

BALÁZS & KOVÁTSITS
LEGAL PARTNERSHIP

NEWSLETTER

2019/2 May-August

FOUNDING MEMBER OF EAST LEGAL TEAM EEIG – AN INTERNATIONAL ASSOCIATION OF EASTERN EUROPEAN LAW FIRMS



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DEAR READERS,

Dear Readers,

It is my pleasure to inform you that this present Newsletter will be dealing with a lot of very interesting and up-to-date topics regarding the activities of our Legal Partnership and our expertise. Inter alia you can read about one of the hottest issues of GDPR, e.g. monitoring employees on camera and CCTV, electricity trade, the establishment of Regulated Real Estate Investment Companies (in abbreviated form: SZIT) in Hungary. In our Guest page one of our cooperating partner firms, SKIVAK will present you a stimulating article and some advice on what you should do if your website traffic is down.

Another noteworthy thing in the life of our Legal Partnership is that Dr. Tamás BALÁZS attorney at law, Managing Partner has been elected as a member of the board of Business Club Eastern Europe (Kelet-Európa Üzleti Klub) in Budapest, Hungary and he will be given the award of “the honorary professor of the Law Faculty of ELTE Budapest University in September.

Finally, I would like to call your kind attention to the fact that our Eastern European Association, EAST LEGAL TEAM EEIG has been reborn and there will be new members and new activity in the association.

Should you have any remarks, questions regarding the articles presented in our newsletter or the activity of our Legal Partnership, please do not hesitate to contact us.

Best regards,

Éva SÁNDOR
Marketing Manager

THE ESTABLISHMENT AND FUNCTIONING OF REGULATED REAL ESTATE INVESTMENT COMPANIES IN HUNGARY

It is a very frequently asked question from businessmen willing to investigate in real estates in great value in Hungary, in what legal form these investments are worth establishing.

According to regulations, you have to establish a public limited company to set up a regulated real estate investment company which is registered by the Hungarian Tax Authorities as it is. These public limited companies have to have at least HUF 5 billion (approx. EUR 16,000,000.00) as their initial fund. According to legislation about real estate investment companies, such companies can only carry out the sale, lease, operation, real property management, asset management and arrangement of projects for building of real estates which are in the ownership of these public limited companies.



A real estate investment company cannot have a share but in project companies, other regulated real estate investment companies, or in business associations for the arrangement of projects for building as a main activity. It should have at least a 25% of shares compared to the total nominal value of the complete registered capital of the real estate investment company, whose owners can own individually (directly and indirectly) maximum 5% of the total nominal value of the complete registered capital. At least 25% of the shares of the company should be listed in the stock exchange.

Please note that regulated real estate investment companies and their pre-enterprises are exempt from the payment of local business tax and corporate tax, in addition, for acquiring the right of ownership of the given real estate or its valuable rights a 2% property acquisition duty shall be applied. In Hungary currently the rate of general property acquisition duty on transfer of real property is 4%.



Dr. Tamás BALÁZS
Attorney at law
Managing Partner

CONDITIONS OF ELECTRICITY TRADE IN HUNGARY

Because of the diversification of the electricity market in the European Union and Hungary, the competition in the energy market is getting higher, more and more actors show interest in joining the electricity market with good ideas and low costs in hope of appropriate profit realization. Recently, our Legal Partnership has received several quests from the business actors planning entry to the electricity market in connection with the conditions of electricity trade in Hungary. With regard to this fact, we would like to highlight the most relevant aspects of electricity trade in Hungary.



According to Hungarian law, trade with electricity in Hungary is only possible after the acquisition of the relevant permit from the competent authority. Electricity traders can either be business companies registered in Hungary, citizens or entrepreneurs whose residence is located in the territory of the European Union or European Economic Area and who are entitled to pursue electricity trade in their country. In order to obtain the relevant permit, the applicant has to present a detailed business plan authorized by an auditor for the present and the next business years and a standard service agreement regarding his trade activity. Besides, the applicant is obliged to maintain an office in order to secure the opportunity of continuous contact for the clients.

The application fee of the relevant permit is currently HUF 6,000,000.00 and the petition for the permit shall be submitted via official electronic way if the applicant is a business company registered in Hungary or represented by a Law Firm. The competent authority has 75 days to make a decision in the matter of the application.



After the acquisition of the permit, the electricity trader is obliged to create a new electricity operation system or to join an existing one in order to secure the safe electricity supply and to provide a deposit in connection with operating the electricity operation system. Besides, for using the electricity infrastructure, the electricity trader is obliged to pay a fee per kW.

According to our experience, preparation of the detailed business plan and standard service agreement requires high and relevant legal, economic and technical competencies which are essential for the successful application. If you take interest in electricity trade in Hungary, please do not hesitate to contact our Legal Partnership.

Dr. Károly BAGÓCSI
Lawyer



MODIFIED GDPR-RULES FOR CAMERA MONITORING

The General Data Protection Regulation (GDPR) has been mandatory to apply in Hungary since 25th May, 2018, which became automatically part of the Hungarian legislation. The questions regarding data protection were regulated by Hungarian law in different sectors, but they were not in harmony with the GDPR of the European Union, so national legislation had to be modified for settling discrepancies. Recently the data protection rules were modified this spring. So now it is clear in practice, which we have to focus on regarding camera monitoring. These are also frequently asked by our Clients.



The use of camera has been authorised by the information of people concerned, but after the new regulation the purpose of the camera systems has to be stated. Information has to be placed at the entrances of monitored rooms that camera monitoring is used in the area. The information has to include the data controller, types of data, how long he manages them, as well as who and in which cases he can access data. A layout has to be attached to the camera regulation, which shows every camera with their exact location and parallax. In addition, a pictogram has to be placed opposite the cameras in the area what the camera monitors.

It is very important that an information leaflet has to be made for the employees and people concerned who are in the monitored rooms about the existence of the camera system.

Anna ANDRÁSSY
Legal Trainee



GUEST PAGE

YOUR WEBSITE TRAFFIC IS DOWN – WHAT SHOULD YOU DO?

Have you noticed an unexpected outflow of users in the statistics of your site? Read our checklist of the 5 most important things to check, when traffic indicators on your website are not satisfactory.



1. Check your penalties

From who? From Google itself! We divide such punishments into algorithmic ones, related to the use of practices against the Google guidelines, and manual ones. The latter are hand-imposed by employees of the Internet giant for the use of bad practices. Depending on the type of punishment, our site may get a drop in the ranking from 10 to even 50%.

2. Compare the traffic sources on the page

This will help you determine what type of traffic has fallen on your site and find out which activities are worth investing to fix. For example – if it is direct traffic, it is worth taking appropriate PR actions. Social – increase advertising budgets on social media platforms and optimize your existing campaigns.

3. Check the backlinks

If you have noticed that the traffic rate on the page has dropped from references (referral traffic) – maybe lately something has happened that has made your competition more readily cited? Update the content on the website, intensify its sharing in your social channels (of course, in a refreshed version). Also check if your content has been duplicated on a site that contains a lot of spam. It is worth to intervene and ensure that the link to your site disappeared from this site.

4. Check the competition

It is worth taking a look at the practices that competitors use on their websites. Perhaps, by publishing fresh, interesting content, some users of your site have taken over. Analyse your strategy well in terms of their actions and offer their users something that will make us stand out from their background.

5. Take care of User Experience

Has the percentage of users returning to your website dropped in website statistics? This may be the fault of the user experience. Google attaches great importance to the site being properly constructed and intuitive to its potential users. Check that the graphics on the page do not need to be optimized, so that the page loads for too long, and take care of the navigation and the paperwork. If this does not help, you may need to rebuild the structure of the site.



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