one of the above specified purposes, excluding the buildings erected for whatever purpose on such land;

n) 'net sales revenue' shall have the meaning defined in Act C of 1990 on Local Taxes;

o) 'company with holdings in real estate properties located in Hungary' shall mean an economic operator (acquired economic operator), that owns any real estate property in Hungary, or that has a - direct or indirect - share of not less than 75 per cent in an economic operator with holdings in real estate properties located in Hungary. The ratio of an indirect interest in an economic operator with real estate holdings shall be determined by multiplying the ownership share in an economic operator that is owned by the acquired economic operator (intermediary company) by the ownership share held by such intermediary company in the economic operator with real estate holdings. If there are more than one intermediary companies involved, the ratio of indirect interest determined for each shall be added up. If, rather than an intermediary company, there is a chain of ownership comprising several economic operators between the acquired economic operator and the economic operator with real estate holdings (intermediary chain of ownership), the multiple of ownership shares existing between these bodies - or if there is more than one chain involved, the total of multiples determined for each chain - shall be recognized as the ratio of indirect ownership. For the purpose of determining the ratio of interest, direct and indirect shares shall apply collectively;

p)

r) 'natural disaster' shall mean floods and inundation due to high ground waters, landslide and earthquake;

s) 'residential building' shall mean a building that contains primarily or exclusively residential units;

sz) 'small business' shall mean any sole proprietorship or business association that employs less than fifty workers on the annual average and whose net annual sales revenue is 700 million forints or less. The average number of employees per annum shall be determined by adding up the number of calendar days spent in employment by all employees and dividing the result by 365, with any fractions rounded downwards;

t) 'business assets' shall mean all real estate properties (arable land, landed property, building, other edifice) and movable property (equipment, machinery, vehicle, production and trading accessories, other equipment) used for business operations, and all rights pertaining to the use of such assets, if used by the small business operator exclusively in connection with his entrepreneurial activity (activities), not used for other purposes to any extent, and this is clearly supported in the business records. Passenger cars and residential property (part or entire), and the rights for the use of such shall not be considered business assets;

v) 'foundation (public foundation)' shall mean any organization established by a private individual, legal person or unincorporated business association in order to serve a long-term public interest, registered by the competent county (Budapest) court where the foundation is established;

w) 'administrative proceedings' shall mean administrative actions governed under the Act on the General Rules of Administrative Proceedings, the proceedings conducted under the Civil Code for the restoration of the original state of possession or for the discontinuance of restraint, and all other

proceedings to which the provisions of the Act on the General Rules of Administrative Proceedings apply, furthermore, the notifications specified in the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities;

z) 'company' shall mean the legal entity defined in Section 2 of Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings.

(2) A non-Hungarian citizen residing in Hungary - referred to in Subsection (1) of Section 2 - shall mean a person:

a) with the right of free movement and residence in accordance with the provisions laid down in the Act on Admission and Residence of Persons with the Right of Free Movement and Residence;

b) who falls under the scope of the Act on the Admission and Residence of Third-Country Nationals and has immigrant or permanent residence status;

c) who has been granted refugee status under specific other legislation.

(3) For the purposes of the provisions of Paragraphs f), l)-m) and s) of Subsection (1), the status prevailing at the time of chargeability of the duty shall apply in respect of the classification of assets.

(4) For the purposes of Paragraph f) of Subsection (1) of Section 26, 'brand new residential suite' shall mean a residential property for which an occupancy permit is issued in respect of the first transfer of title, or the second transfer of title if purchased by a real estate agent specified in Subsections (1) and (4) of Section 23/A from a developer after the time the occupancy permit is issued.

(5) In the application of Paragraph f) of Subsection (1) of Section 26, the concept of small business operator shall also cover economic operators as defined by the Civil Code, as well as other bodies authorized to engage in entrepreneurial activities.

Section 103

(1) This Act serves the purpose of conformity with the following legislation of the Communities:

a)

b) Commission Recommendation 94/1069/EC on the transfer of small and medium-sized enterprises;

c) Article 24 of Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States amending Regulation (EEC) No. 1612/68 and repealing Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC.

Schedule

I. Duty on Misdemeanor Proceedings

1. The duty on misdemeanor proceedings for libel and trespass charges shall be 3,000 forints. The duty for lodging an objection to a penalty or an action imposed in such proceedings and for filing a complaint against a decision to terminate the proceeding is 3,500 forints.

2. Misdemeanor proceedings not mentioned in Point 1 shall be exempt from duties with the exception of proceedings for granting payment facilities, which shall be governed by the provisions of Section 29 of the Act.

II. Duty on Citizenship Proceedings

1. The duty on proceedings for the issue of a Hungarian citizenship certificate shall be 3,000 forints.

2-3.

4. Proceedings for naturalization, repatriation, or for reclaiming Hungarian citizenship by declaration and proceedings for the renunciation of citizenship shall be exempt from duties.

III. Duty on Certificates Issued in Respect of Legal Regulations and Legal Practice

1. The duty on certificates issued by the minister in charge of the judicial system in respect of legislation that are or were in force in the country and for use abroad shall be 2,000 forints for each Section of legislation in respect of which such certificates are issued.

2. The certificate referred to in Point 1 issued in respect of case law shall be 5,000 forints.

IV. Duty on Copies and Extracts

1. Unless otherwise prescribed in this Schedule, the duty on certified or uncertified copies or extracts prepared in administrative proceedings shall be 100 forints for each page for copies in the Hungarian language, and 300 forints for copies in a foreign language. The duty on uncertified photocopies shall be 100 forints per page.

2.

3. The duty shall be payable on receipt of the copy with a duty stamp affixed to the original document.

4. A certified or uncertified copy which is necessary for a duty exempt proceeding shall be exempt from duty.

5. An endorsement on an already certified copy or extract for verifying that no change has been effected in the original document or that the original document has been supplemented shall be subject to a duty of 1,000 forints.

V. Duty on Translation

1. The duty on translations prepared by the acting authority shall be 1,000 forints per page.

2. The translation of documents necessary, for proceedings under subject-oriented duty exemption (Section 33 of this Act) shall be exempt from duties.

VI. Duty on Certification

1. Unless otherwise prescribed by the relevant legislation, the duty on certification by the competent authority shall be:

a) 100 forints for each page of copy, extract or translation;

b) 500 forints for each signature on a document.

2. The duty for certification by the head of any authority or court of a signature on a document (interim recertification) intended for use abroad is 2,000 forints for each signature; the duty on the recertification of such certification by a minister is 5,000 forints.

3. The provisions of this Title shall not apply to the recertification of documents:

a) by the competent consular posts,

b) by the Magyar Országos Közjegyzői Kamara (Hungarian Association of Notaries Public), intended for use abroad.

4. The duty on certification by the Országos Fordító- és Fordításhitelesítő Iroda Zrt. (National Translation and Translation Certification Office) is 300 forints per page. This amount of duty shall also be payable for the certification of duplicates, copies and photocopies.

5. Certification of the document described in Sections 91-92 of this Act shall be exempt from duties.

VII. Duty on Copies Prepared by the Archives

1. The duty on certified copies prepared by the Archives as well as for the certification by the Archives of copies and photocopies made by the client, including the issue of certificates from state or parochial registry duplicates, shall be 200 forints per page or at least 2,000 forints.

2. In proceedings instituted for the issue of documents verifying facts and circumstances, and issued on the basis of documents kept in the Archives the general rate of duty on proceedings (Section 29) shall be chargeable.

3. Copies requested for the purpose of use abroad shall be issued free of duty. Otherwise the provisions on the payment of duty for documents requested for use abroad set out in Section 73 of this Act shall be applied.

VIII. Duty on Copies and Duplicates of School and Graduation Certificates

A duty of 2,000 forints shall be paid for the issue of copies and duplicates of school certificates, including diplomas issued by institutions of higher education, and training course certificates.

IX. Duty on Proceedings Related to the Issuing of Certain Documents

I. Duty on proceedings related to the issuing of passports and other travel documents

- 1.
2. The fee for issuing private passports, service passports, and service passports for sailors shall be 7,500 forints, or 14,000 forints for private passports issued for 10 years. The passport fee for persons under 18 or over 70 years of age at the time when the application is submitted, furthermore, for private passports and service passports, and service passports for sailors, and also for bilingual travel documents for persons with refugee status issued for one year, the fee shall be 2,500 forints.
3. The fee for the issue of a second private passport and for the issue of a personal passport under priority proceedings shall be twice the amount specified in Point 2.
4. The duty on border-crossing permits shall be 1,500 forints.
5. The following shall be exempt from duties:
 - a) diplomatic passports,
 - b) foreign service passports,
 - c) border-crossing passes,
 - d) replacement travel documents, if the data specified by law, that is stored in the component of the travel document containing the biometric identification code is either missing or defective.
6. For issuing new travel documents in place of travel documents that have been lost or destroyed or - with the exception set out in Paragraph d) of Point 5 - are unsuitable for travel for any other reason, the fee shall be double that of the fee described in Points 2-4.
7. In addition to the duties specified in Points 1-4, an additional fee of 2,000 forints shall be paid for a foreign-language entry in a passport.
8. The duty on appeals submitted in respect of official proceedings related to passports shall be 5,000 forints.

II. Duty on the issuing of identification documents and official certificates for personal identification numbers and official address cards

1. The fee for issuing a permanent personal identification document shall be 1,500 forints. If a permanent personal identification document cannot be issued, thereby necessitating the issue of a temporary identification document, the total fee for the procedure shall be 3,000 forints.
2. The following shall be exempt from duties:
 - a) the applications of persons under 14 years of age for personal identification document, with the exception of replacements of documents that have been lost, destroyed or damaged;
 - b) the applications of persons over 70 years of age for personal identification document, who does not have a passport or a driver's license card.
3. The issuing of birth certificates, prescribed by law, as necessary for issuing personal identification documents shall be exempt from duties.
4. The fee for official certificates for personal identification numbers and official address cards, if required by a change in data other than the personal identification number or the residence address, shall be 500 forints.
5. The issuing of official certificates for personal identification numbers and official address cards, if required by a change in the personal identification number or the residence address, or - in respect of

minors below the age of 14 - by any change in the data that may be indicated upon request, shall be exempt from duties.

6. The fee for official certificates for personal identification numbers and official address cards, if issued to replace a lost, destroyed or damaged certificate, shall be 1,000 forints.

III. Duty on driver's licenses, motor vehicle titles, and registration cards

1. The fee for a driver's license shall be 4,000 forints. If the applicant has reached the retirement age for old-age pension benefits and if the driver's license is issued for a period of one year or less by order of the competent health care authority, the fee shall be 1,500 forints.

2. The fee for a certificate of motor vehicle registration shall be 6,000 forints. The fee for a temporary certificate of motor vehicle registration shall be 2,500 forints.

3. The fee for a motor vehicle title shall be 6,000 forints.

IV. Miscellaneous provisions

1. The duty for the documents described under Points I-III shall be payable separately for each, even if applied for in a single procedure.

2. The following shall be exempt from duty:

a) replacement of a document described under this Title if required based on an erroneous entry by the authority or if the document is defective by default;

b) the official certificate issued for a new personal identification number, including any change in data that institutes a change in the personal identification number as well;

c) any proceeding related to the deletion of a person's data from the register of citizens' personal data and addresses;

d) replacement of official address cards and motor vehicle registration cards if required based on a change in the name of the township or street or in any other material data.

X. Procedures in the Register of Personal Records; Change of Name

1. The fee for an application for changing the form of bearing of name in marriage is 5,000 forints.

2. The fee for an application for changing a birth name is 10,000 forints. For a joint application by adults belonging to the same family, the duty shall be paid by each adult separately.

3. The duty on an application for the change of a name that was changed by the minister supervising the office of the registrar shall be 30,000 forints.

4. The fee payable for a certificate issued to a Hungarian citizen, a stateless person residing in Hungary or a person who was granted refugee status by the Hungarian refugee authority in connection with their marriage in a foreign country, to verify that the marriage can be contracted according to Hungarian law shall be 5,000 forints.

5. The fee for a statement of exoneration issued to a non-Hungarian citizen for the purpose of marriage in Hungary, from the requirement of having to produce a certificate to verify that his marriage can be contracted according to the laws of his country of domicile shall be 5,000 forints.

6. The fee for a duplicate certificate of change of name shall be 1,000 forints.

XI. Duty on Regulatory Proceedings Related to Major Construction Projects of Particular Weight at the National Level Under Specific Other Legislation

In the regulatory proceedings relating to major construction projects of particular weight at the national level under specific other legislation the duty payable shall be double that of the duty otherwise payable for regular procedures.

XII.

XIII. Duty on Proceedings of the Authorities of Environmental Protection and Nature Preservation and Water Management

1. Duty on basic proceedings

The duty on any administrative proceedings opened by the authorities of environmental protection and nature preservation and water management upon request, for which an administrative service fee is not specified by law shall be 5,000 forints.

2. Duty on appeals:

a) unless otherwise prescribed by this Act, the duty on appeals lodged against a resolution of the first instance shall be twice the duty of the basic proceedings;

b) if filed against a resolution imposing a water management penalty [Subsection (3) of Section 29 of Act LVII of 1995], 10 per cent of the amount of the penalty but not less than 20,000 forints;

c) if filed against a resolution imposing water reserve contribution and any related late charge, default penalty, tax penalty, the duty shall be 6 per cent of the amount contested but not less than 20,000 forints;

d) 15,000 forints if filed against a resolution adopted in proceedings not mentioned in Paragraphs a)-c), opened or conducted ex officio for imposing any obligation in connection with environmental protection and nature preservation and water management.

XIV.

XV. Duty on Building Authority Proceedings

1. The following duties shall be chargeable for proceedings before a building authority:

a)

b) in proceedings for conceptual building permit:

ba) for ascertaining the requirements relating to development of the land, to townscape or architecture (whether the architectural design is in harmony with the environment), 15,000 forints,

bb) for ascertaining the requirements relating to historical preservation, archeological, conservation of nature areas and environmental protection, public health, soil protection, physical safety, fire prevention and technical requirements in advance, for the applicability of a technology or procedure in derogation from the national standard requirements pertaining to buildings and building structures as specified by law, 30,000 forints,

bc) for ascertaining all of the requirements referred to in Subparagraphs ba)-bb), 45,000 forints;

c) in proceedings for building (continuation) permit:

ca) for the construction of new single-unit residential buildings and for the expansion of an existing building of the like, 20,000 forints, for the construction of other new residential buildings and for the expansion of an existing building of the like, 10,000 forints for each unit, for the construction and expansion of other independent units:

- 20,000 forints for each unit up to 250 square meters of net floor space,

- 100,000 forints for each unit above 250 square meters of net floor space;

cb) for the renovation, reconstruction, remodeling, restoration of an existing building structure, 10,000 forints for each unit of 100 square meters of net floor space affected by construction, or any fraction thereof, or 10,000 forints for each unit of 200 square meters of the total area affected,

cc) for the construction of engineering fixtures, if measured according to floor space, 10,000 forints for each unit of 100 square meters, or any fraction thereof, or if its size is measured according to length, 1,000 forints per meter,

cd) for the renovation, reconstruction, remodeling, restoration of existing engineering fixtures, 10,000 forints for each unit of 100 square meters of net floor space affected by construction, or any fraction thereof, or failing this 10,000 forints for each unit of 200 square meters of the total area affected,

ce) for other construction activities, 10,000 forints for each unit of 50 square meters, or any fraction thereof,

cf) for antennas and their support and auxiliary structures, based upon the greatest linear dimension of the telecommunications structure to which it pertains, 50,000 forints for each meter, and any fraction thereof;

- d) for an amendment of a building permit, regarding the building section to which the amendment pertains, the same as for the original permit;
- e) for authorization of the use of a technology or procedure in derogation from the national standard requirements pertaining to buildings and building structures as specified by specific other legislation, 20,000 forints;
- f) for authorization for the installation of elevators, escalators and passenger conveyors, 15,000 forints;
- g) for the notification of construction activities, 20,000 forints;
- h) in proceedings for demolition permits, 10,000 forints for each unit of 100 square meters of the structure to which the permit pertains, or 1,000 forints per meter or 10,000 per building;
- i) in proceedings for continuation permits (acknowledgment of demolition carried out without a permit), one and a half times the duty payable under Paragraphs c), f), g) and h);
- j) in proceedings for occupancy permits, the amount of the duty payable under Paragraphs c) and f);
- k) in proceedings related to the notification of occupancy, the amount of the duty payable under Paragraph g);
- l) in proceedings for authorization of the modification of original function, 10,000 forints for each independent unit affected, however, if the modification involves any construction work for which a permit is required, the amount of the duty chargeable under Paragraphs c)-e) and g);
- m) in proceedings of the building authority of the first instance not mentioned under Paragraphs a)-l) (e.g. the extension of validity of any permit issued by the building authority, notification of succession) 10,000 forints;
- n) for requests of official actions by the building authority, 15,000 forints;
- 2. for appeals lodged against any decisions of the building authorities and the construction regulatory authorities, 30,000 forints;
- 3. for supervisory action, 50,000 forints.

XVI.

1-11.

XVII. Duty on Private Entrepreneur's Licenses and Operating Licenses for Commercial Establishments

1. The duty for the procedure for issuing an entrepreneur's licenses shall be 10,000 forints. A duty of 3,000 forints shall be paid for a replacement entrepreneur's license provided due to changes in the particulars it contains, regardless of the number of changes. No duty shall be charged if the change was required based on a change in the name of the township or street, or house number shown in the entrepreneur's license pursuant to a central or municipal government decision. The duty for issuing a replacement for a damaged, destroyed or lost entrepreneur's licenses shall be 5,000 forints.
2. The duty for proceedings for operating licenses of commercial establishments shall be 10,000 forints. For changes in the data of record of the operating license, regardless of the number of changes, a duty of 3,000 forints shall be paid. No duty shall be charged if the change was required based on a change in the name of the township or street, or house number shown in the operating license pursuant to a central or municipal government decision, and when the change concerns the transfer of the entrepreneur's home address to the jurisdiction of another county.
3. The duty for issuing a replacement copy for a damaged, destroyed or lost operation permit, which is exactly the same as and of equal value to, the original, shall be 3,000 forints.

XVIII. Duty on Proceedings Related to Foreign Trade

1. Supervisory certificates are issued free of duty.
2. The duty on proceedings for authorization of the importation of goods, services and valuable rights in commercial circulation shall be 15,000 forints, and the duty for the amendment of an existing permit shall be 10,000 forints. For all additional proceedings initiated before the authority issuing the permit, a duty of 7,000 forints shall be charged. The duty on an appeal proceeding shall be twice the duty paid for the

proceeding on the first instance. The duty on authorization proceedings shall be paid by duty stamps at the time of initiating the proceeding.

3. The proceedings described in Point 2, instituted on behalf of a body enjoying full personal duty exemption in accordance with this Act shall be exempt from duty. Duty exemption shall be verified in the contract of agency by indicating the legal title of exemption.

4.

5-7.

8-10.

11.

XIX. Duties for the Issue of Tax and Value Certificates Required for Proceedings Described in Specific Other Legislation

A duty of 4,000 forints shall be chargeable for the issue of a tax or value certificate.

If tax and/or value certificates are requested for more than one real estate property in the same application, the duty shall be paid for each property separately.

XX. Duty for a Permit Granted to Foreign Nationals for the Acquisition of Real Estate Property

The duty on proceedings initiated for obtaining the permit necessary for the purchase of real estate property by a foreign legal or natural person shall be 50,000 forints for each property involved. A person with the right of free movement and residence or with permanent resident status, and with a petition for citizenship pending shall be required to pay a duty of 10,000 forints for the proceedings to obtain the permit necessary for the acquisition of residential property.

XXI. Duty on Proceedings for the Issue of Official Certificates

1. The duty on the issue of official certificates shall be 2,000 forints. If one application is submitted for more than one official certificate, a duty of 2,000 forints shall be paid for the first copy and 600 forints for all additional certificates with the same content.

2. If one proceeding involves more than one applicant, the duty payable for the official certificate, on the basis of Point 1, shall be equal as if for separate proceedings for each applicant. This provision shall not apply to the proceeding described in the first sentence of Subsection (5) of Section 31.

3. The duty on extracts from registers shall be 2,000 forints for each certificate.

4. The combined tax certificate referred to in Subsection (1) of Section 36/A of the Act on the Rules of Taxation shall be exempt from duties. These certificates may not be used in other proceedings.

XXII. Duty on the Proceedings of Municipal Governments Related to Water Management

1. Duty on proceedings instituted upon request:

a) 5,000 forints for the authorization of the implementation, reconstruction or termination of substitute utility objects, groundwater wells and sewage sump-wells defined in specific other legislation, also for the installation, commissioning, continuation or reconstruction of water docks;

b) 10,000 forints for the authorization of the implementation, reconstruction or commissioning of waste water pretreatment equipment.

2. Duty on appeals:

a) twice the amount of the duty payable for the main proceedings;

b) 10,000 forints if filed against a resolution of the first instance passed in a proceeding conducted ex officio.

XXIII. Duty for the Authorization of the Manufacture of Military Items and the Provision of Related Services

1. The duty for the proceedings opened upon request for authorization of the manufacture of military items and the provision of related services is 25,000 forints.
2. The duty for appeal shall be twice the amount of the duty payable for the main proceedings.

XXIV. Duty for Procedures Relating to Compensation Paid in Connection with Zoning Actions

The duty payable for procedures relating to compensation paid in connection with zoning actions shall be 2 per cent of the amount demanded, or not less than 5,000 forints and not more than 500,000 forints.