

# Tax Alert

## Duties Act amended



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**This Newsletter highlights an important amendment to the Duties Act, which affects companies holding real property.**

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"...the amendment sets out limitations on duty payable upon the acquisition of shares in a company holding domestic real estate..."

According to changes to Hungary's Act on Duties, which apply as from 15 July 2011, the acquisition of shares in a company holding domestic immovable property will give rise to transfer tax liability only if the core activity of the company holding the property as registered in the company register (or in the deed of foundation) is any of the activities designated in the Act, i.e.:

- Management of a building project;
- Construction of residential and commercial buildings;
- Renting out and operating its own or rented property; and
- Sale and purchase of own property.

The Duties Act was amended so that the acquisition of shares in a company holding domestic real property would give rise to transfer tax liability if a company is engaged in the construction or sale of real estate as its business activity. The acquisition of shares in companies engaged in other activities is not subject to transfer tax anymore.

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If you have any questions or comments concerning the above, please contact one of our tax experts below:

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