



BALÁZS & KOVÁTSITS
LEGAL PARTNERSHIP



Dear Readers,

Our current Newsletter provides you with an overview of the legislative changes entered into force very recently regarding business immigration law and construction law. Inter alia, you can read about the new regulations in construction law and in the new Hungarian Immigration Act (regarding the Hungarian Card, the EU Blue Card and the residence permit for 'guest investors').

We are also delighted to announce that at the beginning of February two Colleagues of our Legal Partnership, Dr. Tamás BALÁZS Managing Partner and Éva SÁNDOR Marketing Manager participated at the Winter Meeting of Legal Netlink Alliance at Malta.

In addition, let me call your kind attention to the fact that Dr. Tamás BALÁZS, Managing Partner, and Dr. Károly BAGÓCSI, Junior Partner, again were appointed as lecturers for the course of the Continuing Engineering Education Institute of Budapest University of Technology and Economics starting in March 2024. The training is for engineers about the application of FIDIC-contracts in Hungary.

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

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NEW ACT ON CONSTRUCTION IN HUNGARY

Construction law is one of our Legal Partnership's most significant areas of expertise in which we have had 33 years of professional experience both in Hungary and internationally. We regularly publish articles and studies on construction law issues, and we participate in the work of several international professional organizations in the field of construction law. In light of the aforementioned, we place a special emphasis on the Act of 2023 C published at the end of last year, which is called "On the Hungarian Architecture", and governs almost all significant construction-related issues. It is a comprehensive codification of construction law, which is absolutely long awaited and a niche in the Hungarian legal system, as the construction law regulations of the previous decades have been incredibly chaotic and challenging to understand not only for the costumers of construction works, but even for the professionals involved in the construction.

A relatively small part of the new legislation entered into force on 01 January 2024, the vast majority of the new rules will enter into force on 01 October 2024, on the other hand, there are provisions which will enter into force on 01 January 2026, and some rules will only enter into force on 01 July 2027. We plan to inform our dear readers several times during the year about the provisions of the new legislation.

Most of the new rules which came into force at the beginning of the year concern construction investments identified as a priority by the state. From a legal point of view in this respect, the entry into force of the new rules of the administrative court procedure is particularly significant on the matters of major importance. The new regulation's apparent aim is to speed up the process of administrative court procedure for priority matters. In this context, it should be noted that, under the new provisions, the authority in charge has to forward the statement of claim and the case files to the court within three days, the statement of claim may only be amended and extended within the period of the initiation of the court procedure, and the first court trial must be held within 30 days after the court received the case files.

Dr. Tamás BALÁZS
Managing Partner
Attorney at law
Honorary Professor of law



FREE ENTREPRENEURSHIP ZONES, INDUSTRIAL PARKS AND OTHER IMPORTANT ELEMENTS OF THE NEW ACT ON TERRITORIAL DEVELOPMENT

At the end of last year, the Hungarian Parliament accepted the new Act on territorial development (Act No. 102 of 2023). During the preparation of the new Act, the legislator took into consideration the developmental differences between the parts of the country which have been formed in the last decades and the new Act makes an attempt to balance them and it creates a possibility for the local governments (settlements) and regions to cooperate with each other for the economic development.

With regard to the facts mentioned above, the purpose of the Act is increasing the competitiveness of the country, strengthening the territorial cohesion, ensuring the sustainable development in all parts of the country and reducing the differences between the areas and settlements.

In order to ensure the realization of the progressive purposes, the new Act lists the strategies, plans, concepts and the order of them which have to be taken into consideration by the governmental entities (parliament, ministers, governmental authorities, counties and settlements). In this way, the Act attempts to guarantee that the regulations of the different levels (national, regional and local) complies with each other.

From economic, touristic and environmental point of view, the new Act determines 'preferred regions' which are one of the most developed areas of the country (Budapest and its environs, Balaton, Tokaj and Middle-Hungary). In these regions, the maintenance and the increase of the development are fundamental economic interest of Hungary.

Besides, in the less developed regions, based on the new Act, the Hungarian government has the possibility to designate 'free entrepreneurship zones and industrial parks' where the business entities can require additional financial supports for employment and development purpose via tenders created especially for them. Thus, the free entrepreneurship zones and industrial parks are not only useful from the aspect of the territorial development, but they can be also interesting and favourable for the foreign investors who intend to invest in Hungary and would like to calculate with better return on investment.

If you or your Client has the intention to invest in Hungary and open to implement it in a free entrepreneurship zone or industrial park, please do not hesitate to contact us. We can provide you or your Client with detailed information about the location of these special areas and the currently available financial supports.

Dr. Károly BAGÓCSI
Attorney at law, LL.M.
Junior Partner



THE REGULATIONS OF THE HUNGARIAN CARD AND THE EU BLUE CARD IN THE NEW HUNGARIAN IMMIGRATION ACT

The new Hungarian Act No. XC of 2023 on the general rules for the entry and residence of third country nationals entered into force on 01 January 2024. During the forthcoming period, our Legal Partnership will introduce the most important provisions of the new Act. This time the provisions related to the so-called Hungarian Card and EU Blue Card will be presented.

The Hungarian Card: residence title for highly qualified employees

The Hungarian Card entitles persons with high level-qualification to reside in Hungary and to work in Hungary in the field of their qualification. Therefore, the issuance of a Hungarian Card can be requested by a person who is working for salary under the control of another person within an employment relation. This provision covers mostly employees. The other category can be issued to the owner or manager of a company, cooperative or other legal entity established for gainful purposes, provided that the person concerned is actually carrying out work outside the scope of his/her activities.

A special case of applying for the Hungarian Card is a third-country national who has a higher education qualification and is employed in Hungary on the basis of an employment relationship with an employer established in a third country in order to fulfil an agreement with a domestic employer.

You must also meet the general conditions for applying for a Hungarian Card, such as having a valid travel document, sufficient health insurance, accommodation or residence, sufficient financial resources, and not be subject to expulsion or a ban on entry and residence, or pose a risk to national security.

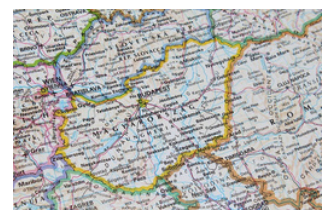
In all cases, the Hungarian Card is issued on condition that the applicant has a specific professional qualification, or is a professional sportsman, coach or performer, or has a real job in a film production company. The Hungarian Card may be issued for a maximum period of three years, but may be extended for a further period of up to three years on a case-by-case basis if the applicant fulfils the conditions of social coexistence. In the case of a residence permit based on the Hungarian Card, the law provides for the possibility of family reunification.

The EU Blue Card: residence of highly skilled employees under EU law

Similar to the Hungarian Card, you can apply for the EU Blue Card, which gives highly qualified people the right to reside and work in an EU country. In addition to the general conditions (valid travel document, proof of purpose of stay, not subject to expulsion, ban or SIS warning, etc.), the card requires a high level of professional qualifications for the job to be filled. In addition, the applicant must be eligible for employment on the basis of legislation or in the interest of domestic employment policy, have Hungarian health insurance and accommodation in Hungary.

EU Blue Cards can be issued for a minimum of two years and a maximum of four years, or in case of a shorter contract for the period of the contract plus three months. A card can be extended for four years at a time. The EU Blue Card holder is entitled to a visa-free stay in the territory of the Schengen Member States for a period not exceeding 90 days within a period of 100 days.

József SIMÓ
Paralegal



NEW TYPE OF RESIDENCE PERMIT IN HUNGARY FOR 'GUEST INVESTORS'

On 01 January 2024, Act XC of 2023 on general rules on the entry and residence of third-country nationals introducing a new type of residence permit entered into force.

According to the new regulations, a third-country national may reside in Hungary permanently for investment purposes (as a so-called 'guest investor') on the basis of an individual residence permit issued if the conditions set out in the Act are met.

The principal condition is obtaining a 'guest investor visa', which entitles its owner to stay in Hungary for more than ninety days within one hundred and eighty days and to make multiple entries, in addition to applying for a 'guest investor residence permit'. 'Guest investor visas' are granted to third-country nationals whose entry and stay in Hungary is in the national economic interest in view of their investments in Hungary, which means realizing at least one of the following investments:

- acquisition of investment units of at least EUR 250,000 issued by a real estate fund registered by the Hungarian National Bank;
- the acquisition of ownership of a residential property with a value of at least EUR 500,000 situated in the geographical territory of Hungary and registered in the Land Register, free of lawsuit, encumbrances and claims;
- making a financial donation of at least EUR 1,000,000 to an institution of higher education maintained by a public trust with a public-service mission for the purpose of supporting educational, scientific research or artistic creation.

The Act also imposes additional conditions, for example having valid travel documentation. 'Guest investor visas' are valid for a maximum of two years and expire when the residence permit is issued.

A 'guest investor' must prove within three months of entering the territory of Hungary, that the investment under the Act was made. The maximum period of validity of a 'guest investor residence permit' is ten years, renewable for a maximum of ten years for the same purpose only.

The Act also provides the cohabitation of 'guest investors' with their family members, granting residence permits to certain family members, such as their spouse or their children.

It is also important that no application for a residence permit can be submitted between 01 January and 29 February 2024 in Hungary.

Our Legal Partnership is at our Clients' disposal regarding the detailed regulation.

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