PÁNSZKY ÜGYVÉDI IRODA
ATTORNEYS AT LAW
RECHTSANWÄLTE
STUDIO LEGALE

Pánszky Ügyvédi Iroda
H-1026 Budapest,
Gábor Áron u. 16.

Amendments to the Tax Procedures Act

The new amendments aim to prevent shareholders trying to get rid of their liability for the company's outstanding tax debt by selling their shares. According to the new rules, shareholders (except for public limited companies) holding limited liability for the company's debts, deciding to sell their business stake/shares can now be made subject to tax debt enforcement for tax obligations unrecoverable from the company, pro rata to the business stake/shares they transferred of, in cases when at the time of the transfer the shareholder held 25% or more of the company's voting rights, and the company's outstanding tax debt at the time of the transfer exceeded 50% of the company's issued capital, provided that the shareholder was aware of the latter fact at the time of the transfer, or could have requested information on such fact from the tax authority.

The shareholder shall be however exempt from enforcement in cases when it can evidence (a) that the company was not able to settle its outstanding tax obligation by the date of the transfer for reasons set forth in the law on tax identification numbers, or (b) that a general meeting was duly called prior to the transfer, and the mandatory resolution was passed, or (c) that it has made all reasonable efforts to arrange for the mandatory transformation stipulated by law for cases when the company's total assets fall below a certain level, or to arrange for a due payment of the tax obligation, or to ensure full compliance with the laws, via exercising its shareholder rights.

The tax authority has 90 days from declaring the tax debt non-recoverable in general to issue a resolution against the shareholder.

H-1026 Budapest, Gábor Áron u. 16. • tel.: +36 1 200 3416 • fax: +36 1 200 3881 • office@panszky.hu • www.panszky.hu