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Act CXXVI of 1996

On the Use of a Specified Amount of Personal Income Tax in Accordance with the Taxpayer's Instruction

Act CXVII of 1995 on Personal Income Tax (hereinafter referred to as the "Income Tax Act") granted private individuals the right to instruct in a statement to have a specific portion, as determined by another law, of the tax paid be transferred in the year following the tax year (the year of the instruction statement) to a designated beneficiary or beneficiaries as instructed. The Parliament hereby passes the following Act on the procedural rules enabling private individuals to exercise this right, the extent of the portion of the tax which is the subject of said instruction and on the sphere of beneficiaries:

Section 1.

(1) With due consideration of the provisions of Section 45 of the PIA, for the purpose of this Act, the amount that remains after the deductions of the allowances and credit transfers mentioned in Section 45 of the PIA from the tax amount due on the consolidated tax base, as shown in the private individual's tax return or in the statement serving as a tax return shall be regarded as paid tax, on condition that:

a) the private individual has paid this tax before the deadline prescribed for filing, or if the tax authority made any corrections in the tax return resulting in higher tax liability for the taxpayer, before the deadline prescribed for the payment of such extra tax liability, or

b)

c) if upon the taxpayer's request, the tax authority has granted authorization for deferred payment or payment by a maximum of 12 monthly installments, and the private individual in question has paid the tax and all additional charges in full in compliance with the terms and conditions laid down in the tax authority's said authorization.

(2) The tax shall be registered as paid on time if the taxpayer has installed in his tax return, if filed in due time, an instruction for the transfer of an amount sufficient to cover his tax liability from another account, if the balance of that account is in fact sufficient to cover the sum indicated at the time of transfer.

(3) Furthermore, the tax shall be registered as paid if the tax liability shown in the tax return - after the deductions of the allowances and credit transfers mentioned in Section 45 of the PIA from the tax amount due on the consolidated tax base - is zero.

(4) Private individuals may file separate statements of instruction to donate

a) one per cent of the paid tax to a beneficiary selected from among those described in Section 4,

b) and another one per cent to a beneficiary selected from among those described in Section 4/A.

(5) Each one per cent donation may only be donated in its entirety to one selected beneficiary each from Section 4 or from Section 4/A.

Section 2.

(1) If a private individual has given instruction for the transfer of at least one of the one per cent admissible donations of the tax paid and such instructions have been carried out, the amount transferred under such instruction may be modified if it results in at least one thousand forint increment in the amount to be transferred to each designated beneficiary, and if before 31 July of the year that follows the year to which the private individual's statement of instruction pertains:

a) the private individual has paid the excess amount of tax demanded in a final resolution adopted in conclusion of a revision by the tax authority, or

b) the private individual has submitted a self-revision and paid the extra tax accordingly.

(2) The tax authority shall transfer, by 30 September of the year that follows the year to which the statement of instruction pertains, one per cent of the excess amount of tax defined in Paragraphs a)-b) of Subsection (1) above to the beneficiaries referred to in Subsection (1) of Section 4, and shall supply information on this payment to the special appropriation chapter defined under Paragraph b) of Subsection (1) of Section 4/A. The ministry directed by the minister in charge for the coordination of contact with religious organizations shall effect the transfer of one per cent of the excess amount of tax defined in Paragraphs a)-b) of Subsection (1) of this Section to the beneficiaries referred to in Paragraph a) of Subsection (1) of Section 4/A in accordance with Subsection (6) of Section 6. The transfer may be carried out only if the tax amount on the consolidated tax base and the amount of deductions can be clearly determined from the resolution of the tax authority or from the private individual's self-revision referred to in Paragraph a) and b) of Subsection (1), respectively.

(3) If the tax amount for the consolidated tax base shown in the tax return containing the private individual's statement of instruction following the modification, self-revision or revision by the tax authority - after the deductions of the allowances and credit transfers mentioned in Section 45 of the PIA - is lower than the amount declared or established, then the portion of the difference, as described in Paragraphs a)-b) of Subsection (4) of Section 1, if such difference is at least 1,000 forints per beneficiary and if the instructions have been carried out, shall be paid by the private individual on the strength of a resolution by the tax authority.

Section 3.

(1) The state tax authority shall effect transfer of the sums determined according to Sections 1 and 2 to the beneficiaries defined in Section 4 based on the data and information contained in the relevant statement of instruction and in the tax return.

(2) Donations to the religious organizations defined under Paragraph a) of Subsection (1) of Section 4/A shall be transferred by the ministry directed by the minister in charge for the coordination of contact with religious organizations. The sums donated to the special appropriation chapter defined under Paragraph b) of Subsection (1) of Section 4/A shall be transferred according to Subsection (9) of Section 6 by the bodies vested with powers to control the budgetary chapters appropriated for the objectives set out by the Parliament.

(3) The transfers referred to in Subsections (1) and (2) shall not be carried out if the amount involved is less than 100 forints for any one beneficiary.

Section 4.

(1) For the purpose of this Act 'beneficiary' shall mean:

a) the following:

aa) any non-government organization (with the exception of political parties, insurance associations and organizations representing the interests of employers and employees), pursuant to Act II of 1989 on the Right of Assembly that have been registered by final decision of the court at least two years prior to the first day of the year to which the private individual's statement of instruction pertains, and

ab) any foundation that has been registered by final decision of the court at least two years prior to the first day of the year to which the private individual's statement of instruction pertains, and

ac) any priority non-profit organization, non-governmental organization and public foundation that have been registered as priority non-profit organizations by final decision of the court at least one year prior to the first day of the year to which the private individual's statement of instruction pertains, or previously if they satisfied the conditions set out in Subparagraphs aa)-ab),

and according to whose charter or instrument of incorporation, they are in fact engaged in the activities specified in Paragraph *c)* of Section 26 of Act CLVI of 1997 on Non-Profit Organizations (hereinafter referred to as "NPO") for at least one year - without any interruption - prior to the first day of the year to which the private individual's statements of instruction pertain;

b) the Hungarian Academy of Sciences;

c) the Hungarian Scientific Research Fund (HSRF);

d) the national collections listed under Schedules Nos. 2 and 3 of Act CXL of 1997 on Museum Institutions, Public Library Services and Cultural Education and the following other cultural institutions:

1. the Hungarian State Opera,
2. the Hungarian National Archives,
3. the Széchenyi National Library,
4. the Hungarian Motion Picture Archives,
5. the Neumann János Center for Multimedia Applications and Digital Library;

e) national museums;

f) organizations providing library, archive and museum services or engaged in other cultural and artistic activities the operations of which, in any of the three years preceding the first day of the year to which the private individual's statement of instruction pertains, had been subsidized by the local authorities, national or local minority self-governments, or by the central budget and which are not classified under any of the above-specified categories;

g) the institutions of higher learning listed under Schedule No. 1 of Act CXXXIX of 2005 on Higher Education.

(2) Among the candidates listed under Paragraph a) of Subsection (1), only those organizations may be beneficiaries that:

a) are established in Hungary, and

b) operate in the interests of the domestic communities, or of ethnic Hungarians living outside the country, and

c) is in compliance with the criteria specified in Paragraph d) of Subsection (1) of Section 4 of the NPO - and consequently with Paragraph d) of Section 26 -, in accordance with their charter or instrument of incorporation, and

d) have filed a statement as to having no outstanding public debts - for which any deferment of payment and payment facilities was granted - between 1 August of the year to which the private individual's statement of instruction pertains and the date of its own statement, and

e) have filed a statement in confirmation that the organization has in fact been carrying out the activities in the public interest in accordance with its charter or instrument of incorporation, uninterruptedly for a period of no less than one year prior to the year to which the private individual's statement of instruction pertains;

f) in respect of the priority public foundations and organizations specified in Subparagraph ac) of Subsection (1) - have submitted a copy of the contract to the tax authority concluded with a government agency or local authority at least one year prior to the first day of the year to which the private individual's statement of instruction pertains.

g) have filed a statement in confirmation that:

ga) it did not enter into or maintained a collaboration agreement with any political party during a period of five years prior to the year to which the private individual's statement of instruction pertains,

gb) it did not nominate a candidate for general parliamentary, European parliamentary and local government elections jointly with any political party during a period of five years prior to the year to which the private individual's statement of instruction pertains.

(3) Where a beneficiary listed under Subsection (1) fails to comply with the requirement specified in Paragraph *d)* of Subsection (2) or fails to meet the deadline specified in Subsection (8) of Section 5, the state tax authority may - under special circumstances - derogate from this condition. Special circumstances shall apply, in particular, where any failure to transfer the amount as instructed gravely endangers the fundamental goals of the beneficiary. In the event of exercising special consideration, the tax authority shall be empowered to carry out the transfer referred to in Subsection (1) of Section 6 - at the latest within one year following the year to which the statement of instruction pertains - if the beneficiary satisfies its outstanding public debt previously.

(4) When a beneficiary is terminated by succession, the successor shall be entitled to the donations offered to such beneficiary if it satisfies the requirements set forth in Subsection (2) of Section 4.

(5)

Section 4/A.

(1) For the purpose of this Act, 'beneficiary' shall mean

a) churches, religious sects or religious communities as described in Act IV of 1990 On the Freedom of Belief and Religion and the Church (hereinafter referred to as 'church') - not including the independent branches and institutions of churches - if they have been issued a technical code by the state tax authority as defined in Subsection (2) of this Section;

b) two objectives at most specified by Parliament in the budget act pertaining to the year to which the private individual's statement of instruction pertains, with the special appropriation chapter vested with competence also indicated.

(2) Upon the request of a church claiming to be the beneficiary of the statements of instruction of private individuals, the state tax authority shall - at the church's request - issue a technical code if the church applies for the technical code in the second year following the operative date of the final resolution on registration, or subsequently. Upon the tax authority having issued the technical code, the church shall be recognized as a beneficiary in the year that follows the year when the application for the technical code had been submitted. The resolution for the refusal to issue a technical code may not be appealed. If the state tax authority refused to issue such technical code, the church shall have fifteen days within which to file for the judicial review of the state tax authority's resolution. The competent court shall adopt a decision within fifteen days in non-judicial proceedings, whether to sustain or overrule the resolution, in accordance with the relevant provisions of Act III of 1952 on the Code of Civil Procedure (hereinafter referred to as "CPC"). The court's decision is final.

(3) The state tax authority shall issue a technical number ex officio to the beneficiaries described in Paragraph *b)* of Subsection (1).

(4) The director of the state tax authority shall publish the technical code of the beneficiaries referred to in Subsection (1) above in the Official Hungarian Gazette (Magyar Közlöny) by the last day of the year preceding the year when the instruction statement is filed.

Section 5.

(1) Private individuals shall execute the statement(s) of instruction - irrespective of the means used for the assessment and filing their tax return - and send it to the tax authority by the deadline specified in Point 2.*b)* of Chapter I.*B)* of Schedule No. 1 to Act XCII of 2003 on the Rules of Taxation (hereinafter referred to as "RTA"). The statement(s) of instruction, or the electronic form where applicable, shall include the beneficiary's tax number or technical code. Private individuals shall deliver their statement(s) of instruction to the tax authority in person or by way of the postal service:

a) installed, in the case of self-assessment or if filing a simplified tax return, as part of the tax return form in a sealed envelope, bearing the private individual's own tax identification code, deposited in his tax return package; or

b) via the employer in connection with tax assessment prepared by the employer; or

c) if the tax return or the simplified tax return is filed by way of electronic means as part of the tax return form, except if the private individual's tax return is prepared by others, and no authorization was granted to his representative for sending out the statement of instruction; or

d) by way of derogation from Paragraphs *a)-c)*, in a sealed envelope with the tax identification code affixed, or by way of electronic means on a standard electronic form.

(2) Where a private individual submits his statement(s) of instruction in accordance with Paragraphs *a)-c)* of Subsection (1), and also as defined in Paragraph *d)* of Subsection (1), the one filed by either of the methods specified in Paragraphs *a)-c)* shall be accepted. The taxpayer's name and home address may also be indicated on the envelope containing the statement of instruction.

(3) Where Paragraph *b)* of Subsection (1) applies, the private individual shall execute the statement(s) of instruction by filling out a standard form prescribed by the state tax authority (or a page of the same size and content), and send it to the employer in a sealed postal envelope, bearing the private individual's own

tax identification code and signature fixed across the adhesive section of the envelope, at least ten days before the deadline specified in Subsection (1). The employer shall prepare a consignment note, which is to include the names, tax identification codes and signatures of persons issuing the statements of instruction, in verification of handing over the envelope. The employer may not gain knowledge of the statements of instruction, and shall send the envelopes containing such statements of instruction unaltered, together with the consignment note in a sealed package to the tax authority by the deadline prescribed in Subsection (1).

(4) The information on the envelope and on the statement of instruction shall be considered confidential tax information and consequently subject to the rules of data protection, with the exception that the tax authority:

a) may only allow access to them for inspection by authorized persons acting in the legal proceedings mentioned in Subsection (6);

b) shall provide the private individual with information only regarding his own data and the contents of his own statement of instruction;

c) shall provide information to the beneficiary only on the funds transferred to it.

(5) Upon opening the envelope - not including the statements of instruction received in electronic format -, the tax authorities shall:

a) mark the envelope and the statement or statements of instruction contained therein, or

b) mark the part of the statement of instruction that contains the taxpayer's name and tax identification code, or tax number where applicable, or the perforated section where the beneficiaries are indicated with identification numbers, and shall affix matching codes upon them at the time when opening the envelope containing the tax return or the statement requesting a simplified tax return. The tax authority shall process, inspect and store these documents separately from each other in such a manner that no person(s) shall simultaneously have access to both documents. The tax authority's information system shall detach the data contained in the statements of instruction filed in electronic format from the tax return, and shall assign an identification number to such data. When processing electronic statements of instruction, the tax authority shall handle the data of the private individual and the beneficiaries separately.

(6) The tax authority may only allow for the separated documents to be linked to each other on the basis of the identification number only:

a) in the event of legal proceedings regarding the fulfillment of the statements of instruction, for the use of authorized persons acting in the course of such proceedings up until such time as the proceedings are concluded by a final legal judgment; or

b) in connection with payment of the excess amount of tax referred to in Subsection (1) of Section 2, in the proceedings defined in Subsection (3) of Section 2, in the last sentence of Subsection (5) of Section 6 and in Subsection (5) of Section 7.

(7) The obligation of the tax authorities to store the data, as noted in Subsection (5), shall remain in effect until the end of the fifth year following the year in which the statement of instruction was filed in the case of Subsection (1) of Section 6, or following the year to which the private individual's statement of instruction pertains, plus one, in the cases specified in Subsection (2) of Section 2 and Subsection (6) of Section 6. The aforesaid obligation of safeguarding applies beyond such date until all legal proceedings, as described in Subsection (6), which have been opened up to the above date, have been concluded by final judgment. After this point in time the envelopes and statements of instruction, the data contained on standard electronic forms, and the details contained in the database relating to the statement of instruction shall be destroyed.

(8) Relying on the statements of instruction of private individuals which are deemed valid for reasons attributed to the said private individuals, the tax authority shall notify the beneficiaries listed under Subsection (1) of Section 4 by the first day of September every year to comply with the requirements set out in Subsection (2) of Section 4 within thirty days. The notice shall be sent to the mailing address of the beneficiaries, or failing this to their registered office. If the beneficiary fails to meet this deadline, the provisions of the Act on the General Rules of Administrative Proceedings pertaining to applications for continuation shall apply.

Section 6.

(1) The state tax authority shall transfer the amounts specified in Section 3 to the beneficiaries defined under Subsection (1) of Section 4 within thirty days of the day on which the statements prescribed under Subsection (2) of Section 4 are presented, but not later than 15 December of the year to which the private individual's statement of instruction pertains, in due observation of the provisions of Subsection (8) of Section 5 and Subsection (7) of this Section.

(2)

(3) The beneficiary described in Subsection (1) of Section 4 shall be required to send the information (including the sums allocated for the designated objective and the operating expenses) relating to the appropriation of the donation, as specified, transferred on the basis of this Act - indicating the fact and objective of the donation that might be placed in reserve, the period which may not exceed three years and the amount -, before 31 October of the year following the calendar year when the transfer was made. If the tax authority finds during the inspection conducted under Subsection (7) of Section 7 that any beneficiary described under Subsection (1) of Section 4 failed to comply with this obligation or published any information in its notice that is untrue, the tax authority shall adopt a resolution to exclude this beneficiary from the list of beneficiaries authorized for the following year. The state tax authority shall be required to abide by the rules set out in Subsection (7) of Section 5 on safeguarding. The state tax authority shall make available its database containing notices and exclusion resolutions on an electronic data storage device to the minister in charge of relations with social and other non-governmental organizations. The minister shall publish these notices free of charge before 30 November of the year following the year when the transfer was made on the website designated to non-governmental organizations. The notices may not be removed from the website for a period of one year, until the publication of next year's notices. The organizations that have an internet platform, whether their own or one supplied under contract, the contents of which falls within their responsibility (hereinafter referred to as "official website"), shall publish their notices on this platform as well until 15 December of the year following the year when the transfer was made, and may not remove them for a period of at least one year.

(4) The state tax authority shall inform - on the basis of statements of instruction filed in accordance with the provisions of Subsection (5) of Section 1 - the minister in charge of taxation, the minister in charge for the coordination of contact with religious organizations and the minister in charge of relations with social and other non-governmental organizations by 31 August of the year to which the statements of instruction pertain, concerning:

a) the beneficiaries listed under Subsection (1) of Section 4 (broken down by category), the total amount of donations they have received according to category and the number of taxpayers whose donations were approved and accepted, and

b) the beneficiaries listed under Subsection (1) of Section 4/A, the amount of donations they have received and the number of donations offered to each beneficiary.

The state tax authority shall publish the above-specified information by 15 September in two or more national daily newspapers and on its official website.

(5) The state tax authority shall publish a list on its official website concerning:

a) the beneficiaries listed under Subsection (1) of Section 4 broken down by category, the total amount of donations they have received and the number of taxpayers whose donations were approved and accepted, and

b) the names, tax numbers and registered offices of the beneficiaries listed under Subsection (1) of Section 4, the total amount of donations made to each beneficiary during the year and the number of taxpayers whose donations were approved and accepted,

c) the names, technical codes and registered offices of the beneficiaries listed under Subsection (1) of Section 4/A, the total amount of donations made to each beneficiary during the year and the number of taxpayers whose donations were approved and accepted.

The beneficiaries that in fact received their donations upon satisfying all pertaining legal provisions shall remain on the state tax authority's website until 31 December of the year to which it pertains. The state tax authority shall provide access to the database containing the information referred to in Paragraph *b)* to the minister in charge of relations with social and other non-governmental organizations for display on the

internet platform he operates, and for the purpose of processing and archiving. At the beneficiaries' request, the state tax authority shall supply information to them free of charge, concerning the number of statements of instructions made out on their behalf, valid and disqualified, and the ones still pending at the time of data disclosure, broken down according to regions, and the reasons listed under Paragraphs *a*)-*d*) of Subsection (1) of Section 7 for disqualification, showing the percentage of disqualified instructions.

(6) The ministry directed by the minister in charge for the coordination of contact with religious organizations shall transfer the donations to the beneficiaries under Paragraph *a*) of Subsection (1) of Section 4/A in the amount calculated by the state tax authority effective on 31 December of the year to which they pertain, together with any additional amounts specified on the auxiliary list pertaining to the previous periods defined under Subsection (8), by 31 January following the year to which the private individual's statement of instruction pertains.

(7) If a tax return, simplified tax return or tax assessment by the employer is found deficient for data processing necessary for the transfer, the transfer shall be carried out:

a) when rendered possible based on the correction of the said documents within one year of the last day of the year in which the statement of instruction was filed;

b) or if the tax authority has granted authorization for deferred payment or payment by monthly installments, and the transfer can be lawfully carried out in accordance with Subsection (1) of Section 1.

(8) The state tax authority shall publish the names of the beneficiaries - included under Subsection (1) of Section 4/A - to whom any donations were awarded following litigation, or under Subsection (7) of this Section and Subsection (1) of Section 2 as payable during the subsequent period - in an auxiliary list disclosed in its Memorandum of 31 August of the subject year.

(9) The sums donated to the special chapter defined under Paragraph *b*) of Subsection (1) of Section 4/A shall be contained in the appropriate budget chapter - and specified in the annual budget act - for the year following the year in question, that is to be appropriated by way of tender procedures. The special chapter affected shall give account of the appropriation in the preamble to the relevant chapter in the act on the implementation of the annual budget act, indicating the organizations and persons and the sums they were provided in the tender. This report shall be displayed on the relevant website in accordance with Subsection (3), for the period defined therein.

Section 7.

(1) The instruction of the statement shall be invalid if any of the following is substantiated:

a) either of the conditions prescribed in Section 1 are not satisfied;

b) if two statements of instruction are submitted, both beneficiaries are included in the list of Section 4 or Section 4/A;

c) no tax number or technical number is indicated in the statement of instruction, or such number is incorrect or illegible, unless the beneficiaries listed in Section 4/A may be identified without it;

d) the statement of instruction or the envelope, or the forwarding of the envelope is not in compliance with the provisions described in Subsections (1)-(3) of Section 5;

e) the beneficiary who is so obliged fails to provide proof of fulfilling the conditions specified in Subsection (2) of Section 4 during the proceedings described in Subsection (8) of Section 5 or fails to discharge its statement and information disclosure obligations described in Subsections (2) and (3) of Section 4.

f)

(2) The tax authority shall notify the donating private individual by 30 November of the year to which the private individual's statement of instruction pertains, if it declares his donation disqualified for reasons attributed to the private individual before 15 November. In the event that the tax authority fails to notify the donating private individual by 30 November of the year to which the private individual's statement of instruction pertains with regards to his donation being disqualified for reasons attributed to him, and the beneficiary named by said private individual appears in the list on the state tax authority's official website as specified in Subsection (5) of Section 6, such instruction shall be considered to have been fulfilled.

(3) The provisions set out in Subsection (2) shall not apply where the validity of the private individual's statement of instruction - for reasons attributed to the private individual - cannot be determined (in particular the amount of tax payable) by 15 November. In this case the tax authority shall notify the private individual in question by 30 November. As regards validity, the tax authority shall adopt a decision before the last day of the year following the year when the statement of instruction was made. If the private individual in question cannot be identified or the tax amount cannot be determined by the last day of the year following the year when the statement of instruction was made, the tax authority shall adopt a decision declaring the statement of instruction disqualified, and it shall not be carried out. The private individual affected, if he/she can be identified, shall be notified of the decision. The notification shall be effected within thirty days of the day of the decision, not later than before the last day of the year following the year when the statement of instruction was made. The transfer may be carried out if the statement is declared valid by the tax authority, or by the body of the second instance, where applicable, under the relevant circumstances of the private individual and the beneficiary, both.

(4) If the instruction in the statement is considered invalid in accordance with this Act, due to any reason attributed to the beneficiary, the tax authority shall notify the taxpayer filing the statement of instruction, without indicating the reason thereof. The time limit for such notification shall be thirty days after the beneficiary is rejected, after 30 November of the year to which the statement of instruction pertains.

(5) The tax authority shall notify taxpayers filing their tax returns by way of electronic means through the central electronic services network, electronically, upon carrying out the instruction contained in the taxpayer's statement of instruction. The aforesaid notice shall be dispatched within fifteen days following the day of transfer effected under Subsection (1) of Section 6 and Subsection (6) of Section 6. Furthermore, taxpayers are also notified by way of electronic mail concerning the notification transmitted through the central electronic services network.

(6) Where taxpayers filing their tax returns by ways other than by electronic means are also requesting the notification transmitted electronically according to Subsection (5) above, they shall convey such request using the form made available on the tax authority's official website for this particular purpose by 30 September of the year to which their statements of instruction pertain. Based on this request the tax authority shall provide the notice specified in Subsection (5) to the taxpayers filing such request, provided that the taxpayer has a customer port of entry that is required for access to the central electronic services network.

(7) Funds transferred to the beneficiaries described in Section 4 shall be considered budgetary aid of such a nature that the tax authority, applying the relevant regulations of the RTA is entitled to check the appropriate use of such funds for public purpose activities, including the way it is claimed, in accordance with this Act. If the tax authority finds - taking into consideration, if necessary, the opinion of the competent body vested with jurisdiction in specific other legislation - that such funds were claimed unlawfully or they were not used for public purposes, the tax authority shall adopt a resolution ordering repayment of the funds within the statute of limitations established in the RTA.

(8) The appropriation of budgetary subsidies shall be considered relevant from the perspective of public purpose activities if used by the beneficiary:

a) referred to in Subparagraphs *aa)-ac)* of Subsection (1) of Section 4 for the public purpose activities defined in the charter or instrument of incorporation as its principle function in accordance with Paragraph *c)* of Section 26 of the NPO,

b) referred to in Paragraphs *b)-g)* of Subsection (1) of Section 4 for the public purpose, public function and public benefit activities defined in the instrument of incorporation and in the relevant specific other legislation as its principle function.

(9) The total amount of the expenses relating to the beneficiary's maintenance and operation - in connection with any donation that might be placed in reserve under Subsection (3) of Section 6 including the expenses of this type incurred during the years after the reserve facility - may not exceed thirty per cent of the budgetary subsidies provided for a year. Operating costs shall, in particular, mean the following:

a) wage costs under Section 79 of Act C of 2000 on Accounting,

b) costs of offices and places of administration, except if used also as the private residence of either founder, executive officer or employee, or the close relative of these (including maintenance costs, such as rental and lease charges, utility charges payable by the beneficiary),

c) postal expenses, phone and internet access basic charges (communication costs).

(10) For budgetary agencies, operating costs shall cover personal disbursements and material expenses.

(11) In the event that a beneficiary fails to establish fulfillment of the conditions stipulated under Section 4 in accordance with the procedure outlined in Subsection (8) of Section 5, or fails to discharge its statement and information disclosure obligations described in Subsection (2) of Section 4, the tax authority shall adopt a non-appealable resolution to this effect, which, upon request by the beneficiary, may be altered by the court in which registration of the beneficiary took place, or, in the event that no such court exists, by the court with jurisdiction according to the beneficiary's address, in nonjudicial proceedings within fifteen days, if it is found that the conditions are fulfilled. These proceedings shall be governed by the relevant provisions of the CPC.

(12) In respect of matters related to the statement of instruction, the provisions of the RTA shall be applied, with due consideration of the exceptions provided for in this Act.

Section 8.

(1) This Act shall enter into force on the fifth day following its promulgation, in such a manner that a statement of instruction may be made for the first time with regard to the income tax for 1996, as established in Section 1.

(2) The minister in charge of taxation is hereby authorized to decree, jointly with the minister in charge of relations with social and other non-governmental organizations, the formal and content requirements for the notices referred to in Subsection (3) of Section 6.