

Compliance duties under the
Companies Act and the Company
Registration Act
Legal newsletter



Compliance duties under the Companies Act and the Company Registration Act

Early this year's newsletter on the latest changes to company law informed you of the most important provisions of the act amending the companies and company registration acts. The law defined significant compliance duties for companies by requiring the submission of additional documents and information for reporting changes as from 1 March 2012 until 1 February 2013 at the latest. Given the approaching deadline of next February, we would like to remind you of the following compliance obligations.

Registered office, permanent and branch establishment

Any permanent and branch establishments founded but not yet reported to the court of registration must be reported until 1 February 2013. Furthermore, every company must verify its eligibility to use the registered office, permanent and branch establishment (e.g. by presenting a title deed or the owner's consent). Documents certifying the entitlement to use the real property concerned submitted before 1 March 2012 need not be filed again if the request for registration to which the document had been attached is indicated.

„...must report the foreign person's delivery agent to the court of registration ...”

Delivery agent, foreign shareholder company's registry records

Companies with registry records referring to a foreign legal entity, a business organisation without legal personality or a natural person without a Hungarian address (not only as a foreign shareholder or representative but also for instance as a holder of a pledge over shares) must report the foreign person's delivery agent to the court of registration. The duly signed (if necessary testified or certified) document appointing and approving the appointment of the delivery agent must be attached to the report.

Please note that apart from the provision concerning the appointment of the delivery agent, the amendment restored another former rule, which requires the submission to the court of registration of the foreign shareholder company's registry extract and its certified Hungarian translation. Since the translation of the registry extract may take some time, please make sure that the foreign shareholder company's registry extract is obtained in due time.

Reporting of other data

The amendment significantly expanded the range of data concerning shareholders and representatives which are to be indicated in company registry records and in the companies' articles of association. These are also to be reported until the above deadline.

Further special data might be required for limited liability companies (Hungarian 'Kft.') and private companies limited by shares (Hungarian 'Zrt.').

Please also note that the notifications required by the amendment must be submitted upon the first reporting of any change, i.e. companies must arrange for compliance with the requirements of the amendment concurrently with reporting any change, even if it does not concern the above. **The final deadline of submissions is 1 February 2013.** If the courts interpret the provisions of the amendment act strictly, they may charge fines in amounts from HUF 50,000 even up to HUF 900,000 on companies failing to make the mandatory notifications before the expiry of the deadline.

„...Compliance with the amended law requires a thorough examination of registered company information and the articles of association. ...”

Compliance with the amended law requires a thorough examination of registered company information and the articles of association. As we have performed the examination of company registry records and articles of association for a number of companies since 1 March 2012, we are pleased to offer you our expertise and assistance in these matters. Our services include the examination of registered company information and the provision of advice concerning related compliance duties. We are also ready to provide assistance in reporting missing company information and preparing the necessary documentation. In this context, please note that this mandatory reporting might be an opportunity to perform other corporate changes which might prove useful for the organisation, such as introducing or changing provisions in the articles of association of the company on the distribution of interim dividend or on additional capital contribution.

Contact

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