



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 recent articles of ours is very closely linked to one of our most outstanding activities today, FIDIC-contracts and the Hungarian construction law. In our present Newsletter you can also read about the new register of the beneficial owner, the changes regarding aliens policing procedure fees, and on the contract for the international carriage of goods by road.

Finally, let me call your kind attention to the fact that Dr. Tamás BALÁZS, Managing Partner, and Dr. Károly BAGÓCSI, Junior Partner, were appointed as lecturers for the course of the Continuing Engineering Education Institute of Budapest University of Technology and Economics starting in March 2022. The training is for engineers who are interested in FIDIC-contracts and is on the Engineering Consultancy and FIDIC-contract System.

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

WHAT'S INSIDE THIS ISSUE:

- *Introduction*
- *Fidic-Contracts and the Hungarian Construction Law*
- *New Register of the Beneficiary Owner*
- *Summary of Changes Regarding Aliens Policing Procedure Fees*
- *CMR Convention – The Limitation Rule*



FIDIC-CONTRACTS AND THE HUNGARIAN CONSTRUCTION LAW

The association named FIDIC (*Fédération Internationale Des Ingénieurs – Conseils*) was established in 1913 by the Belgian, French and Swiss national engineer's associations. The centre of the federation, which comprises 84 national engineers associations nowadays, is in Gent.

FIDIC is best known for its range of standard conditions of contract for investment and construction projects. The first published conditions of contract was the Red Book, compiled in 1957. The basis of the Red Book and the later published books was, from a legal point of view, Anglo-Saxon law and Anglo-Saxon legal thinking.

Due to the growing significance of FIDIC as well as to the international nature of the financing of big investments and to the support provided by global financial institutions (IMF, EBRD), the contractual conditions of FIDIC are applied more and more often in countries governed by European continental law.

It is a question though, raised from time to time in the countries of the European continental law, as to what extent the provisions of FIDIC can be applied in these countries. As an example, the contractual provisions of FIDIC may principally not be accepted all-in-all in Hungary; they must be harmonized first with the provisions of the effective Hungarian construction law. In the particular cases it is a rather exciting, but at the same time very difficult legal exercise, because the territorial scope of the binding Hungarian regulations covers all construction activities within the territory of the Hungarian Republic. In this respect I would like to indicate the two most important laws namely, Act LXXXVIII of 1997 on the Formation and the Conservation of the Built Environment and Government Decree Nr. 191/2009 on Building Construction Activity.

Construction contracts, which are properly harmonized and contain FIDIC provisions, have particular importance in Hungary for several reasons. Let me draw your kind attention to two such aspects. On one hand, the contracts constitute an important basis in the course of the construction authority procedure; on the other hand, in case of a legal dispute the court will decide based on the contract or, if it contains unlawful contractual provisions, based on the binding law.

Should you need more information on FIDIC-contracts and the harmonizing Hungarian law, with our expertise in the field of law we are at your disposal to assist you.

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



NEW REGISTER OF THE BENEFICIAL OWNER

From 01 February 2022 the new register of the beneficial owners is accessible. The register is led by the Hungarian Tax and Customs Authority. The register includes almost all of the business entities which were registered in Hungary (e.g. limited liability companies, private limited companies, co-operatives, foundations, Hungarian branch offices of the foreign companies, trustees).

In principle, the purpose of the register is to make the ownership relations of the actors of the business and social life transparent, to serve the effectiveness of the actions against money laundry and terrorism by creation and maintenance of a central register regarding the data of the beneficial owners, bank accounts and safe service providers.

The register includes the data necessary for the identification of the business entity registered in Hungary: registration number, name, registered seat or address if the business entity is a natural person, tax number and company register number or number of the decision of registration. Besides, the register involves the following data of the beneficial owner of each business entity which is in this register: first name and last name, first name and last name by birth, citizenship, place and date of birth, home address or residence, type and measure of his interest in the business entity and the so called TT-index of the data of the beneficial owner. The TT-index presents the reliability of the data of the beneficial owner.

If the data of the beneficial owner is uncertain for more than 180 days, the Hungarian Tax and Customs Authority will publish the list of such beneficial owners on his webpage from 01 July 2022. If the data of the beneficial owner is uncertain, the legal, financial and business service providers are obliged to control the identification of the beneficial owner in greater depth. If the data of the beneficial owner is unreliable, the Hungarian Tax and Customs Authority will publish the list of such beneficial owners, the legal, financial and business service providers shall identify the beneficial owner with particular attention and they have to deny the fulfilment of all transactions of which value is equal to or more than HUF 4,500,000 (approx. EUR 12,740).

Under the concerning legal regulation, courts, public prosecutor's offices, authorities and supervisory authorities from Hungary, the European Union and third countries are entitled to require data from this new register if the request for disclosure of the data is in harmony with the fulfilment of their obligations prescribed by the law.

Dr. Károly BAGÓCSI
Junior Partner, Attorney at law, LLM



SUMMARY OF CHANGES REGARDING ALIENS POLICING PROCEDURE FEES

Our Legal Partnership has a long history of providing reliable assistance to our clients in relation to the entry and residence of foreign nationals in Hungary with business purpose. Recently some changes have come into force regarding fees for aliens policing procedures, which are to be applied from 22 January 2022.

Below, we have summarised the most important changes for clients seeking legal advice in connection with entry and residence in Hungary.

1. How much does it cost to get a residence permit in Hungary?

In case of submitting an application from abroad, the issue of the residence permit (as well as the issue of the visa enabling the collection of the document) costs EUR 110. An appeal against the decision costs EUR 160. In case of submitting the application in Hungary, the fee is HUF 39,000. To save time and money, there is also a possibility to file an e-application through the Hungarian immigration authority's website (www.enterhungary.gov.hu), in which case the fee is lower, the e-application costs HUF 24,000. The extension of a residence permit costs HUF 35,000, an e-application costs HUF 23,000.

2. What are the fees for obtaining a permanent residence permit?

The issue of a National Permanent Residence Permit costs EUR 110 in case of applying at a Hungarian Consulate. The extension of the document costs EUR 60. The issue of an Interim Permanent Residence Permit, a National Permanent Residence Permit or an EC Permanent Resident Permit in Hungary costs HUF 39,000 each. The e-application through the Enter Hungary website costs HUF 25,000 in all cases. The fee for the extension of the documents is HUF 20,000. The fee for the extension of the document certifying immigrant status, as well as the fee for the extension of a permanent residence permit is HUF 20,000.

3. How much should qualified foreign workers willing to obtain a Blue Card in Hungary expect to pay?

In case of submitting the application in Hungary, the charge is HUF 35,000. Filing an e-application through the Enter Hungary website costs HUF 23,000. The replacement and substitution of an EU Blue Card costs HUF 20,000.

4. What are the costs for some travel documents of immigrants and permanent residents?

The issue of a passport for an immigrant or a permanent resident costs HUF 12,000. The replacement and the exchange of the document also costs HUF 12,000. A single-entry visa costs HUF 12,000 in the case of application in Hungary.



5. Appeal fees and costs of an official certificate

Lodging an appeal against the decisions in connection with the issue of a document costs HUF 47,000. The fee for issuing an official certificate is HUF 3,000. The full list of the procedures and fees can be consulted on the website of the National Directorate-General for Aliens Policing ([www. bmbah.hu](http://www.bmbah.hu)).

BALÁZS & KOVÁTSITS Legal Partnership awaits with great confidence and a high level of expertise business clients seeking advice in matters related to the above-mentioned procedures as well as other questions about aliens policing in Hungary.

Zita BALOGH
Legal Trainee





CMR CONVENTION – THE LIMITATION RULE

Our Legal Partnership regularly receives questions in connection with the Convention on the Contract for the International Carriage of Goods by Road (CMR), and many of these questions are directed on the norms of the CMR Convention regarding compensation. Although these rules are not very complicated, they are quite different from that of the national legislations and because of that it is worth to take a closer look at them, especially at article No. 23, paragraph 3 of the Convention. This norm sets a limit to the amount of the compensation that shall be paid based on the carrier's liability for damages.

Based on article No. 17, paragraph 1 of the CMR Convention „[t]he carrier shall be liable for the total or partial loss of the goods and for damage thereto occurring between the time when he takes over the goods and the time of delivery, as well as for any delay in delivery”. Article No. 23, paragraph 1 states that the compensation shall be calculated by reference to the value of the goods at the place and time at which they were accepted for carriage. This amount is, however, limited by paragraph 3 of article No. 23, which says: “Compensation shall not, however, exceed 8.33 units of account per kilogram of gross weight short”. The unit of account mentioned here is the Special Drawing Right (SDR) as defined by the International Monetary Fund (the actual values are available under:

https://www.imf.org/external/np/fin/data/rms_five.aspx).

This means that in case of an accident during the time of the transport, it is likely that the compensation to be paid is lower than the actual damage or loss.

For example the gross weight of the damaged goods is 1,000 kilogram and the compensation by the carrier would be EUR 15,000 without applying the limitation rule. When applying the limitation rule the weight of the damaged goods (1,000) is to be multiplied by the units of account (SDR) mentioned in the CMR Convention (8.33) and this sum is to be transformed in the currency in the example (EUR) which value is available under the website of the IMF (SDR 1 = EUR 1.266626 on the 7 March 2022). So the result of the calculation with the limitation rule of article No. 23, paragraph 3 of the CMR Convention is $1,000 \times 8.33 \times 1.266626 = 10,550.99$, so the carrier has to pay EUR 4,449 less compensation for the damage. As we can see now, the limitation rule of the CMR Convention can have a serious economic significance and can be a great ease for the carrier.

Dániel BEGALA
Legal Trainee



Contact Person:
Dr. Tamás BALÁZS
Managing Partner
Attorney at law



BALÁZS & KOVÁTSITS

H-1055 Budapest, Honvéd u. 40. 3. em. Tel/Fax: +36 1 302 5697; +36 1 302 7938; +36 1 312 1103
www.bakolegal.com office@bakolegal.hu balazs@bakolegal.com