

GUIDE FOR NGOS: OPERATION IN HUNGARY

1. WHAT ARE THE POTENTIAL REGISTRATION OPTIONS FOR NON-PROFITS/NGOS IN YOUR JURISDICTION?

There are two categories of non-profit organisations in Hungary: civil society organizations and non-profit business corporations.

The category of civil society organizations includes the following organizations:

Civil companies:

In order to achieve their non-economic goals, natural persons have the right to set up a partnership working for a common objective. Civil companies are formed by a civil law partnership agreement. A civil company is not a separate legal entity.

Associations:

Associations are separate legal entities with registered members, created for the purposes defined in their statutes in order to achieve the common objectives of the members on a continuous basis.

Foundations:

Foundations are separate legal entities set up to pursue the long-term objectives defined in their deed of foundation. In the deed of foundation, the founder(s) shall define the funds made available to the foundation and the organizational structure of the foundation.

All business corporations may qualify as non-profit business corporations and are authorized to use the designation “non-profit” in their corporate names, if their instrument of constitution specifically indicates that the profit from the company's operations may not be distributed among the members, for it shall be retained for the company's purposes.

2. IS FULL REGISTRATION REQUIRED?

Yes, all non-profit organisations sustaining continuous activities in Hungary must be fully registered in Hungary except for civil companies (but they are not separate legal entities).

3. IF SO WHAT ARE THE NECESSARY STEPS/TIME/COSTS?

Legal persons shall enter into existence upon registration by the court based on the instrument of constitution made out for the type of legal person in question. Non-profit business corporations shall be registered in the Court of Registry and observe the rules applicable on their company form as laid down, primarily, in the Civil Code (Act V of 2013).

Foundations and associations shall be registered by the competent general courts according to the Act on the Registration of Civil Society Organizations and on the Related Procedural Regulations (Act CLXXXI of 2011).

Foundations:

In the deed of foundation, the founder shall define the funds made available to the foundation and the organizational structure of the foundation. The founder shall provide the funds required for the realization of the foundation's purposes as laid down in the deed of foundation. (It must be noted that a foundation may be set up by means of a written will, too.) An application shall be submitted with the prescribed documents to the competent general court. If all the necessary documents have been submitted properly, the non-profit organisation will be registered within 60 days.
The registration is free of duty.

Associations:

An association shall be established by the adoption of its statutes, for which the unanimous declaration of intent of at least ten persons is required.
Members of the association may not be obliged to provide capital contribution. (However, a membership fee may be prescribed.)
An application shall be submitted with the prescribed documents to the competent general court. If all the necessary documents have been submitted properly, the non-profit organisation will be registered within 60 days.
Establishment of an association shall be exempt from state fee.
The registration is free of duty.

Civil companies:

Civil companies are established by an agreement where the parties undertake to cooperate in order to achieve their common goals and to make capital contributions necessary for achieving said common goals, and to bear the risks of their activities collectively.
No registration is required.

4. CAN A U.S (OR OTHER INTERNATIONAL) NONGOVERNMENTAL/CHARITABLE ORGANIZATION REGISTER A BRANCH OFFICE TO OPERATE IN-COUNTRY?

No, only foreign commercial legal entities can register a branch office in Hungary.



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