

LIFELINE PROVIDED TO THE HUNGARIAN BUSINESSES

First and foremost, we have to note that just as in several other countries in Europe, also in Hungary the economy was and is strongly affected by the pandemic, therefore, some major regulatory changes had to be introduced in order to help citizens and companies survive these tough times. Therefore, a moratorium on all credit repayment for individuals and companies was introduced, and a capped consumer loan interest rate is applicable now (see details below in section I). Of course, there are sectors that have been hit harder than others, therefore special rules might apply to further beneficial regulations.

1. Moratorium on all loan repayments for individuals and companies until 31 December 2020

- a) A payment moratorium was announced by the Hungarian government based on all contractual loan and financial lease contracts (including employer loans) that were concluded before midnight March 18, 2020. This moratorium will be applied until December 31, 2020 (this date may be extended by the government). Please note that interest will continue to accrue during this period and the repayment period will be extended accordingly. The moratorium concerns all principal repayment and ancillary payment obligations, such as interest, commissions and fees set in loan and financial lease agreements and the extension of the repayment period applies to guarantees and pledges as well. Further to the above, it shall be noted that this is an obligation for the creditor, however, the debtor may decide to continue its payment obligation.
- b) The total APRC (annual percentage rate of charge) of new consumer loans taken from March 19, 2020 will be capped at the Hungarian National Bank's base rate plus five per cent, which means, at the moment, 5.9%.

2. Sector specific legislation changes

- a) The government believes that currently the sectors most affected by the COVID-19 pandemic have been the following: tourism, catering, entertainment, gambling, film, event management, performing arts, and sports services. Therefore, based on the newly issued decrees the rental fee for non-residential premises shall not be increased and the lease agreement shall not be unilaterally terminated by the landlord until 30 June 2020. Please note that the aforementioned period may be extended later.
- b) In certain sectors (determined by the main activity's NACE Rev. 2 codes, such as cabs, catering, performing arts, gambling, film industry, event coordination, certain publishing) no social contribution tax has to be paid by employers for employees and by individual entrepreneurs; while only a 4% social security charge is payable. These exemptions are valid for March-June 2020. Furthermore, no voluntary training contribution applies for this period. In certain sectors (cabs, beauticians, electricians, etc.) taxpayers under the lump-sum regime (KATA) are exempt from this tax for March-

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June 2020. Furthermore, KATA related public dues are suspended during the term of the state of emergency.

For any further information and assistance with respect to the above and any other COVID-19 related legal matters, please do not hesitate to contact us at covidhelpdesk@peterkapartners.com.

This document reflects the status as of April 3, 2020.

It is for informational purposes only and may not be considered a legal opinion or advice.