



BALÁZS & KOVÁTSITS
LEGAL PARTNERSHIP



Dear Readers,

It is my pleasure to inform you that in our present Newsletter we will highlight some of the hottest issues our Legal Partnership has been dealing with nowadays. One of the most relevant issues of the past three months was how Covid-19 and the restrictions changed not only the practice of legislation but our customer relation habit. Besides this update we are at your disposal to give you some recapitulation on the current issues of Energy Law and Real Estate Law in Hungary. In our Guest Page you will have the opportunity to have an insight of the newly registered Polish-Hungarian Chamber of Commerce, Dr. Anna Wisniewski, Manager of PHCC will introduce the objectives, activities of the chamber giving us an insight into why it is important to organize a chamber like that in Central Europe.

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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ESTABLISHMENT OF COMPANIES IN HUNGARY DURING AN EPIDEMIC BY FOREIGNERS

In the recent months, foreign investors wishing to invest in Hungary and establish new companies have faced unexpected, unprecedented difficulties. Entering Hungary first became dangerous and undesirable for health reasons, and soon after it came under administrative bans.

In this previously unprecedented situation, we were able to offer our customers the following opportunities.

Regardless of the epidemic, it was a good practice in the past when the founders of a new company could not or did not want to come to Hungary to sign the Articles of Association, that the Articles of Association was signed in their country of residence or at a Hungarian consulate or before a foreign notary public. The first-mentioned solution undoubtedly has the advantage that in countries with an apostille there is no need to obtain an apostille, and the document of a foreign notary public does not have to be accompanied by a separate authentic Hungarian translation at home, which entails additional costs and time.

Of course, the Managing Director of the new company can also sign the necessary corporate documents abroad at the Hungarian consulate or before a foreign notary public, but in their case there is another difficulty to overcome, namely that Hungarian banks insist on the personal appearance of the Managing Director in a Hungarian bank even during the epidemics. Hungarian banks are not ready for any mitigation or compromise in this respect, they do not accept any Power of Attorney, nor do they accept the participation of a foreign member of their own banking group. In view of the above, several of our clients chose the option of having a Hungarian Managing Director, even if this was not originally intended, and at the same time entered into a detailed manager contract with the Hungarian Managing Director, which provided sufficient guarantees for the new company with regard to the managerial activities of its members, and the Hungarian Managing Director opened the bank account for the new company.

Dr. Tamás BALÁZS
Managing Partner
Attorney at law



ENERGY AUDITS IN HUNGARY

Since the end of 2015, all major enterprises in Hungary – i.e. companies with at least 250 employees and an annual net revenue equivalent to at least 50 million euros - are obliged to perform energy efficiency audits every 4 years and to submit relevant auditing data to the Hungarian Energy Authority. Voluntary energy efficiency audits are also performed by smaller corporations to decrease costs and increase efficiency. Ever since professionals are capable and licensed to perform energy audits are highly sought after on the Hungarian engineering market.

The targets of energy audits are primarily large energy consumers, regardless of the size and type of consumption, who may want to improve their energy efficiency and reduce their energy consumption, and therefore, decrease and optimize their operating costs, and last but not least to improve their public image as a responsible corporation aware of environmental challenges. An energy audit requires presentation of energy saving opportunities in three separate categories - proposals resulting in lower energy consumption without significant cost (change of attitude, energy-conscious behavior); low-cost, fast-paying developments; and modernization options with higher investment costs, with detailed economic calculations.

Under the Hungarian legal framework, energy audits may only be performed by licensed individual energy auditors and/or energy auditing companies with the necessary combination of higher education, professional skills and years of field experience, who has registered and maintain license as energy auditors with the Hungarian Energy Authority. However, under the freedom guaranteed for free movement of services within the EU, it is also possible for foreign energy auditing professionals and companies from other EU Member States to provide energy auditing services without any discrimination in Hungary; they may perform energy audits for Hungarian enterprises and other corporate actors in Hungary, with their existing foreign licenses and/or professional degrees, experience in the relevant fields of engineering accepted as equal and equivalent to Hungarian engineering degrees and licenses.

In fact, the requirements for these energy audits performed by foreign energy audit professionals from other Member States are sometimes even more lax, as performing of energy audits does not require separate registration and license from local authorities in some other Member States. Therefore, to start energy audits in Hungary as a foreign individual energy auditing professional is relatively easy, if properly managed, as it only



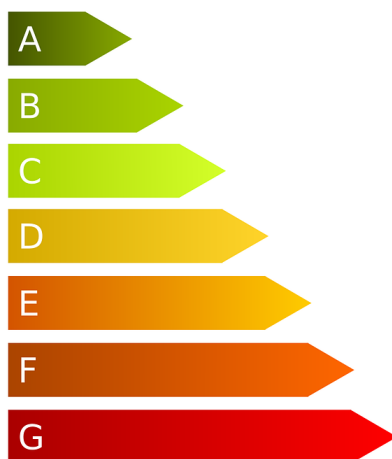
requires registration with the Hungarian Energy Authority, maintaining the energy auditing license, and to submit documented evidence (such as engineering degrees and proof of several years of experience in the field) showing possession of the equivalent set of degrees and field experience in engineering as it is required from any local energy auditor. Note, however, that the language of the registration procedure is Hungarian, and all documents are to be translated into Hungarian.

Energy Auditing companies from other Member States may also obtain licenses to perform energy audits in Hungary – the most important requirement is to have a valid contract or equivalent legal relationship for cooperation in energy audits with an energy auditor already licensed as such with the Hungarian Energy Authority. The engaged auditing professional may either be a Hungarian or a foreign professional from another Member State, who maintains a Hungarian energy auditing license with the Hungarian Energy Authority, as explained above.

Our Legal Partnerships has ample experience in guiding you or your company through the process of obtaining the license to perform energy audits in Hungary.

Should you have any questions related to how to perform energy audits in Hungary, or how to register and license yourself or your company in another Member State of the EU, require legal counsel or representation on a specific case, please do not hesitate to contact us.

Dr. Ádám MILLEI
Attorney at law





MORTGAGE ON THE REAL ESTATE TO BE PURCHASED? DO NOT WORRY!

One of the best feelings in life if you would like to purchase a real estate for purpose of home or office and you suddenly find it after a long search. This great feeling can turn into a huge disappointment within a few seconds when you look at the title deed of the real estate and realize that it is burdened by a mortgage and a restraint on alienation and encumbrance related to the mortgage (hereinafter referred to as "burdens"). We can have good news for you because there is a solution by which you can acquire your future home or office without any burdens at the end of the process.

Before mutually agreeing on the purchase price, the exact amount of the mortgage has to be known. The amount of mortgage does not generally exceed 80% of the market value of the real estate as a consequence of the financial policies of commercial banks.

If the real estate to be purchased has burdens, the purchase price is usually paid in three instalments.

The first instalment is paid at the signature of the Sale and Purchase Agreement and its amount is commonly 10% of the full purchase price. This first instalment is the so called 'earnest money' and its purpose is expressing the buyer's interest in purchasing the real estate.

After signing the Sale and Purchase Agreement, it is submitted to the Land Registry Office without any delay in order that everyone knows that the real estate is under selling.

The payment of the second instalment directly goes to the mortgagee in order to settle the debts burdening the real estate. After the settlement of the claims of the mortgagee, he issues the documents which are required to the cancellation of the facts about the burdens from the Land Register. If the acting lawyer receives these documents, he submits them to the Land Register Office in order that the burdens will be canceled from the Land Register.

If the Land Registry Office cancels the facts about the burdens from the Land Register, the remaining amount of the purchase price as third instalment can be paid by the buyer to the seller.

In that way, after the cancellation of the burdens from the Land Register and the payment of the full purchase price, the buyer's ownership right can be registered into the Land Register, so the buyer can acquire a 'clear' real estate at the end of the process.

Dr. Károly BAGÓCSI
Lawyer



POLISH-HUNGARIAN

CHAMBER OF COMMERCE

Central European economic cooperation saw a revival in the past 30 years. Trade and investment relations developed fast, especially after the EU membership of the individual countries of this region. Furthermore, Central Europe as a whole has become the most important business partner of Germany within the EU.

The economic potential in the bilateral trade and economic cooperation between Poland and Hungary has proved to be one of the most successful once. Bilateral trade has increased dynamically exceeding 10 billion euros. Today Poland is the fourth most important economic partner of Hungary.

Despite this vivid economic spirit in the relations, Polish-Hungarian economic cooperation was one of the few exceptions where no chamber formation was set up after the change of regime. The economic potential and further need from companies and institutions has raised the issue of institutionalizing this bilateral cooperation, too. Consequently and fortunately, as a result of two years of very hard work and close cooperation of many of the companies and institutions, who actually make it possible to develop these economic relations, the Polish-Hungarian Chamber of Commerce could be set up and started operation.

The decision was made by the founding members to establish the Polish-Hungarian Chamber of Commerce on 19 November 2019. The founding process had been sealed by the registration on 01 July 2020, which is the starting date for the operation of the chamber.

The Polish-Hungarian Chamber of Commerce has the aim to become an institution focusing on networking of companies working in the Polish-Hungarian economic relations. It has a mission to enhance trade and investment relations through providing market information, supporting services (legal, business, translation etc.), organizing specialized business meetings and events for its partners, and providing training programmes. More information on the operation and services of the chamber will be found on the website page: www.plhucc.com.

Should you be a company interested in bilateral trade or business between Poland and Hungary, please visit our website or in case you would like to start cooperation in the framework as a member company, please ask for more information at info@plhucc.com

We look forward to working with you.

Anna Wisniewski

General Director
Polish-Hungarian Chamber of Commerce



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