

Breaking Tax News

Amendments to the regulation of “transparent organisation”

In contrast to our monthly Tax News+, in our Breaking Tax news you will be informed immediately of regulatory changes affecting your business but without commentary by our experts.

We would like to draw your attention to the fact that according to the amended Act CXCV of 2011 on Public Finances (hereinafter referred to as “Act on Public Finances”) effective as of 1 January 2015, the Government may declare (by an individual government decision) organizations that were not considered transparent (based on the previous regulation) as transparent. These organisations shall fall under the category of “transparent organisation”. Thus based on this amendment such organizations may henceforth receive Government aid.

The reason for the amendment is that only transparent organisations i.e. organisations meeting the criteria set out in the Act CXCVI of 2011 on National Assets (hereinafter referred to as Act on National Assets) may receive Government aid. However, according to the amendment, if the Government aid is directly provided to promote investments in Hungary in the form of Government development aid then the Government makes an individual decision. In this decision the government will determine issues regarding qualification as a transparent organization.

This amendment may impact several companies. Even companies that were unable to receive government aid in the past due to their company structure may become eligible in the future. Furthermore the amendment provides companies with the opportunity to modify their unfavourable structures (developed in the past to gain access to government aid).

A request shall be submitted to the Government by companies not meeting the transparency criteria set out in the Act on National Assets in order to be qualified as a transparent organisation in terms of “Government development aid directly provided to promote investments in Hungary” and be eligible for aid. In the request the reasons supporting the company’s transparent operation and ownership structure shall be detailed. In the case of a positive decision the Government declares the company a transparent organisation in an individual Government Decision.

Should you have any remarks or questions regarding the above, please contact our professionals:

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