Hungary

RISK & COMPLIANCE REPORT

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Executive Summary	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Medium Risk Areas:	US Dept of State Money Laundering Assessment Compliance with FATF 40 + 9 Recommendations Corruption Index (Transparency International & W.G.I.) Failed States Index (Political Issues)(Average Score)

Major Investment Areas:

Agriculture - products:

wheat, corn, sunflower seed, potatoes, sugar beets; pigs, cattle, poultry, dairy products

Industries:

mining, metallurgy, construction materials, processed foods, textiles, chemicals (especially pharmaceuticals), motor vehicles

Exports - commodities:

machinery and equipment 53.5%, other manufactures 31.2%, food products 8.7%, raw materials 3.4%, fuels and electricity 3.9% (2012)

Exports - partners:

Germany 25.6%, Romania 6.2%, Slovakia 6.1%, Austria 6%, Italy 4.8%, France 4.8%, UK 4.2% (2012)

Imports - commodities:

machinery and equipment 45.4%, other manufactures 34.3%, fuels and electricity 12.6%, food products 5.3%, raw materials 2.5% (2012)

Imports - partners:

Germany 25.1%, Russia 8.8%, China 7.4%, Austria 7.1%, Slovakia 5.6%, Poland 4.8%, Italy 4.5%, Netherlands 4.2% (2012)

Investment Restrictions:

Hungary maintains an open economy, and attracting foreign investment remains important for the Hungarian government

The Hungarian government encourages investments in both manufacturing and high-value added sectors such as research and development centres, manufacturing facilities and service centres. The government also believes that considerable opportunities exist in biotechnology, information and communications technology, software development, the automotive industry, and tourism.

According to the 1994 Land Law, only private Hungarian citizens or EU citizens resident in Hungary engaged in agricultural activity for a minimum of three years can purchase farmland up to 300 hectares, while others may lease it.

Contents

Section 1 - Background

Hungary became a Christian kingdom in A.D. 1000 and for many centuries served as a bulwark against Ottoman Turkish expansion in Europe. The kingdom eventually became part of the polyglot Austro-Hungarian Empire, which collapsed during World War I. The country fell under communist rule following World War II. In 1956, a revolt and an announced withdrawal from the Warsaw Pact were met with a massive military intervention by Moscow. Under the leadership of Janos KADAR in 1968, Hungary began liberalizing its economy, introducing so-called "Goulash Communism." Hungary held its first multiparty elections in 1990 and initiated a free market economy. It joined NATO in 1999 and the EU five years later. In 2011, Hungary assumed the six-month rotating presidency of the EU for the first time.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Hungary is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The latest follow up to the Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Hungary was undertaken in 2019. According to that Evaluation, Hungary was deemed Compliant for 6 and Largely Compliant for 27 of the FATF 40 Recommendations. It was deemed Highly effective for 0 and Substantially Effective for 2 of the Effectiveness & Technical Compliance ratings.

Key Findings from latest Mutual Evaluation Report (2016):

Hungary has a rather mixed understanding of its ML/FT risks. The NRA does not include sufficient depth with regard to potential ML/FT threats, vulnerabilities and their consequences. It also does not demonstrate the characteristics of a comprehensive assessment based on a robust methodology. The Hungarian authorities have not yet adopted a national AML/CFT strategy in the light of the outcome of the NRA, nor have they defined consequential policies and necessary actions coherently.

Hungary's use of financial intelligence and other information for ML/FT and associated predicate offence investigations demonstrates to a large extent the characteristics of an effective system. The good quality, timely and relevant work produced and assistance provided by the Hungarian Financial Intelligence Unit (HFIU) to other competent authorities contributes significantly to the efforts to detect and disrupt ML threats and deprive criminals of ill-gotten gains. However, law enforcement and other competent authorities did not demonstrate that they make appropriate use of financial intelligence and other relevant information for ML/FT investigations.

Although the number of investigations and prosecutions for ML are on the rise, the fight against ML activity is not a priority objective. The ML prosecutions are not commensurate with the risks and threats identified in the NRA. ML is treated mostly in a self-laundering context, with a limited number of cases highlighting structured ML schemes. The dependence of the ML offence on the identification of a specific predicate offence is a factor that has weighed on the effectiveness of the AML-system.

The mandatory seizure/confiscation regime is legally sound and stringent, although the dependence on the predicate offence is a restraining factor. The statistics do not demonstrate the actual effective and successful application of the seizure/confiscation rules.

However, some case examples are indicative of large amounts of proceeds susceptible to confiscation. The potential of the Asset Recovery Office (ARO) to provide support to investigations should be further exploited.

Hungary adopts a proactive approach against terrorism, albeit not particularly focused on the FT-aspect. In the absence of FT-targeted investigations and prosecutions, an effectiveness assessment must rely mainly on structural elements. Although the professionalism and good intelligence work of the Counter Terrorism Centre (TEK) and the HFIU are recognised, there are a number of considerations highlighting some weaknesses that should be addressed to achieve a better performing CTF regime.

Hungary has a legal basis to apply targeted financial sanctions regarding terrorist financing, but implementation has technical and effectiveness-related deficiencies. The Application of freezing measures under the EU framework results in delays. Moreover, there are concerns related to the implementation procedures under the FRM Act. Deficiencies were also identified with regard to the national freezing mechanisms under the AML/CFT Act, in relation to communicating information to service providers and the application of criminal procedural measures for the enforcement of freezing measures.

Hungary has not undertaken a formal domestic review to determine if there is a subset within the NPO sector which may potentially be at risk of being misused for FT. There are doubts about the level of transparency of the NPO sector. No authority or mechanism has been designated to conduct outreach to the NPO sector on FT issues and to monitor the NPOs posing a higher FT risk.

AML/CFT supervisory activities in Hungary are not fully commensurate with the perception of ML/FT risks. While the Central Bank of Hungary (MNB) demonstrated a basic understanding of ML/FT risks for some FIs, this is not the case for all FIs. DNFBP supervisors do not identify and in principle maintain an understanding of ML/FT risks in their respective sectors, even though there are exceptions to this. Onsite inspections for compliance with AML/CFT obligations do not focus on areas of higher ML/FT risks. While the MNB and DNFBP supervisors are equipped with powers to impose administrative sanctions, the dissuasiveness of the sanctions imposed could be enhanced in order to create a greater incentive for all obliged entities to fully comply with the AML/CFT obligations.

Hungary takes steps in relation to combating proliferation. However, the country's reliance on the EU framework for implementing the UNSCRs relating to targeted financial sanctions to combat PF results in a time-gap which has a negative impact on the system's effectiveness. Even though in practice there is a mechanism in place for the dissemination of information by the authorities on updates made in the relevant UNSC lists, no legal basis exists for implementing sanctions before these are transposed into EU Law.

Hungary demonstrates many characteristics of an effective system of international cooperation. Respective authorities use a wide and comprehensive framework of multilateral, bilateral and national legal instruments and other cooperation mechanisms to seek and provide good quality and timely international cooperation. The countries that gave input on the international co-operation of the Hungarian authorities found it to be generally satisfactory.

Risks and General Situation

Hungary has a primarily cash-based economy with a GDP of about EUR 110.100 billion in 2015. Although the country is not a financial centre, it has a well-developed financial services industry. The banking sector (comprised of thirty-two banks) is the largest part of Hungary's financial sector. Between 1-3% of the banks' customers are in general classified as high-risk (e.g. offshore companies, foreign clients, clients from high risk jurisdictions, or certain types of businesses). The level of financial inclusion is considered as high, with 76% of the adult population maintaining an account at a formal financial institution.

Hungary's national risk assessment (NRA) was finalised in 2015. It was adopted by the AntiMoney Laundering Sub-Committee (the main coordination and policy making body regarding the fight against ML and FT, chaired by the Ministry for National Economy, MNE). The scope of the NRA includes money laundering, crimes-generating assets and terrorist financing. Participation comprised representatives of the most relevant departments of the ministries involved in the AML/CFT sphere, the competent authorities as well as the private sector. Two working groups were established, notably the law enforcement task force (led by the Hungarian Financial Intelligence Unit, HFIU) and the task force of supervisory agency (led by the Hungarian Central Bank, MNB).

The NRA indicates as "risks/threats" fraud, corruption, trafficking in human beings and drug trafficking. With regard to the latter, Hungary has been identified as a transit country for illegal drugs coming from Turkey and Asia and moving to other European destinations. Hungary is primarily a country of origin and transit for victims of trafficking in human beings. The statistics provided also refer to other predicate offences, such as kidnapping and illicit arms trafficking, which usually also generate significant proceeds. The law enforcement authorities have observed an increase in organised crime groups, using Hungary for operations for cyber-related fraud, and the use of shell companies and the banking system to launder the proceeds.

The relatively large shadow economy is a major risk factor in a considerable number of suspicious transaction reports made by financial service providers. The widespread use of cash and the lack of cash limitations are considered as ML-vulnerabilities in the NRA. The latter also indicates that foreign companies domiciled in Hungary, as well as off-shore companies holding current accounts at Hungarian banks, pose significant risks if misused for illegal activities, mostly related to VAT frauds and "social engineering" frauds. The NRA also points to the use of straw men in the establishment of companies, opening of bank accounts and execution of transactions as high risks.

There are no serious indications of a terrorism-favorable environment in the Hungarian context. The competent authorities have under scrutiny the recent phenomenon of foreign terrorist fighters. Even if as to date there have been no concrete indications of terrorist-related activities, the authorities have identified several risk situations that need to be monitored. Amongst those are potential risks posed by charity NPOs, increased use of virtual currencies as well as Hungary's geographical proximity of countries with higher risks and cross-border movements of cash on the so-called Balkan route.

US Department of State Money Laundering assessment (INCSR)

Hungary was deemed a Jurisdiction of Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Hungary is not considered a major financial center; however, its EU membership and location make it a link between the former Soviet Union and Western Europe. The country's primarily cash-based economy and well-developed financial services industry make it attractive to foreign criminal organizations. Law enforcement has observed an increase in organized crime groups using Hungary and the region as a base of operation for cyber-related fraud, including social engineering fraud, and for laundering criminal proceeds through shell companies and the banking system. Hungarian officials believe cash transactions, offshore companies, and front companies are the largest money laundering and terrorism financing risks. The use of cash and false information regarding the identity of the accountholder hinders transparency, making it difficult to track funds derived from criminal activity.

Hungary has been identified as a transit country for illegal drugs coming from Turkey and Asia and moving to other European destinations. Particular vulnerabilities may exist on the Hungarian-Ukrainian border related to tobacco smuggling, which the National Tax and Customs Authority and the Police strive to prevent, and trafficking in persons.

Authorities believe money laundering cases mostly stem from financial and economic crimes, such as tax-related crimes, cyber-fraud, embezzlement, misappropriation of funds, and social security fraud. Illicit proceeds also result from narcotics trafficking, prostitution, trafficking in persons, and organized crime activities. Other prevalent economic and financial crimes include real estate fraud, forgery, and the copying/theft of bankcards. There is a black market for smuggled goods, primarily related to customs, excise, and value-added tax evasion. No international terrorist groups are known to operate in Hungary.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:
"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: NO

KNOW-YOUR-CUSTOMER (KYC) RULES:
Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: NO
KYC covered entities: Banks; financial service providers; investment service providers; employer pension service providers; insurance service providers; intermediary and voluntary mutual insurance fund service providers; commodity exchange service providers; sellers and issuers of international postal money orders; real estate agents and brokers; auditors; accountants; certified and noncertified tax consultants and advisors; casinos, card rooms,

online gaming operators; precious metal and high-value goods traders; traders accepting cash payments of more than 3,600,000 forints (approximately $12,900); lawyers; notaries; and trustees

REPORTING REQUIREMENTS:
Number of STRs received and time frame: 4,640: January – June, 2015
Number of CTRs received and time frame: Not applicable
STR covered entities: Banks; financial service providers; investment service providers; employer pension service providers; insurance service providers; intermediary and voluntary mutual insurance fund service providers; commodity exchange service providers; sellers and issuers of international postal money orders; real estate agents and brokers; auditors; accountants; certified and noncertified tax consultants and advisors; casinos, card rooms, online gaming operators; precious metal and high-value goods traders; traders accepting cash payments of more than 3,600,000 forints (approximately $12,900); lawyers; notaries; and trustees

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:
Prosecutions: 6: January – October, 2015
Convictions: 5: January – June, 2015

RECORDS EXCHANGE MECHANISM:
With U.S.: MLAT: YES Other mechanism: YES
With other governments/jurisdictions: YES

Hungary is a member of the Council of Europe Committee of Experts on the Evaluation of Anti- Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

In recent years, the Government of Hungary has adopted significant legal and institutional changes to address AML/CFT issues, including a series of amendments to its criminal code and AML/CFT law.

In 2013, the Hungarian parliament passed an amendment allowing Hungarian citizens to open a special type of long-term savings account, the stability and savings account (SSA), to transfer foreign funds into the country without notifying tax authorities. If SSA deposits are left for five years, there is no income tax obligation, but if the funds are removed before five years, the amount withdrawn is taxed at a maximum of 20 percent. According to the Ministry of Economy, the banks record accountholders' personal identification data but do not share the information with the tax office unless the tax office specifically requests it for an investigation. According to the Hungarian Financial Intelligence Unit, an SSA is subject to enhanced due diligence. As of the second quarter of 2015, customers hold about 40 billion HUF (approximately $138 million) in 638 separate SSA accounts. Hungarian officials have stated these accounts comply with AML legislation as they are subject to suspicious transaction reporting (STRs). However, verification of the legitimacy of the funds cannot be verified.

In 2015, Hungary's tax and customs authority investigated an international money laundering and cigarette smuggling operation. Authorities believe Vietnamese and Egyptian nationals based in Budapest direct the transfer of euros acquired in crimes committed in Europe first to Hungary and then to Slovakia. The money is further directed to bank accounts of various business enterprises in China via transfers from the bank accounts of Slovak firms.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Hungary does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

EU White list of Equivalent Jurisdictions

Hungary is on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Hungary is not considered to be an Offshore Financial Centre

US State Dept Trafficking in Persons Report 2014 (introduction):

Hungary is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Hungary is a source, transit, and, to a lesser extent, destination country for men, women, and children subjected to forced labor and sex trafficking. Vulnerable groups include Hungarians in extreme poverty, Roma, unaccompanied asylum-seekers, and homeless men. Hungarian women and children are subjected to sex trafficking within the country and abroad, mostly within Europe—with particularly high numbers in the Netherlands, Belgium, Germany, Austria, Switzerland, and the United Kingdom. Hungarians, particularly Romani women and girls from eastern Hungary and from state care institutions, are exploited in sex trafficking in large numbers in Belgium by Hungarians also of Romani origin. A large number of Hungarian child sex trafficking victims exploited within the country and abroad come from state-provided childcare institutions and correctional facilities, and traffickers recruit them upon leaving these institutes. Hungarian women lured into sham marriages to third-country nationals within Europe are reportedly subjected to forced prostitution. Hungarian men and women are subjected to forced labor domestically and abroad, including in the United Kingdom, the Netherlands, other European countries, and North America. There are strong indicators labor trafficking of Hungarian men in Western Europe has intensified in agriculture, construction, and factories. Trafficking victims from Eastern European countries transit Hungary en route to Western Europe. Hungary is a transit country for asylum-seekers and illegal migrants, some of whom may be or may become trafficking victims. Within the country, Romani children are exploited in forced begging, child sex trafficking involving both girls and boys, and forced petty crime.

During the reporting period, international organizations and government officials reported the dramatic rise in migrants and refugees arriving predominantly from Syria, Afghanistan, and Kosovo. These individuals were highly vulnerable to trafficking. International organizations reported a high prevalence of trafficking indicators amongst migrants in Hungary; however, the formal mechanisms set to screen migrants for trafficking indicators failed to identify any such cases.

The Government of Hungary does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Authorities increased law enforcement efforts against human trafficking, although data on these efforts was unreliable and efforts to address sex and labor trafficking of children have remained weak for several years in a row. Despite increased efforts, including funding for NGOs providing services for victims, increased funding for shelters, and new victim protection legislation, government protection efforts were insufficient. Specialized services for child victims did not exist and law enforcement arrested children exploited in prostitution, including sentencing nine children to imprisonment despite their being subjected to trafficking. Shortcomings in security and services at state care institutions for children remained widespread, resulting in high vulnerability of children under state protection during and after their time in these facilities.

US State Dept Terrorism Report 2009

Hungary remained a consistent and reliable counterterrorism partner. In addition to the continued leadership of a Provincial Reconstruction Team, Hungary sent 28 troops to Afghanistan as part of a new joint Operational, Mentoring, and Liaison team (OMLT). The OMLT, which is commanded by a Hungarian Lieutenant Colonel, includes an equal number of troops from the Ohio National Guard. Additionally, Hungary deployed 40 troops to provide security during the national elections, as well as committing a Special Forces contingent, which operated with U.S. forces. At year's end, Hungary had a total of 324 troops serving in Afghanistan. In response to President Obama's calls for further allied support, Prime Minister Bajnai pledged in December 2009 to add a further 200 soldiers to the Hungarian contingent.

In September, the Prime Minister announced that Hungary would accept one detainee from the Guantanamo detention facility. This decision was controversial, but won cross-party support. In late November, the detainee was transferred to Hungary.

In a series of operations, Hungary arrested 19 of the approximately 20-member Hungarian Arrows National Liberation Army, a far-right extremist group suspected of committing or conspiring to commit terrorist acts. The remaining individual is still at large. Although Hungary's legal code does not provide for the designation of domestic terrorist organizations, Hungarian authorities nonetheless carefully monitored potential extremist groups and closely cooperated with U.S. law enforcement and other agencies.

As a Schengen zone country, Hungary continued to manage its border responsibilities, including the increased entry of foreigners seeking asylum.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	45
World Governance Indicator – Control of Corruption	61

Corruption in Hungary presents a risk to business. Petty corruption is not widespread, but companies report that unofficial payments are sometimes necessary to resolve certain administrative tasks. Public procurement is vulnerable to irregularities at the local level because of strong informal relations between businesses and political actors. Hungary's Criminal Code forbids bribery in the public and private sectors, along with most other forms of corruption offences contained in international anti-corruption conventions. Criminal sanctions can be imposed on companies for acts of corruption committed by individuals working on their behalf, as well as if the individual carrying out the act is not prosecuted or convicted. There is no distinction between bribes and facilitation payments, and gifts and hospitality may be considered illegal depending on the intent and benefit obtained. The practice of bribery is widespread in Hungary. Anti-corruption enforcement gaps exist, especially in relation to foreign bribery cases. **Information provided by GAN Integrity.**

US State Department

The Hungarian Ministry of Public Administration and Justice is responsible for combating corruption. There is a growing legal framework in place to support its efforts. Hungary is a party to the OECD Anti-Bribery Convention and has incorporated its provisions into the penal code, as well as subsequent OECD and EU requirements on the prevention of bribery. Hungary adopted a national strategy on combating corruption and the new Criminal Code effective July 2013 introduced stricter rules for corruption related crimes. Parliament also passed the Strasbourg Criminal Law Convention on Corruption of 2002 and the Strasbourg Civil Code Convention on Corruption of 2004. Hungary is a member of GRECO (Group of States against Corruption), an organization established by members of the Council of Europe to monitor the observance of their standards for fighting corruption.

Transparency International (TI) is active in Hungary. TI's 2013 Corruption Perceptions Index rated Hungary 47th out of 178 countries (1st being best), down from 46th in 2011. Among the 28 EU countries, Hungary ranked 20th -- behind regional peers like Estonia, Slovenia, Lithuania and Poland. TI commented that state institutions responsible for supervising public organizations are headed by people loyal to the ruling party, limiting their ability to serve as a check the actions of the government. After the GOH amended the Act on Freedom of Information in 2013, TI commented data on public spending would be more difficult to access, adding that rather than making progress, Hungary stepped back.

Giving or accepting a bribe is a criminal offense, as is an official's failure to report such an incident. Penalties can include confiscation of assets, imprisonment, or both. Since EU membership, legal entities can also be prosecuted. Conflict of interest legislation prohibits members of parliament from serving as executives of state-owned companies. An extensive list of public officials and many of their family members are required to make annual declarations of assets, but there is no specified penalty for making an incomplete or inaccurate declaration. A 2003 law extended the State Audit Office's right to review businesses' government contracts and public-private transactions that were previously considered "business-confidential."

While legislation is in place, private companies and NGOs have expressed their concern about possible corruption in government procurement due to a lack of transparency and uneven implementation of anti-corruption laws. Non-governmental organizations, the business community, and foreign governments share many of these concerns, and maintain an ongoing dialogue with the government to improve conditions. The GOH set up an Anti-Corruption Coordination Board, led by the Ministry of Justice with participation from other government ministries, chambers and NGOs, which submitted a strategy and action plan to Parliament in 2008. This board disbanded in late 2009. In addition, observers have raised concerns about appointments of Fidesz Party loyalists as heads of quasi-independent institutions like the Media Council and the State Audit Office.

In December 2009, Parliament passed new measures designed to reduce corruption in public procurement. However, most of these measures have not been implemented. The government does not intend to set up new anti-corruption institutions but rather prefers to strengthen existing institutions. On January 1 2012, the Anticorruption Division of the Central Investigative Chief Prosecutor's Office increased the number of prosecutors specializing in high-profile corruption cases from eight to thirty-five.

As a consequence of Hungary's strategic location in central Europe, its cash based economy and well-developed financial services industry, money laundering in Hungary is related to a variety of criminal activities, including illicit narcotics-trafficking, prostitution, trafficking in persons, fraud and organized crime. Other prevalent economic and financial crimes include official corruption, tax evasion, real estate fraud, and identity theft. Hungarian legislation on combating money laundering is in line with international obligations. The core elements of Hungary's Anti-Money Laundering/ Combating Terrorist Financing (AML/CFT) regime are established in the Hungarian Criminal Code (HCC), which contains the Money Laundering and Terrorist Financing offenses; Act CXXXVI of 2007 on the Prevention and Combating of Money Laundering and Terrorist Financing (AML/CFT Act). A new AML/CFT Act was introduced in 2007, when Hungary transposed the third EU AML/CFT Directive, and it's Implementing Directive, into national law as well as introducing the financing of terrorism into preventive legislation. Anti-money laundering legislation covers banks; investment service providers, employer pension services, and commodity exchange services; insurance intermediary and mutual insurance fund services; sellers and issuers of international postal money orders; real estate agents and brokers; auditors; accountants; tax consultants and advisors; casinos or card rooms; precious metal and high value goods traders; lawyers; and notaries. Hungary is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a Financial Action Task Force (FATF)-style regional body.

Corruption and Government Transparency - Report by Global Security

The Hungarian Ministry of Justice is responsible for combating corruption. There is a growing legal framework in place to support its efforts. Hungary is a party to the OECD Anti-Bribery Convention and has incorporated its provisions into the penal code, as well as subsequent OECD and EU requirements on the prevention of bribery. Hungary adopted a national strategy on combating corruption and passed two modifications of the Criminal Code in 2001 (Act CXXI and CIV). Parliament also passed the Strasbourg Criminal Law Convention on Corruption (Law XLIX of 2002) and the Strasbourg Civil Code Convention on Corruption (Law L of 2004). Hungary is a member of GRECO (Group of States against Corruption), an organization established by members of the Council of Europe to monitor the observance of their standards for fighting corruption. Transparency International (TI) is active in Hungary and its 2012 Corruption Perceptions Index rated Hungary 46th out of 178 countries (1st being best), up from 54th in 2011. Among other countries in the region Hungary is 4th behind Estonia, Slovenia, and Poland. However, after the new rating was published, TI commented that Hungary's new ranking was not a true reflection of improvement, but rather the study's changed methodology. TI has said that in reality Hungary is doing worse than it was in 2011.

Giving or accepting a bribe is a criminal offense, as is an official's failure to report a bribery incident. Penalties can include confiscation of assets, imprisonment, or both. Since EU membership, legal entities can also be prosecuted. An extensive list of public officials and many of their family members are required to make annual declarations of assets, but there is no specified penalty for making an incomplete or inaccurate declaration. The 2003 "glass pocket law" extended the State Audit Office right to review businesses' government contracts to public-private transactions that were previously considered "business-confidential." Conflict of interest legislation prohibits members of parliament from serving as executives of state-owned companies.

While legislation is in place, persistent suspicion of corruption in some government procurement actions has arisen due to a lack of transparency and uneven implementation of corruption prevention laws. Non-governmental organizations, the business community, and foreign governments share many of these concerns, and maintain an ongoing dialogue with the government to identify strategies to improve conditions. The GOH set up an Anti-Corruption Coordination Board, led by the Ministry of Justice, with participation from other government ministries, chambers and NGOs, which submitted a strategy and action plan to Parliament in 2008. This board disbanded in late 2009 and no new organization as arisen in its place. TI continues to actively support a transparent party financing system, however there has been little progress on reforming this issue over the past several years.

In addition, observers have raised concerns about appointments of Fidesz Party loyalists as heads of quasi-independent institutions like the Media Council and the State Audit Office.

In December 2009, Parliament passed new measures designed to reduce the opportunity for corruption in public procurements. However, most of these measures have not been implemented. The government has suggested that it does not intend to set up new anti-corruption institutions. Rather, it prefers to strengthen and build upon existing institutions. From January 1 2012, the Anticorruption Division of the Central Investigative Chief Prosecutor's

Office increased the number of prosecutors specializing in high-profile corruption cases from eight to thirty-five.

In terms of risk, as a consequence of Hungary's strategic location in central Europe, its cash based economy and well-developed financial services industry, money laundering in Hungary is related to a variety of criminal activities, including illicit narcotics-trafficking, prostitution, trafficking in persons, fraud and organized crime. Other prevalent economic and financial crimes include official corruption, tax evasion, real estate fraud, and identity theft. Hungarian legislation on combating money laundering is in line with international obligations. The core elements of Hungary's Anti-Money Laundering/ Combating Terrorist Financing (AML/CFT) regime are established in the Hungarian Criminal Code (HCC), which contains the Money Laundering and Terrorist Financing offenses; Act CXXXVI of 2007 on the Prevention and Combating of Money Laundering and Terrorist Financing (AML/CFT Act). A new AML/CFT Act was introduced in 2007, when Hungary transposed the third EU AML/CFT Directive, and it's Implementing Directive, into national law as well as introducing the financing of terrorism into preventive legislation. Anti-money laundering legislation includes banks; investment service providers, employer pension services, and commodity exchange services; insurance intermediary and mutual insurance fund services; sellers and issuers of international postal money orders; real estate agents and brokers; auditors; accountants; tax consultants and advisors; casinos or card rooms; precious metal and high value goods traders; lawyers; and notaries. Hungary is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a Financial Action Task Force (FATF)-style regional body.

Section 3 - Economy

Hungary has made the transition from a centrally planned to a market economy, with a per capita income nearly two-thirds that of the EU-28 average.

In late 2008, Hungary's impending inability to service its short-term debt - brought on by the global financial crisis - led Budapest to obtain an IMF/EU/World Bank-arranged financial assistance package worth over $25 billion. The global economic downturn, declining exports, and low domestic consumption and investment, dampened by government austerity measures, resulted in a severe economic contraction in 2009. In 2010, the new government implemented a number of changes including cutting business and personal income taxes, but imposed "crisis taxes" on financial institutions, energy and telecom companies, and retailers. The IMF/EU bailout program lapsed at the end of 2010 and was replaced by Post Program Monitoring and Article IV Consultations on overall economic and fiscal processes. At the end of 2011 the government turned to the IMF and the EU to obtain a financial backstop to support its efforts to refinance foreign currency debt and bond obligations in 2012 and beyond, but Budapest's rejection of EU and IMF economic policy recommendations led to a breakdown in talks with the lenders in late 2012. Global demand for high yield has since helped Hungary to obtain funds on international markets.

Hungary's progress reducing its deficit to under 3% of GDP led the European Commission in 2013 to permit Hungary for the first time since joining the EU in 2004 to exit the Excessive Deficit Procedure. The government remains committed to keeping the budget deficit in check and lowering public debt by using sectoral taxes, while relying on state interventionist measures to lower utility prices and boost growth and employment.

Agriculture - products:

wheat, corn, sunflower seed, potatoes, sugar beets; pigs, cattle, poultry, dairy products

Industries:

mining, metallurgy, construction materials, processed foods, textiles, chemicals (especially pharmaceuticals), motor vehicles

Exports - commodities:

machinery and equipment 53.5%, other manufactures 31.2%, food products 8.7%, raw materials 3.4%, fuels and electricity 3.9% (2012 est.)

Exports - partners:

Germany 28%, Romania 5.4%, Slovakia 5.1%, Austria 5%, Italy 4.8%, France 4.7%, UK 4%, Czech Republic 4% (2015)

Imports - commodities:

machinery and equipment 45.4%, other manufactures 34.3%, fuels and electricity 12.6%, food products 5.3%, raw materials 2.5% (2012)

Imports - partners:

Germany 25.8%, China 6.7%, Austria 6.6%, Poland 5.5%, Slovakia 5.3%, France 5%, Czech Republic 4.8%, Netherlands 4.6%, Italy 4.5% (2015)

Banking

The National Bank of Hungary (MNB) exercises considerable influence in the banking sector and monetary policy and maintains price stability. The MNB has ended most of its commercial functions and relies primarily on controlling the size of mandatory reserves and the base rate to influence the country's economy. Hungary's legislation allows for "universal banking," entitling appropriately licensed banks to provide a full range of securities transactions, including trade in stocks and publicly placed corporate bonds.

Foreign financial institutions can open and operate branch offices in Hungary. Wholly-owned subsidiaries or branches of foreign banks are acquiring an increasing share of Hungary's market. The banking sector is also consolidating, with larger banks acquiring or merging with smaller ones. As the Hungarian banking system continues to develop, new types of credit and financial institutions are entering the market, including mortgage banks and home-savings institutions.

Stock Exchange

The 1996 Offering of Securities, Investment Services and Securities Exchange Act, and the 1990 Securities and Stock Exchange Act govern the public issuance and trading of bonds, shares and other securities. The Budapest Stock Exchange (BSE) has 35 members, which are licensed-broker or broker-dealer companies, including several U.S.- based firms. It is a full member of the Federation of International Stock Exchanges and an associate member of the International Securities Market Association. The total market capitalization in December 2010 amounted to EUR 66.4 billion, of which shares amount to EUR 20.86 billion, government bonds and treasury bills amount to EUR 35.96 billion. Average daily turnover was EUR 82.35 million, which is 5.5 percent higher than in 2009.

Section 4 - Investment Climate

Executive Summary

Hungary has been a member of the European Union (EU) since 2004, and EU Member States are its most important trade and investment partners. Since 1989 Hungary has received approximately USD 98 billion in Foreign Direct Investment (FDI), mainly in the automotive, software development, and life sciences sectors. The Hungarian Investment Promotion Agency (HIPA) operating under the Ministry of Foreign Affairs and Trade (MFAT) has the primary government responsibility for attracting FDI to Hungary. The Government of Hungary (GOH) encourages investments in both export-oriented manufacturing and high-value-added sectors such as research and development and service centers. Hungary's high-quality infrastructure and central location are often cited as features that make it an attractive destination for investment. FDI has lagged in recent years despite these advantages, and obstacles to investment remain. Businesses cite the lack of stability in the tax and regulatory environment, including retroactive application of taxes, the lack of consultation with stakeholders before implementing major regulatory and tax changes, as well as both corruption and favoritism in public tenders and sectors with heavy GOH influence. Multinationals identify a short supply of qualified labor, specifically technicians and engineers, as the single largest obstacle to FDI in Hungary. According to OECD and EU studies, test results of Hungarian elementary and high school students have worsened in recent years, which might impact the quality of the labor force over the medium term.

Hungary had been a leading destination for FDI in Central and Eastern Europe, reaching a peak FDI inflow of USD 7.4 billion in 2005. Following the 2008 global financial crisis, the pace of FDI slowed and Hungary’s comparative advantage over regional competitors diminished. Over the past two years, however, FDI grew in Hungary, with inflows reaching USD 3.4 billion and USD 6.5 billion in 2013 and 2014, respectively. This marked increase was largely composed of profit reinvestment by existing investors, capital transit between company headquarters and their Hungarian affiliates, and recapitalization of banks that had sustained losses. Only a few new investors entered the market. Countries within the EU account for 77 percent of total FDI, while the United States is the largest non-European investor with two percent.

The economy has recovered since a 2012 recession. After GDP fell 1.7 percent in 2012, it grew 1.5 percent in 2013, 3.6 percent in 2014 and an estimated three percent in 2015. Analysts and international organizations warn, however, that this growth is largely attributable to inflows of EU development funding from the 2007-2013 cycle. In 2013, the GOH reduced its fiscal deficit below three percent of GDP, allowing Hungary to exit the EU’s Excessive Deficit Procedure (EDP), and also paid its debt to the IMF ahead of schedule. That same year, Hungary’s debt management agency returned to international markets, issuing foreign currency-denominated bonds for the first time in 21 months. Since 2013, the GOH has kept the fiscal deficit at about 2.5 percent of GDP.

Obstacles to investment include a persistent lack of transparency and predictability, reports of corruption, favoritism, and excessive red tape. Since 2012, Hungary has consistently dropped in Transparency International’s Corruption Perceptions Index, placing 22nd of 28 EU member states in 2015. Multinationals have complained that due to favoritism for Hungarian and government-linked firms, they are often not competitive in public tenders. After controversially awarding a USD 14 billion nuclear power plant expansion project to a Russian state-owned company without tender in 2014, the GOH classified nearly all the related contracts for a period of 30 years in 2015. The European Commission (EC) ruled in 2015 that a general classification of the project breaks EU laws and must be removed, although the parts of the contracts and documents including business or national security secrets can be classified. The GOH has also tried to make secret the contracts and finances of some state-owned companies, stating that release of proprietary business information would constitute a competitive disadvantage in the marketplace. The EU has complained that Hungary's bankruptcy laws are too onerous and push recovery rates much lower than the OECD average. Additionally, some executives in Hungarian subsidiaries of U.S. multinationals have noted that the GOH's strong anti-migrant rhetoric and actions have negatively affected board members' views of Hungary, making it more difficult for the subsidiaries to obtain approval for new investments.

The GOH encourages investments in both manufacturing and high-value added sectors such as research and development centers, manufacturing facilities and service centers. The GOH also believes that considerable opportunities exist in biotechnology, information and communications technology, software development, the automotive and defense industries, and tourism. Considerable efforts have been made by the National Innovation Office (NIH) to promote the expansion of small and medium-sized enterprises and startups in information and communication technology.

Investment Trends

Hungary showed signs of FDI growth in 2013 and 2014, with inflows of USD 4.62 billion and USD 4.01 billion respectively. These investments, however, were largely composed of reinvestment of profits by existing investors and recapitalization of banks which sustained losses – few new investors entered the market. Furthermore, 2013 FDI levels were still well below those in 2005, 2006 and 2008. Countries within the EU account for 72.2 percent of total FDI. The United States is the largest non-European investor with 4 percent of FDI (there are approximately 400 companies in Hungary of U.S. origin).

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	50 of 168	http://www.transparency.org/cpi2015#results-table
World Bank's Doing Business Report "Ease of Doing Business"	2015	42 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	35 of 141	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2014	USD 13,340	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Hungary maintains an open economy and attracting FDI is an important priority for the GOH, especially in manufacturing and export-oriented sectors. The GOH established the Hungarian Trade and Investment Agency (HITA) on January 1, 2011, to encourage foreign companies to invest in Hungary, facilitate bilateral trade, and support the activity of Hungarian small and medium sized enterprises (SMEs). In 2014, HITA was split into HIPA, which encourages and supports inbound FDI, and the Hungarian Trading House, which promotes Hungarian exports abroad. Both HIPA and the Trading House were placed under the authority of the newly renamed MFAT. Hungary was a leading destination for FDI in Central and Eastern Europe, especially in the mid-nineties and the mid-two-thousands. In 2008 FDI reached USD 6.96 billion, although the pace of inflows has slowed since the 2008 global financial crisis, and Hungary's comparative advantage to regional competitors has diminished. In 2010, FDI dropped to USD 1.97 billion as companies became more cautious about committing to large investments. FDI reached USD 4.62 billion and USD 4.01 billion in 2013 and 2014 respectively, although this increase was largely comprised of reinvestment of profits by existing investors and recapitalization of banks rather than new investors entering the market. As a block, the EU accounted for 77 percent of all FDI in Hungary. Among Member States, Germany accounted for 24 percent of Hungary's FDI stock in 2013 and 14 percent of all FDI inflow in 2014. In 2014, the Netherlands sourced 45.2 percent of all inbound FDI, with Austria providing 19.3 percent as the second most important source. The United States is the largest non-European investor, holding 2 percent of FDI stock and 3.6 percent of inflow in 2014. There are approximately 400 companies in Hungary of U.S. origin, although the figure is closer to 800 if representation offices, sales offices, and sole proprietorships owned by U.S. citizens are considered. FDI stock in Hungary, as reported by the Hungarian National Bank, amounted to USD 105 billion as of the end of 2014 with a majority of the investing falling within automotive, software development and life sciences sectors.

Hungary's high-quality infrastructure and central location are features that make it an attractive destination for investment. As Hungarians increasingly seek work abroad, however, shortages of highly educated and skilled labor are negatively impacting growth in certain regions and industries. Multinational executives in manufacturing and technical fields identify labor shortages as the single largest obstacle to investment. Other obstacles include a persistent lack of transparency and predictability, reports of corruption and favoritism (particularly in GOH procurement and construction) and excessive red tape. Starting in 2010 the GOH implemented a number of tax changes, including a reduction of personal and business income tax rates, to increase Hungary's regional competitiveness. The GOH offset these rate reductions with a series of "crisis taxes," large tax increases targeted to specific industries. Through the combination of these actions, the GOH was able to maintain the budget deficit below three percent of GDP and exit the EU's excessive deficit procedure (EDP). (Hungary was under the EU's EDP procedure at the time of EU accession in 2004. The EC lifted the EDP in 2013, after the GOH budget deficit fell to less than three percent of GDP for two consecutive years.)

The crisis taxes, along with other regulatory measures and fees implemented in 2012, targeted the banking, energy, telecommunications, and retail sectors, and disproportionately impacted foreign multinationals. In 2014 Parliament approved a series of new taxes that penalized mostly foreign businesses in the tobacco, retail and media industries, and favored Hungarian companies. The 2014 Advertisement Tax levied a one-time, retroactive tax on revenue, rather than profit. Tax experts and Hungarian MPs noted that the law, which had several tax brackets, including a 50 percent levy on all revenue over USD 80 million, was clearly designed to hit German-owned TV group RTL Klub – the only firm that fell into the top tax bracket and notably the most prominent independent voice in the broadcast media landscape. RTL turned to the EC to challenge the law. In March 2015, the EC launched an in-depth investigation and implemented a suspension injunction which prohibited Hungary from applying progressive rates, determining that the tax was discriminatory and in breach of EU rules on illegal state aid and on competition. The GOH complied with the ruling and introduced a flat 5.3 percent tax on all advertisement revenue in May 2015, and the EC released the injunction.

The GOH targeted tobacco and retail companies with similar, progressively tiered taxes. The 2014 health contribution tax and the food retail chain supervisory fee targeted large foreign firms, including Philip Morris, Tesco, Spar, and Auchan. As with the Advertising Tax, in July 2015 the EC determined that the tobacco and retail taxes gave unfair advantage to companies with smaller turnover, suspended the implementation of the taxes, and initiated infringement procedures against Hungary. The GOH backtracked on the food retail chain fee and restored the flat tax in November. In addition, the EC determined in February 2016 that Hungary's 2014 retail law, which requires retail companies with over USD 53 million in annual sales to close down if they report two consecutive years of losses, is discriminative and violates the freedom of establishment and started an infringement procedure.

Energy companies were also targeted by special taxes in recent years. Although the energy crisis tax was phased out in January 2013, at the same time the GOH raised the "Robin Hood tax" – a levy on energy companies' revenue (rather than profit) – from 11 percent to 31 percent, making the effective total tax rate (including the 19 percent corporate tax rate) for energy service providers from 30 percent to 50 percent of profits. The GOH has committed to gradually phasing out special bank taxes but will maintain the 2013 Financial Transaction Tax, even though the banking sector as a whole posted losses in 2012 and 2013. The GOH also launched a new public utility tax in 2013 on water and sewer pipelines, natural gas, heat and electricity lines, and telecommunication lines.

In February and March 2015, the GOH announced plans to decrease the telecom tax, a move expected improve the business climate; however, no modification has yet taken place. Post notes that these temporary taxes have already outlived their originally promised lifespan.

The GOH has publicly declared that reducing foreign bank market share in the Hungarian financial sector is a priority. Accordingly, several GOH initiatives over the past several years targeted the banking sector and reduced foreign participation. New regulations in 2015 obligated banks to retroactively compensate borrowers for interest rate increases on certain consumer loans, even though these increases were spelled out in the original contract with the customer, and were permitted by Hungarian law. The GOH also mandated that banks that issued loans denominated in foreign currencies convert the outstanding balances to Hungary's domestic currency, the Forint, following a fixed, sub-market exchange rate. While Parliament softened the law by using a balanced spot rate for currency exchange that is in line with the then current market exchange rates, the law caused billions of dollars in losses to banks with heavy exposure to foreign currency-denominated mortgages. These regulations affected the lending capacity and balance sheets of several banks so severely that they required major recapitalization in order to meet Hungarian capital reserve requirements. On the positive side, in 2016, as part of an agreement with the European Bank for Reconstruction and Development (EBRD), the GOH reduced its onerous bank tax from 0.53 percent to 0.31 percent on 2009 balance sheets.

Many foreign companies expressed displeasure with the unpredictability of Hungary's tax regime, and its retroactive nature, speed and volume of legal and tax changes. They also complained that the GOH introduced many of the tax measures with little to no consultation with the affected businesses. Some companies operating in Hungary have also claimed that the recent "crisis taxes" are inconsistent with EU regulations since they target industries dominated by foreign firms and fail to reflect the actual costs of regulating the affected sectors. Both the EU and the IMF requested the gradual phasing out of the sectoral taxes, observing that they distort competition, reduce foreign investment and economic growth, and offset the economic benefits of cuts in personal and corporate tax rates. The EU launched infringement procedures against the telecommunication tax implemented in 2010, and elevated it to the European Court of Justice at the end of 2012. In July 2013, however, the EC dropped its legal action against Hungary's telecommunication tax after the European Court of Justice made an unfavorable ruling in a similar case involving France.

The GOH also targets these same sectors with political and populist rhetoric. Prime Minister Orban told supporters during a March 15, 2014, rally that Hungary had proved its strength by battling the world of money, a reference to Hungarian action in the banking sector. Other GOH officials have publicly stated that investors in sectors that earn "extra profits" such as energy are less welcome in Hungary, although the GOH has offered no definition of what would be considered "extra profits."

While the pharmaceutical industry is competitive and profitable in Hungary, multinational pharmaceutical companies complain of numerous financial and procedural barriers to the industry. Specifically, pharmaceuticals oppose high taxes on pharmaceutical products and operations, prescription directives that limit a doctor's choice of drugs, and obscure tender procedures that in their view impact the competitiveness of certain drugs. Pharmaceutical firms have also taken issue with the GOH tendency to weight the cost of pharmaceutical procurement as more important than efficacy when issuing tenders for public procurement.

The current GOH continues to cultivate foreign investors in manufacturing for export and has not yet targeted these firms with punitive taxes. While export-focused segments have not been targeted with "crisis taxes," some U.S. firms involved in high-volume export have reported to post they are often under audit by the Hungarian Tax and Customs Authority. These audits generally take a week or more and involve an auditor visiting the business and requesting reports and paperwork to corroborate VAT reimbursements and tax declarations. VAT reimbursements are often delayed as a result of these audits, resulting in substantial cost – VAT is 27 percent in Hungary. Additionally, firms report that auditors apply a strict liability system with regard to errors. Human errors such as calculation mistakes or using the wrong form can result in fines worth several hundred dollars per infraction. At the end of 2015, the GOH announced plans to transform the National Tax and Customs Authority (NAV) into a streamlined, more efficient organization that would focus on high-risk areas and customers. Companies with controls in lower risk sectors could be fast-tracked.

Other Investment Policy Reviews

Not applicable.

Laws/Regulations of Foreign Direct Investment

There are significant protections for property and investment in Hungary. Article XIII of the Hungarian Constitution states that the Hungarian state may only expropriate property in exceptional cases where there is a public interest, that any such expropriations must be carried out in a lawful way, and that the GOH is obliged to make immediate and full restitution for any expropriated property without any additional stipulations or conditions.

The most notable legislation in force that protects investors is the Foreign Investment Act of 1988. It grants full protection to the investments and businesses of non-Hungarian resident investors and guarantees that non-Hungarian investors will be treated in the same manner as Hungarian investors. The Act also contains a repatriation guarantee under which foreign investors are free to remit profits and investment capital to their home country in the event of partial or complete termination of their enterprise.

A substantial body of other laws also protects foreign investment in Hungary, provides equal treatment under Hungarian laws, and enables profit repatriation. Institutions and procedures are in place to ensure compliance with legislation and competition rules. Most important are the new Civil Code of 2013 – which includes legislation on business organizations – the 1992 law on transforming state companies into economic associations, the 1996 Competition Law, and the 1995 Privatization Law. Other significant laws include the 1991 Law on Bankruptcy, the Law on Securities, and the 1994 Law establishing the Commodity Exchange Legislation. These laws do not differentiate between domestic and foreign investors, treating all investors equally. Commercial law in Hungary is well developed; however, most analysts see both a need to continue to revise the corporate legal code and to improve the judicial and administrative capacity for enforcing it. Foreign investors complain about the slow pace of the judicial system, and EU regulators believe bankruptcy proceedings are too rescue-unfriendly, producing a very low recovery rate – on average, only 40 cents on the dollar are recovered from bankruptcy proceedings, much lower than the OECD average of 72 cents per dollar.

The registration of business associations is compulsory in Hungary. Firms must contract an attorney and register with the Court of Registration. Registry courts must process applications to register limited liability and joint-enterprise companies within 15 workdays, but the process usually doesn't take more than three workdays. If the Court fails to act in the period, the new company is automatically registered. Registry courts provide company information to the Tax Authorities. Firms are also required to provide tax authorities with additional information. The Court maintains a computerized registry and electronic filing system and provides public access to company information. The minimum capital requirement for a limited-liability company is HUF 3,000,000 (USD 10,800); for private limited companies HUF 5,000,000 (USD17,900), and for public limited companies HUF 20,000,000 (USD 71,400). Foreign individuals or companies can establish businesses in Hungary without restrictions.

Further information on business registration and the business registry can be obtained at the Company Information Service: http://ceginformaciosszolgalat.kormany.hu/index

The Hungarian Investment Promotion Agency (HIPA) provides help to foreign companies intending to invest in Hungary. HIPA offers company and sector-specific consultancy, recommends locations and acts as a mediator between large international companies and Hungarian firms to facilitate supplier relationships, organizes supplier training, and maintains active contact with trade associations. Its services are available to all investors.

Hungarian definitions of micro, small and medium sized enterprises (MSMEs) follow EU standards. Medium sized companies are defined as enterprises having up to 250 employees and a net income amounting to 50 million euro (USD 55 million) per year. Small enterprises employ fewer than 50 persons and annual net income does not exceed 10 million euro (USD 11 million). Micro-enterprises are those which employ fewer than 10 persons and whose annual net income is smaller than 2 million euro (USD 2.2 million). Special tax breaks, tax incentives and EU funding focusing on MSME development are available for both Hungarian and foreign-owned MSMEs.

Industrial Promotion

Please see Section 5, Performance Requirements and Investment Incentives, for a full discussion of promotion and subsidy efforts.

Limits on Foreign Control

Foreign ownership is permitted with the exception of some sectors designated as strategic in defense-related industries and farmland. Since 2012, the GOH has invested in state-owned companies with the intention of pushing out foreign-owned competitors, especially in the energy sector. Foreigners investing in financial institutions and insurance companies must officially notify the GOH but do not need advance authorization. Foreign financial institutions may operate branches and conduct cross-border financial services in Hungary, in keeping with OECD commitments. Currently, foreign firms control two-thirds of the manufacturing sector, 90 percent of the telecommunications sector, and 50 percent of the energy sector. The private sector currently produces about 80 percent of Hungary's economic output.

In March 2014, PM Orban told supporters and a Chamber of Commerce and Industry meeting that at least half of the banking sector should be in Hungarian hands. Through windfall taxes, the financial transaction tax, and rescue schemes designed to ease burdens of foreign currency mortgage holders, analysts say the GOH has pushed several foreign-owned banks to sell off their Hungarian business units. German-owned MKB (Hungarian Foreign Trade Bank), GE-owned Budapest Bank, and Citi's retail banking operation have all left Hungary. Press has reported that Austria's Raiffeisen Bank and Italian-owned CIB are considering an exit from the market. The network of Savings Cooperatives is also state-owned. These developments, along with the government's existing holdings, bring state participation in the financial sector to nearly 60 percent.

Ownership of companies in Hungary is considerably more concentrated than in the U.S. It is common for one or two stockholders to have a controlling stake in large corporations. Crossholdings are common and the independence of directors sometimes difficult to establish. Under the Investment Act, a company incorporated in Hungary may only acquire real estate required for its economic activities, but this has been liberally interpreted and has not prevented foreign entrepreneurs from engaging in property development. According to the Land Law passed in 2013 and that entered into force on May 1, 2014, only private Hungarian citizens or EU citizens resident in Hungary with a minimum of three years of experience working in agriculture or holding a four-year university degree in an agricultural field can purchase farmland. Eligible individuals are limited to purchasing 300 hectares (741 acres). All others may only lease farmland; non-EU citizens and legal entities are not allowed to purchase agricultural land. All land purchases must be approved by a local land committee and Hungarian authorities, and local farmers and young farmers must be offered a chance to purchase the land first before a new non-local farmer is allowed to purchase the land. For those who do not fulfill the above requirements or for legal entities, the law allows the lease of farmland up to 1200 hectares for a maximum of 20 years. The GOH also invalidated any pre-existing leasing contract provisions that guaranteed the lessee the first option to purchase, provoking criticism from Austria and Austrian farmers. Austria reported the change to the EC, which initiated an infringement procedure against Hungary in October 2014. In March 2015, the EC launched another infringement procedure against Hungary concerning its restrictions on acquisitions of farmland.

Privatization Program

In the 1990's there was a considerable privatization of state owned enterprises (SOEs), including the energy sector, manufacturing, food processing, chemistry, etc… The pace of privatizations has slowed considerably in recent years since most state-owned companies have already been privatized, and in fact the trend has reversed as the state has taken more ownership or de facto control in certain sectors.

Screening of FDI

Hungary does not screen FDI.

Competition Law

Hungary's competition laws are enforced by the Hungarian Competition Authority, which is tasked with safeguarding the public interest. Since EU accession in 2004, EU competition law also binds Hungary. The Competition Authority is empowered to investigate suspected violations of competition law, order changes to practices, and levy fines and penalties.

2. Conversion and Transfer Policies

Foreign Exchange

The Hungarian forint (HUF) has been convertible for essentially all business transactions since January 1, 1996, and foreign currencies are freely available in all banks and exchange booths. Hungary complies with all OECD convertibility requirements and IMF Article VIII. Act XCIII of 2001 on Foreign Exchange Liberalization lifted all remaining foreign exchange restrictions and allowed free movement of capital in line with EU regulations. Market forces determine the exchange rate of the HUF to the Euro and other currencies.

According to Hungary's EU accession agreement, it must eventually adopt the Euro. The GOH has not prioritized adoption of the Euro, and a specific target date for adoption has not been set. Recent reforms aim to strengthen Hungary's fiscal sustainability and lower the budget deficit, which would bring Hungary closer to meeting the Maastricht criteria and other conditions required for entry into the Exchange Rate Mechanism II (ERM II) and adoption of the Euro. However, the timing of Hungary's entry into the Eurozone will largely depend on the economic policies and the political priorities of the GOH.

Short-term portfolio transactions, hedging, short and long-term credit transactions, financial securities, assignments and acknowledgment of debt may be carried out without any limitation or declaration. While the Forint remains the legal tender in Hungary, parties may settle financial obligations in a foreign currency. Many Hungarians took out mortgages denominated in foreign currency prior to the global financial crisis, and suffered when the Forint depreciated against the Swiss Franc and the Euro. Despite strong pressure, the Hungarian Supreme Court ruled that there is nothing inherently illegal or unconstitutional in loan agreements that are foreign currency denominated, upholding existing contract law.

Hungarian legislation allows for profit repatriation and re-investment.

Remittance Policies

There is no limitation on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property, or imported inputs.

The timeframes for remittances are in line with the financial sector's normal timeframes (generally less than 30 days), depending on the destination of the transfer and on whether corresponding banks are easily found.

3. Expropriation and Compensation

Article XIII of Hungary's Fundamental Law provides protection against expropriation, nationalization, and any arbitrary action by the GOH except in cases of acute national concern. In such cases, immediate and full compensation is to be provided to the owner. There are no known expropriation cases where the GOH has discriminated against U.S. investments, companies, or representatives. There have been some complaints from other foreign companies within the past several years that expropriations have been improperly executed without proper remuneration. Parties involved in these cases turned to the legal system for dispute settlement. Recently, the GOH bought out certain foreign investors in the energy sector – remuneration appeared to be sufficient and there were no known complaints about the agreed buyout price.

The recent implementation of the Advertising Tax and a similar new tax on tobacco products has raised concerns with some businesses that indirect expropriation may be possible through discriminatory taxation that disproportionately affects a given company with the intent to force a firm to accept a buy-out by a domestic firm. The EU investigation into the Advertising Tax and the subsequent backtrack of the GOH suggests that the EU is able to enforce marketplace non-discrimination and illegal state aid rules by implementing injunctions.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Hungarian judicial system includes four tiers: district courts (formerly referred to as local courts) and courts of public administration and labor; courts of justice (formerly referred to as county courts); courts of appeal; and the Curia (the Hungarian Supreme Court). Hungary also has a Constitutional Court that reviews cases involving the constitutionality of legal regulations and court rulings. Post noted concerns – along with numerous other experts and commentators – related to the 4th Amendment of the Hungarian Constitution, which limited the ability of the Constitutional Court to review the constitutionality of certain laws.

Domestic and international observers have voiced concerns regarding the independence of the judiciary.

Bankruptcy

The Act on Bankruptcy Procedures, Liquidation Procedures and Final Settlement of 1991, amended several times, covers all commercial entities – except banks (which have their own regulatory statutes), trusts, and state-owned enterprises – and brought Hungarian legislation in line with EU regulations. Debtors can only initiate bankruptcy proceedings provided that they have not sought bankruptcy protection within the previous three years. Within 90 days of seeking bankruptcy protection, the debtor must call a settlement conference to which all creditors are invited. Majority consent of the creditors present is required for all settlements. If agreement is not reached, the court can order liquidation. The Bankruptcy Act establishes the following priorities of claims to be paid: 1) liquidation costs; 2) secured debts; 3) claims of the individuals; 4) social security and tax obligations; 5) all other debts. Creditors may request the court to appoint a trustee to perform an independent financial examination. The trustee has the right to challenge, based on conflict of interest, any contract concluded within 12 months preceding the bankruptcy.

The debtor, the creditors, the administrator, or the Criminal Court may file liquidation procedures with the court. Once a petition is filed, regardless of who filed it, the Court notifies the debtor by sending a copy of the petition. The debtor has 8 days to acknowledge insolvency. If the insolvency is acknowledged, the company declares if any respite for the settlement of debts is requested. Failure to respond to this results in the insolvency being presumed. Upon request the Court may allow a maximum period of 30 days for the debtor to settle its debt. If the Court finds the debtor insolvent it appoints a liquidator. There have been some concerns raised about the transparency of the liquidation process because a company may not know that a creditor is filing a liquidation petition until after the fact. The EU has also criticized the Hungarian system as being rescue-unfriendly, since bankruptcy proceedings typically only recover 40 cents on the USD, compared to the OECD average of 72 cents on the USD. This can result in catastrophic collapses of bankrupt companies – such as the collapse of Hungary’s former national airline MALEV in 2011 – rather than orderly corporate buy-outs and restructuring efforts that permit eventual exit from bankruptcy.

Investment Disputes

Investment dispute settlement clauses are usually regulated by stipulations of the investment contract. Hungarian law allows the parties to set the jurisdiction of any courts or arbitration centers. The parties can also agree to set up an ad hoc arbitration court. The law also allows investors to agree on settling investment disputes by turning to foreign arbitration centers, such as International Centre for Settlement of Investment Disputes (ICSID), UNCITRAL's Permanent Court of Arbitration (PCA), or the Vienna International Arbitral Centre. The Hungarian Chamber of Commerce and Industry also maintains an arbitration court, which has its own rules of proceedings (http://www.mkik.hu/en/magyar-kereskedelmi-es-iparkamara/rules-of-proceedings-2072).

In the past few years, the number of investment disputes has increased, as the GOH tries to take over more segments of the private market. U.S. investors have been involved only in a few cases, but recently there is a major investment dispute case on the payment of EUR 15.7 million ($17.3 million) to a U.S. based company by Hungary's state owned energy company MVM.

International Arbitration

Hungary has accepted international arbitration in cases where the resolution of disputes between foreign investors and the state is unsuccessful. There are domestic arbitration bodies within the Hungarian Chamber of Commerce, the Ministry of Labor, and local municipal governments. In the last few years, mediation has become a tool of increasing importance for dispute settlement to avoid lengthy court procedures.

ICSID Convention and New York Convention

Hungary is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Hungary is also a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

Duration of Dispute Resolution

Generally, Hungary's courts process civil cases faster than the EU average, although businesses continue to report frustrations with the length of time required by civil court legal proceedings.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

There have been no complaints against Hungary related to the failure to fulfill any trade-related investment measures (TRIMS) treaty obligations.

Investment Incentives

Hungary has a well-developed incentive system for investors, the cornerstone of which is a special incentive package for investments over a certain value (typically over 10 million Euro, or USD 11 million). The incentives are designed to benefit investors who establish manufacturing facilities, logistics facilities, regional service centers, R&D facilities, bioenergy facilities, or those who make tourism industry investments. Incentive packages may consist of cash subsidies, development tax allowances, training subsidies, and job creation subsidies.

The incentive system is compliant with EU regulations on competition and state aid and is administered by the Hungarian Investment Promotion Agency (HIPA) and managed by the Ministry of National Development (MND).

Research and Development

U.S. and foreign firms are able to participate in GOH-financed research and development (R&D); however, most R&D public sector funding originates from EU sources.

Performance Requirements

Performance requirement incentives are available to all enterprises registered in Hungary, regardless of the nationality of owners or location of incorporation, and they are applied on a systematic basis. Performance requirements, such as job creation or investment minimums, can be imposed as a condition for establishing, maintaining, or expanding an investment. There is no requirement that investors must purchase from local sources, however the EU Rule of Origin applies. The GOH imposes a 100 percent offset requirement for defense sector investments over one billion forint (USD 3.5 million). Investors are not required to disclose proprietary information to the GOH as part of the regulatory process. To comply with European Union rules, the GOH no longer grants tax holidays based on investment volume.

Data Storage

Data storage complies with EU norms. There are no forced localization provisions or requirements forcing firms to disclose encryption keys.

6. Protection of Property Rights

Real Property

Secured interests in property (mortgages), both moveable and real, are recognized and enforced but there is no title insurance in Hungary.

Intellectual Property Rights

On January 1, 2003, Hungary acceded to the European Patent Convention and has accordingly amended the Hungarian Patent Act. Hungary is a party to the WTO Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement and most other major international IPR agreements, including the most recent World Intellectual Property Organization (WIPO) copyright Treaty and the WIPO Performance and Phonograms Treaty. It is also a party to the EU Information Society Directive, and implemented the EU Enforcement Directive in 2005.

The United States and Hungary signed a Comprehensive Bilateral Intellectual Property Rights (IPR) Agreement in 1993 that addresses copyright, trademarks and patent protection. A subsequent industrial property and copyright law entered into force on July 1, 1994, that significantly strengthened the domestic patent system. A new Copyright Law passed in June 1999 made necessary technical changes required by the WTO TRIPS Agreement.

The 1993 IPR agreement recognizes an exclusive right to authorize the public communication of works, including the performance, projection, exhibition, broadcast, transmission, retransmission, or display of these works. It also requires that protected rights be freely and separately exploitable and transferable (contract rights), and recognizes an exclusive right to authorize the first public distribution, including import, for protected works.

Patent protection in Hungary covers the use, sale, offer for sale, and import of a patented product or products made using a patented process. The definition of infringement has been extended to include supplying the means. A person who sells or offers to sell the means of producing a patented product is liable if that person is proven to have known that the means could be used for infringement. An example is the sale of decoder boxes that would allow the user to pirate a cable signal.

Under the revised Patent Act, effective January 1, 1996, an invention may be patented if it is novel and has industrial application. The patent application process takes from six months to one year, and patents are issued for a period of twenty years from the filing date. Foreigners applying for a Hungarian patent whose permanent residence is not in the European Economic Area (EEA) must be represented by an authorized Hungarian patent agent. Hungarian patent law conforms to the guidelines of the European Patent Convention, to which Hungary is a signatory.

Trademarks may be granted for any product-distinguishing sign capable of being graphically represented. They are issued for ten years and are renewable. The Hungarian Intellectual Property Office (HIPO) is in charge of patent revocation and trademark invalidity proceedings, while all disputed related to the infringement of IPR fall under the jurisdiction of the courts.

In July 2010, the U.S. Patent and Trademark Office and HIPO launched a pilot program to facilitate patent recognition between the United States and Hungary. Due to the success of the pilot program, in April 2012 the USPTO and HIPO signed a Memorandum of Understanding to streamline and expedite patent recognition further. More details about this Patent Processing Highway (PPH) program can be found on USPTO's website at www.hipo.gov.hu/English/szabadalom/pph/.

In January 2008, the GOH established a National Board against Counterfeiting and Piracy (HENT), led by the Ministry of Justice (MOJ) and HIPO. HENT has participation from law enforcement and other GOH agencies, various business chambers, industry associations, and NGOs. Since its creation, the HENT has undertaken a number of positive measures to increase training of judicial law enforcement officials, improve coordination between rights-holders and law enforcement officials, and increase public awareness of the importance of intellectual property rights protection. Ongoing areas of concern include Internet-based piracy, the sale of imported counterfeit pharmaceuticals and the failure of judges to impose deterrent-level sentences for civil and criminal IP infringement. In January 2011, HENT was reorganized by a GOH decree and given a legal framework for its operation. HENT's most recent action plan - for the period 2011-2015 – aims to meet current IPR challenges and decrease the number of IPR violations.

In January 2011, the Tax Office and the Customs and Finance Guard were merged into one single agency (NAV) and given jurisdiction over IPR enforcement. NAV is a member of HENT, and also works closely with the Business Software Alliance (BSA). In January 2011, the NAV created a special cyber-crime unit to better address Internet IPR infringements.

According to the pharmaceutical and software industries, the legal protection of intellectual property rights is good, although the law enforcement would be better if the Prosecution Office had specialized units to combat IPR violations.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Resources for Rights Holders

Embassy Point of Contact for IPR issues:

- Gregory Meier
- Economic Officer
- +36 1 475 4104
- meiergj@state.gov
- Local lawyers list: http://hungary.usembassy.gov/attorneys.html

7. Transparency of the Regulatory System

As a whole, labor, environment, health and safety laws are consistent with EU regulations. Laws in Parliament can be found on Parliament's website (http://www.parlament.hu/parl_en.htm). Legislation, once passed, is published in a legal gazette and available online at www.magyarkozlony.hu. Civil organizations have complained about a loophole in the current law that allows individual MPs to submit legislation and amendments without a public consultation procedure, which is compulsory for legislation submitted by GOH institutions. The average deadline for submitting public comment is often very short, usually less than a week. The GOH has a poor record of inviting interested parties to comment on draft legislation.

The public consultation process is regulated by the Act on Legislation and the Law Soliciting Public Opinion, both passed by Parliament in 2010. The laws require the GOH to publish draft laws on its webpage and give adequate time for all interested parties to give an opinion on the draft. Implementation is not uniform: the GOH did not solicit public comments on several laws, such as a draft law on the Central Bank (which the European Central Bank criticized), the changes in disability pensions, the law on higher education or the new Land Law. Furthermore, as mentioned previously, companies in industries impacted by crisis taxes have complained repeatedly that the business sector was not consulted before new taxes were announced, and that the GOH failed to take into account industry concerns.

According to a study done by the Corruption Research Center Budapest (CRCB), since 2010 the annual average number of new laws passed by Parliament has increased, while the average time spent debating new laws in Parliament decreased significantly. In 2011-2012, the number of laws amended within a year of Parliamentary approval quadrupled compared to the period of 2006-2008. CRCB has noted that this increase in amendment activity may result from the lack of time devoted to adequately consulting on and debating new laws. The study also reveals that the GOH published preparatory documents – including impact studies and public consultation process summaries – for less than half of the laws passed in the 2011-2014 period. The analysis points out that the accelerating lawmaking process in Hungary since 2010 has had negative effects on the stability of the legal environment and the overall quality of legislation and led to the erosion to the rule of law.

In November 2015, a new Public Procurement Act came into force, in line with a new EU directive. While the new bill was initially an improvement over the legacy law, parliament subsequently diluted conflicts of interest provisions that excluded family members of GOH officials from public tenders. According to an amendment, passed by Parliament in a fast-track procedure, only family members living in the same household as the official in question are not permitted to bid. Although opposition parties criticized the amendment, it is in line with EU rules, and now remains in force.

Examinations by transparency advocates of public tender statistics indicate that companies with strong GOH connections have an advantage in public tenders over private market players. Multinationals complain of favoritism in public sector business and note that their market share in government projects in Hungary is markedly lower than in neighboring countries. Companies operating in sectors with subsidies and price controls also appear to be affected by insufficient transparency and responsiveness in the setting of prices or subsidies.

According to Transparency International's (TI) National Integrity Study, systemic corruption adds as much as 20-25 percent to the costs of GOH procurement. A Freedom House study estimated that only 10 percent of GOH procurements are transparent. GOH procurement reform is a major topic of discussion among foreign chambers of commerce and business entities. These groups have provided their suggestions to the GOH for inclusion into draft legislation.

TI noted that in October 2013, Parliament passed a law on reporting issues of public interest, commonly referred to as a whistleblower protection law. According to TI, in practice the new law lacks adequate protection for whistleblowers. For example, the law provides whistleblowers protection only if they act within less than six months after they discover an issue. The law also stipulates that whistleblowers must exhaust all formal channels for reporting issues before whistleblowing, a process which regularly takes more than six months.

The Accounting Law of 2000 and subsequent modifications were designed to bring Hungarian financial reporting standards and practices in line with the International Accounting Standards and the EU Fourth and Seventh Directives. Under the latest modification, effective January 1, 2005, listed companies under the purview of the EC are obliged to prepare consolidated financial statements in accordance with international financial standards.

8. Efficient Capital Markets and Portfolio Investment

All three major rating agencies – Standard and Poor's, Moody's and Fitch – rate Hungary as one step below investment grade. S&P elevated it from BB to BB+ in November 2015. Hungary has a modern financial sector, although some regulatory issues have arisen as a result of the Central Bank's (MNB) absorption of the Hungarian Financial Supervisory Authority (PSZAF), which was the financial sector regulatory body. Since April 2000, the PSZAF had served as a consolidated financial supervisor, regulating all financial and securities markets.

PSZAF, in conjunction with the MNB, managed a strong two-pillar system of control over the financial sector, producing general stability in the market, effective regulation, and a system of checks and balances. When the MNB absorbed PSZAF in 2013 and took over all of its functions, including customer protection, this regulation system was weakened. A Hungarian State Audit Office (SAO) report published in April 2015 determined that the MNB's consolidation of financial regulation undermined the system's ability to provide effective enforcement. In March 2015, insolvency, lax regulations, and alleged embezzlement resulted in the failure of three brokerage firms (Buda-Cash, Quaestor, Hungaria Ertekpapir) as well as DRB Bank, resulting in a total loss of over USD 1.2 billion, close to 1 percent of Hungary's GDP. At the end of 2015, Parliament passed legislation to tighten control over broker firms' operations as well as increase banks' contribution to the fund established to compensate investors.

GOH policies have limited access to credit for businesses. New regulations restrict foreign currency loans to only those that earn income in foreign currency. The MNB decreased the loan-to-deposit ratio, forcing banks to promote deposits which restrict lending to less risky sectors and decreasing access to credit for businesses. The MNB has indicated that it targets a loan-to-deposit ratio of 100 percent. At the end of 2015, Hungary's loan-to-deposit ratio was down to 93 percent, compared with 170 percent in 2008. Foreign investors continue to have equal – if not better – access to credit on the local market, with the exception of special GOH credit concessions such as small business loans. Markets for direct finance are thin. Hungary banking taxes are the highest in Europe.

Money and Banking System, Hostile Takeovers

Hungary's banking system is healthy. The largest bank in Hungary is OTP Bank, which is Hungarian-owned and controls 25 percent of the market with approximately $29 billion in assets. There are no rules preventing a foreigner or foreign firm from opening a bank account in Hungary. All rules on hostile takeovers are clear and non-discriminatory.

9. Competition from State-Owned Enterprises

Since the 1990s there has been considerable privatization of former State-owned enterprises (SOEs). Only a few SOEs remain – primarily in strategic sectors such as national security, energy, and transportation. However, since 2010 the GOH has tried to make investments in areas outside of the scope of existing SOEs, such as the energy and telecommunications sectors, and machinery production.

Since mid-2012, a number of GOH measures have made it more difficult for foreign-owned energy companies to operate in the Hungarian market. The GOH has publicly stated its interest in nationalizing some private energy firms. In 2013, the GOH purchased E.ON's wholesale and gas storage divisions and RWE's retail gas company, Fogaz. In 2014 and 2015, the GOH acquired other energy companies. The last foreign-owned gas retail company, Italian ENI's Tigaz, announced in June 2015 that would exit the market. By the end of 2016, state-owned Fogaz will be the only remaining retail gas utility provider in Hungary. Press reported that the GOH intends to take over the electricity and the heating retail markets as well.

There are more than 60 important SOEs in Hungary, as well as a large number of municipality-owned companies. Major SOEs include National Asset Management Company (MNV), Magyar Posta, state energy company MVM, Hungarian State Railways (MAV), National Infrastructure Development Company (NIF), car manufacturer RABA, and state owned banks MKB and Budapest Bank. The GOH has a 25% stake in oil company MOL. There is no officially published list of SOEs.

The same rules apply to SOEs as to privately owned companies in most cases, but in practice they often enjoy preferential treatment from certain authorities.

OECD Guidelines on Corporate Governance of SOEs

Hungary adheres to OECD Guidelines on Corporate Governance as well as to EU rules on SOEs. The Hungarian National Asset Management Company is the state asset manager.

According to a study conducted by the Corruption Research Institute Budapest and TI Hungary, SOEs scored 46 points on a scale of 100 with regard to meeting transparency obligations in terms of data published on their websites, integrity, codes of ethics, and internal control systems. TI noted that none of the SOEs reviewed during their study were in full compliance with transparency and disclosure requirements as mandated by Hungarian law.

Sovereign Wealth Funds

Hungary does not maintain a sovereign wealth fund; however, in 2011 Hungary nationalized $14.6 billion of private pension funds, creating the Pension Reform and Debt Reduction Fund, which was supervised by the State Debt Management Agency (AKK). As of April 2015, the Pension Reform and Debt Reduction Fund has been exhausted. Transparency watchdogs note that only half of the nationalized sum was transparently included in the central budget.

10. Responsible Business Conduct

Since the mid-1990s, corporations began to pay more attention to corporate social responsibility (CSR) and responsible business conduct (RBC). Foreign investors in Hungary over the long term have imported their CSR policies and models, which local Hungarian corporations have also begun to adopt. According to a survey conducted by CSR Hungary – the country's largest CSR forum, 55 percent of businesses have a CSR policy and 44 percent of businesses think that CSR increased their competitiveness. The Hungarian Business Leaders Forum (HBLF), a non-profit representative body of local and international business leaders in Hungary, considers CSR as part of its mission. Since 2006, CSR Hungary has held several conferences every year, where corporate managers, researchers and university students exchange information and an annual CSR award is presented. According to Nielsen Global Omnibus research, over 60 percent of Hungary's adult population prefers companies committed to CSR, exceeding the 54 percent average in the EU. In 2006, the GOH signed a strategic resolution to reinforce employers' social responsibility.

OECD Guidelines for Multinational Enterprises

Hungary encourages multinational firms to follow the OECD guidelines.

11. Political Violence

Despite violent protests in 2006, political violence has not been common in Hungary. The transition from communist authoritarianism to capitalist democracy was negotiated and peaceful, and free elections have been held consistently since 1990.

On January 13, 2014, an unknown assailant bombed a CIB BANK branch in Budapest. No one was injured. As of April 2015, the perpetrator of this attack has not been found and the motive behind the attack remains unknown. Italian banking firm Intesa Sanpaolo owns CIB.

12. Corruption

State corruption is also high on the list of EC and U.S. concerns with Hungary. The EC Anti-Fraud Office (OLAF) has high indices of fraud in EU-funded projects in Hungary and has levied fines and withheld development funds on several occasions. On March 23 the European Commission suspended USD 134 million in European Regional Development Fund subsidy payments from the previous 2007-2013 funding cycle to Hungary due to numerous irregularities in Hungary's procurement system.In October 2014, the U.S. Department of State barred several Hungarian officials and persons from entry into the United States under Presidential Proclamation 7750 due to participation in alleged corruption that adversely affected U.S. interests.

Transparency International (TI) is active in Hungary. TI's 2015 Corruption Perceptions Index rated Hungary 50th out of 168 countries (1st being best), down from 47th in 2014. Among the 28 EU countries, Hungary's rank worsened from 22nd to 24th. This decline is particularly striking within the Central-Eastern European region, as Hungary was only ranked less corrupt than Romania and Bulgaria in 2015. TI commented that state institutions responsible for supervising public organizations are headed by people loyal to the ruling party, limiting their ability to serve as a check on the actions of the GOH. After the GOH amended the Act on Freedom of Information in 2013, TI commented that data on public spending are more difficult to access. TI and other anti-corruption watchdogs have highlighted EU-funded development projects as one of the largest sources of corruption in Hungary. A TI study found indices of corruption and overpricing in up to 90 percent of EU-funded projects.

The Hungarian Ministry of Justice and the Ministry of Interior are responsible for combating corruption. There is a growing legal framework in place to support their efforts. Hungary is a party to the OECD Anti-Bribery Convention and has incorporated its provisions into the penal code, as well as subsequent OECD and EU requirements on the prevention of bribery. In May 2015, the GOH passed a new national strategy on combating corruption for the period 2015-2018, and the new criminal code (effective July 2013) introduced stricter rules for corruption-related crimes. Although the new Anti-Corruption Program earmarks a couple of ambitious undertakings, it lacks several important elements – notably party financing reform and an asset declarations regime. Critics claim that the program aims to increase GOH influence over NGOs and the private sector as opposed to combating high-level corruption, and that the responsible ministries have done little to stem corruption generally. Parliament also passed the Strasbourg Criminal Law Convention on Corruption of 2002 and the Strasbourg Civil Code Convention on Corruption of 2004. Hungary is a member of GRECO (Group of States against Corruption), an organization established by members of the Council of Europe to monitor the observance of their standards for fighting corruption.

Giving or accepting a bribe is a criminal offense, as is an official's failure to report such an incident. Penalties can include confiscation of assets, imprisonment, or both. Since Hungary's entry into the EU, legal entities can also be prosecuted. Conflict of interest legislation prohibits members of parliament from serving as executives of state-owned companies. An extensive list of public officials and many of their family members are required to make annual declarations of assets, but there is no specified penalty for making an incomplete or inaccurate declaration. It is common for prominent politicians to be forced to amend declarations of assets following revelations in the press of omission of ownership or part-ownership of real estate and other assets in asset declarations. Politicians are not penalized for these omissions. A 2003 law extended the SAO's right to review businesses' GOH contracts and public-private transactions that were previously considered "business-confidential." Since 2011, the SAO conducts its annual integrity survey in the public sphere in order to identify corruption risks and develop an integrity-based mentality. In a positive trend, the number of institutions voluntarily participating in the survey has risen from 1000 to 2500 since 2011.

While public procurement legislation is in place, private companies and NGOs have expressed their concern about corruption in GOH procurement due to a lack of transparency and uneven implementation of anti-corruption laws. Non-GOH organizations, the business community, and foreign governments share many of these concerns, and maintain an ongoing dialogue with the GOH to improve conditions. In addition, observers have raised concerns about appointments of Fidesz party loyalists as heads of quasi-independent institutions like the Media Council and the SAO. A new public procurement law implemented in 2015 meets EU standards, but still leaves room for conflicts of interest, subjective evaluations of bid proposals, tender specifications tailored to favored companies.

In 2011, the GOH set up the National Protection Service (NPS), an agency designed to fight against corruption within the law enforcement and state administration under the supervision of the Ministry of Interior. NPS is responsible for investigations into corruption, as well as conducting background clearances of law enforcement, intelligence, and NAV employees. As part of the Prosecution Office's reform in 2011, a special Anticorruption Division was created in the Central Investigative Chief Prosecutor's Office. On January 1, 2012, the Anticorruption Division increased the number of prosecutors specializing in high-profile corruption cases from eight to thirty-five; this did not lead, however, to a perceptible increase in high-profile corruption prosecutions.

Post is aware of several ongoing low-profile corruption cases against public officials in the GOH; however, the GOH does not typically publicize such cases. The GOH does release data related to combating corruption at the end of the year, but no specific information on cases and investigations is released. In 2014, the Vice President of the Socialist Party (MSZP) was arrested after approximately $1 million was found in bank accounts in his name in Vienna for which he could not account. MSZP ejected him from the party and condemned the behavior. He is currently awaiting trial. Prosecutors pressed charges against him on suspicion of budget fraud and other crimes in March 2016. Transparency watchdogs and the opposition note that the GOH does publicize cases against opposition politicians and former GOH officials, but ruling party-affiliated officials are more often removed quietly. The GOH typically cites data protection laws as the reason for the lack of publicity regarding ongoing investigations and cases; however, this policy hampers transparency and makes it difficult for watchdog organizations to judge the effectiveness of GOH actions to combat corruption.

As a result of Hungary's strategic location in central Europe, its cash-based economy and well-developed financial services industry, money laundering in Hungary is connected to a variety of criminal activities, including illicit narcotics-trafficking, prostitution, trafficking in persons, fraud and organized crime. Other prevalent economic and financial crimes include, tax evasion, real estate fraud, and identity theft. Hungarian legislation on combating money laundering is in line with international obligations. The core elements of Hungary's Anti-Money Laundering/Combating Terrorist Financing (AML/CFT) regime are established in the Hungarian Criminal Code (HCC), which contains Money Laundering and Terrorist Financing offenses; Act CXXXVI of 2007 on the Prevention and Combating of Money Laundering and Terrorist Financing (AML/CFT Act). Anti-money laundering legislation covers banks; investment service providers, employer pension services, and commodity exchange services; insurance intermediary and mutual insurance fund services; sellers and issuers of international postal money orders; real estate agents and brokers; auditors; accountants; tax consultants and advisors; casinos or card rooms; precious metal and high value goods traders; lawyers; and notaries. Hungary is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a Financial Action Task Force (FATF)-style regional body.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Hungary has signed and acceded to the UN Anticorruption Convention and the OECD Convention on Combatting Bribery.

Resources to Report Corruption

- GOH Office Responsible for Combatting Corruption:
- National Protective Service
- General Director Zoltan Bolcsik
- Phone: +36 1 433 9711
- Fax: +36 1 433 9751
- E-mail: nvsz@nvsz.police.hu

Transparency International Hungary:

- 1055 Budapest
- Falk Miksa utca 30. 4/2
- Phone: +36 1 269 9534
- Fax: +36 1 269 9535
- E-mail: info@transparency.hu

U.S. Embassy Budapest Anti-Corruption Point of Contact

- Gregory Meier
- Economic Officer
- 1054 Budapest
- Szabadsag Ter 12.
- Phone: +36 1 475 4104
- E-mail: MeierGJ@State.Gov

13. Bilateral Investment Agreements

Hungary and the United States do not have a bilateral investment treaty (BIT). Hungary, as a European Union member, is involved in the ongoing negotiations on the Transatlantic Trade and Investment Partnership (T-TIP).

Hungary has bilateral investment treaties with the following countries: Albania, Argentina, Australia, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Chile, China, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, India, Indonesia, Jordan, Kazakhstan, Kuwait, Latvia, Lebanon, Lithuania, Luxemburg, The former Yugoslav Republic of Macedonia, Malaysia, Moldova, Mongolia, Morocco, The Netherlands, Norway, Paraguay, Poland, Portugal, Romania, Russian Federation, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Thailand, Tunisia, Turkey, Ukraine, United Kingdom, Uruguay, Uzbekistan, Vietnam and Yemen.

Bilateral Taxation Treaties

Hungary has tax treaties which eliminate many aspects of double taxation with the United States and the following other countries: Albania, Australia, Austria, Azerbaijan, Belarus, Belgium, Brazil, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, the Federal Republic of Yugoslavia, France, Georgia, Germany, Great Britain, Greece, Hong Kong, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Kuwait, Latvia, Lithuania, Luxembourg, The former Yugoslav Republic of Macedonia, Malaysia, Malta, Mexico, Moldova, Mongolia, Morocco, The Netherlands, Norway, Pakistan, Philippines, Poland, Portugal, Romania, Russia, Serbia, Singapore, Slovakia, Slovenia, South Korea, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, Tunisia, Ukraine, Uruguay, Uzbekistan and Vietnam. Negotiations were concluded in 2010 to revise Hungary's current tax treaty with the United States; it currently awaits U.S. Senate ratification.

In January 2014, Hungary signed a Foreign Account Tax Compliance Act (FATCA) Intergovernmental Agreement with the U.S. to improve international tax compliance through mutual assistance in tax matters and the automatic exchange of tax information. The United States and Hungary have also signed a totalization agreement that will eliminate double social security taxation and fill gaps in benefits for workers that have divided their careers between the United States and Hungary. It currently awaits Congressional approval.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

As a result of the entry into the EU, foreign trade zones were eliminated.

The Ministry of National Economy plans to nominate customs free zones, but currently there seems to be little demand for this. Possible sites could include Szekesfehervar, Gyor, Kecskemet, Miskolc, Zahony or Szombathely.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other (Note: Host and USG or International Sources use different criteria to calculate data, hence the variation seen in these figures.)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ($M USD)	2014	124,225	2014	138,300	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2014	1,747	2014	5,879	http://bea.gov/international/di1usdbal.htm
Host country's FDI in the United States ($M USD, stock positions)	2014	1,276	2014	19,526	http://bea.gov/international/di1fdibal.htm
Total inbound stock of FDI as % host GDP	2014	79.6%	2014	82%	

*Ministry of National Economy and Central Statistics Office

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment 2014			Outward Direct Investment		
Total Inward	218,814	100%	Total Outward	170,165	100%
Ireland	30,219	14%	Switzerland	52,143	31%
Luxemburg	26,182	12%	Luxemburg	43,040	25%
Germany	23,308	11%	United Kingdom	13,956	8%
Netherlands	18,103	8%	Curacao	10,636	6%
Spain	14,597	7%	United States	9,500	6%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets June 2015								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	9,416	100%	All Countries	7,283	100%	All Countries	2,133	100%
Luxembourg	3,767	40%	Luxembourg	3,034	42%	Luxembourg	733	34%
United States	1,229	13%	United States	1,091	15%	Jersey	332	16%
Austria	981	9%	Austria	787	11%	United States	138	6%
Belgium	562	6%	Belgium	561	8%	Austria	104	5%
Germany	507	5%	Germany	453	6%	United Kingdom	93	4%

Source: IMF Coordinated Portfolio Investment Survey

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

civil legal system influenced by the German model

International organization participation:

Australia Group, BIS, CD, CE, CEI, CERN, EAPC, EBRD, EIB, ESA (cooperating state), EU, FAO, G-9, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MINURSO, NATO, NEA, NSG, OAS (observer), OECD, OIF (observer), OPCW, OSCE, PCA, Schengen Convention, SELEC, UN, UNCTAD, UNESCO, UNFICYP, UNHCR, UNIDO, UNIFIL, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC

Section 6 - Tax

Exchange control

There is no exchange control in Hungary.

Treaty and non-treaty withholding tax rates

Hungary has signed **75 agreements** (**74 DTC** and **1 TIEA** agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Albania	DTC	14 Nov 1992	21 Dec 1995	Unreviewed	No
Armenia	DTC	9 Nov 2009	1 Jan 2011	Unreviewed	Yes
Australia	DTC	29 Nov 1990	10 Apr 1992	Yes	No
Austria	DTC	25 Feb 1975	9 Feb 1976	Yes	No
Azerbaijan	DTC	18 Feb 2008	1 Jan 2009	Unreviewed	No
Belarus	DTC	19 Feb 2002	1 Jan 2005	Unreviewed	No
Belgium	DTC	19 Jul 1982	25 Feb 1984	No	No
Bosnia and Herzegovina	DTC	17 Oct 1985	1 Jan 1988	Unreviewed	No
Brazil	DTC	20 Jun 1986	13 Jul 1990	No	No
Bulgaria	DTC	8 Jun 1994	1 Jan 1996	Unreviewed	No
Canada	DTC	15 Apr 1992	1 Oct 1994	Yes	No
China	DTC	17 Jun 1992	31 Dec 1994	Yes	No
Chinese Taipei	DTC	19 May 2010	1 Jan 2011	Unreviewed	No
Croatia	DTC	30 Aug 1996	7 Jun 1998	Unreviewed	No
Cyprus	DTC	30 Nov 1981	24 Sep 1982	Yes	No
Czech Republic	DTC	14 Jan 1993	27 Dec 1994	Yes	No
Denmark	DTC	27 Apr 2011	15 Jul 2012	Yes	Yes
Egypt	DTC	5 Nov 1991	1 Jan 1995	Unreviewed	No
Estonia	DTC	11 Sep 2002	5 Jul 2004	Yes	No
Finland	DTC	25 Oct 1978	24 Jul 1981	Yes	No
Former Yugoslav Republic of Macedonia	DTC	13 Apr 2001	14 Mar 2002	Yes	No
France	DTC	28 Apr 1980	1 Dec 1981	Yes	No
Georgia	DTC	16 Feb 2012	13 May 2012	Unreviewed	Yes
Germany	DTC	28 Feb 2011	30 Dec 2011	Yes	Yes
Greece	DTC	25 May 1983	1 Jul 1985	Yes	No
Guernsey	TIEA	11 Sep 2013	not yet in force	Unreviewed	Yes
Hong Kong, China	DTC	12 May 2010	23 Feb 2011	Yes	Yes
Iceland	DTC	23 Nov 2005	7 Feb 2006	Yes	No
India	DTC	3 Nov 2003	4 Mar 2005	Yes	No
Indonesia	DTC	19 Oct 1989	4 Feb 1993	Yes	No

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Ireland	DTC	25 Apr 1995	5 Dec 1996	Yes	No
Israel	DTC	14 May 1991	13 Nov 1992	Yes	No
Italy	DTC	16 May 1977	1 Dec 1980	Yes	No
Japan	DTC	13 Feb 1980	25 Oct 1980	Yes	No
Kazakhstan	DTC	7 Dec 1994	1 Jan 1997	Unreviewed	No
Korea, Republic of	DTC	29 Mar 1989	1 Apr 1990	Yes	No
Kuwait	DTC	17 Jan 1994	1 Jan 1995	No	No
Latvia	DTC	14 May 2004	1 Jan 2005	Unreviewed	No
Lithuania	DTC	12 May 2004	1 Jan 2005	Yes	No
Luxembourg	DTC	15 Jan 1990	21 Apr 1991	Yes	No
Malaysia	DTC	22 May 1989	26 Oct 1992	No	No
Malta	DTC	6 Aug 1991	29 Nov 1992	Yes	No
Mexico	DTC	24 Jul 2011	31 Dec 2011	Yes	Yes
Moldova, Republic of	DTC	19 Apr 1995	1 Jan 1997	Unreviewed	No
Mongolia	DTC	13 Sep 1994	1 Jan 1999	Unreviewed	No
Montenegro	DTC	20 Jun 2001	1 Jan 2003	Unreviewed	No
Morocco	DTC	12 Dec 1991	20 Aug 2000	Unreviewed	No
Netherlands	DTC	5 Jun 1986	25 Sep 1987	Yes	No
Norway	DTC	21 Oct 1980	1 Jan 1982	Yes	No
Pakistan	DTC	24 Feb 1992	6 Feb 1994	Unreviewed	No
Philippines	DTC	13 Jun 1997	7 Feb 1998	Yes	No
Poland	DTC	23 Sep 1992	1 Jan 1996	Yes	No
Portugal	DTC	16 May 1995	5 Aug 2000	Yes	No
Qatar	DTC	18 Jan 2012	21 Apr 2012	Yes	Yes
Romania	DTC	16 Sep 1993	1 Jan 1996	Unreviewed	No
Russian Federation	DTC	1 Apr 1994	1 Jan 1998	Yes	No
San Marino	DTC	15 Sep 2009	3 Dec 2010	Yes	Yes
Serbia	DTC	26 Jun 2001	1 Jan 2003	Unreviewed	No
Singapore	DTC	17 Apr 1997	18 Dec 1998	No	No
Slovakia	DTC	5 Aug 1994	21 Dec 1995	Yes	No
Slovenia	DTC	26 Aug 2004	23 Dec 2005	Yes	No
South Africa	DTC	1 Mar 1994	1 Jan 1997	Yes	No
Spain	DTC	9 Jul 1984	20 May 1987	Yes	No
Sweden	DTC	12 Oct 1981	1 Jan 1983	Yes	No
Switzerland	DTC	9 Apr 1981	27 Jun 1982	No	No
Thailand	DTC	18 May 1989	1 Jan 1990	Unreviewed	No
Tunisia	DTC	22 Oct 1992	1 Jan 1998	Unreviewed	No
Turkey	DTC	10 Mar 1993	9 Nov 1995	Yes	No
Ukraine	DTC	19 May 1995	1 Jan 1997	Unreviewed	No
United Kingdom	DTC	7 Sep 2011	28 Dec 2011	Yes	Yes
United States	DTC	4 Feb 2010	not yet in force	Yes	Yes
United States	DTC	12 Feb 1979	12 Sep 1979	Yes	No
Uruguay	DTC	25 Oct 1988	1 Jan 1994	Yes	No
Uzbekistan	DTC	17 Apr 2008	1 Jan 2010	Unreviewed	No
Viet nam	DTC	26 Aug 1994	1 Jan 1996	Unreviewed	No

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	**Medium Risk**	**Higher Risk**
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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