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SETTING UP A LIMITED COMPANY IN HUNGARY

This short overview is intended to provide some answers to initial questions about what to know and consider when establishing a limited company in Hungary. It is part of a series of short guides for setting up a business in different jurisdictions worldwide which have been produced by members of Lawyers Cooperation.

Lawyers Cooperation is an international association of independent business law firms offering members and their clients access to an international business law resource and local expertise from across member countries.

For further advice and information about setting up a business in Hungary, please contact **our member in Hungary:**

Nyíri Ügyvédi Iroda

Kiss János altábornagy str. 11. 1126 Budapest, Hungary

www.nyirilaw.hu

This guide is also available for Austria, Belgium, Chile, Germany, Poland, Italy, Netherlands, Romania, Portugal, Sweden, Spain, Switzerland and the United Kingdom. This information is provided by our members who are located in these countries. If you need local advice or support in any of these jurisdictions, please search for our member firms on our website.

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SETTING UP A LIMITED COMPANY IN HUNGARY - YOUR QUESTIONS ANSWERED

1. Name of a limited company in the native language Korlátolt Felelősségű Társaság

2. Costs associated with setting-up a limited company

The procedure for registering a limited liability company is free of charge. However, the attorney's fee depends on the complexity of the set up.

3. Who is eligible to set up a limited company? Natural person and legal entities

4. Are foreign nationals eligible to set-up a limited company? Yes

5. What is the minimum number of shareholders required? One is sufficient

6. When can the company start trading? After the signature of the articles of association, but until the company is registered, the company can only operate as a pre-company.

7. Who can be managing director of a limited company?

The managing director can be either a natural person or a legal entity as well. The legal entity must appoint a person to act as manager on its behalf.

If the foreign person designated in the application for registration is not resident in Hungary, a representative must be appointed in the application whose responsible for receiving the documents generated by the court or other authority which are to be served on the foreign person.

8. Paid-in minimum capital requirements?

3.000.000 HUF. It is possible to pay less than this amount at the time of establishment, but the Articles of Association must specify the latest date on which the full amount is to be paid.

9. Is a Hungarian bank account required for setting up a limited company? Yes, and the managing director must open the company's bank account within fifteen days of the company's registration.

10. Do articles of association have to be prepared? Yes and some other formation documents

11. Does the registered address need to be in Hungary? Yes

12. How long does the registration process take? One working day

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SETTING UP A LIMITED COMPANY IN HUNGARY - YOUR QUESTIONS ANSWERED

13. What are the main steps involved in setting up a limited company?

- Preparation of the documents required for the application for company registration:
 - articles of association,
 - declaration of acceptance by the managing director,
 - declaration on the use of the registered office,
 - register of members,
 - declaration on the provision of a financial contribution,
 - specimen signature of the managing director certified by a lawyer,
 - power of attorney to the lawyer for representation in company proceedings,
 - declaration by the managing director that he/she is not subject to any of the grounds for disqualification listed in the law and that there is no conflict of interest.
- Filing the documents required for the incorporation of the company with the Court of Registration after signing them,
- Opening a bank account after registration of the company

14. Does the limited company have to register for Corporation Tax, If so, what is the corporation tax rate? Yes. The corporate tax rate in Hungary is 9%.

15. What is the standard VAT rate? Depending on the service or on the product, it can be 5%, 18% or 27%. 27% on most goods and services, 18% on e.g. food, 5% on certain medical aids, some accommodation services, newspapers etc.

16. Are there any important deadlines for setting up a limited company? The deadline for filing an application for registration is generally thirty days from the date of the approval (signature) of the articles of association. If the establishment of the company requires official authorisation, the deadline for filing the application is fifteen days from the date of receipt of the authorisation.

17. Is information about a limited company publicly available, if so, which information is available? Yes, publicly available: company name, registered office, registration number, managing director, members of the company, electronic contact details, company's activities, auditor's name, EUID number, the company's annual report.

18. Where can I find information in English about setting up a limited company?

https://e-justice.europa.eu/content_find_a_company-489-hu.do

Year of issue: 2022. Since regulations are subject to changes, we recommend that you seek advice from our local member in Hungary before you setting a limited company in Hungary.

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