PÁNSZKY ÜGYVÉDI IRODA
ATTORNEYS AT LAW
RECHTSANWÄLTE
STUDIO LEGALE

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

Further Civil Code Amendments

The Parliament brought a decision on 13 June 2016 concerning proposed amendments to Act V on the Civil Code submitted by the Minister of Justice in May 2016.

The approved amendment primarily affects Civil Code provisions concerning liens, which are supported by the necessity for compliance with EU regulations concerning credit institutions and investment firms, as well as contributions toward economic growth. According to the reasoning of the amendment, the separated lien institution failed to meet the intended expectations, and as such, upholding it is no longer justified. Its functions within credit lending – though rather insignificant – shall be eliminated. Under the new regulation, opportunity shall be granted for liens of financial institutions to transfer its mortgages to independent liens. This, however, differs from the new independent lien regulations, and for example, convertible independent liens shall be utilized only for the original purpose intended and cannot replace any other types of liens. Consecutively, the amendment also mitigates the so-called “fiducia”-ban, as the prohibition extends only to consumer transactions, and therefore, only those provisions will be considered null and void by which the consumer undertakes to establish an option to buy or transfer of ownership or other rights/claims for the purposes of securing a claim against him/her.

Other provisions of the amendment concern regulations pertaining to legal persons, among others, adult children and their responsibilities to their parents.

In relation to the first amendment, the provision which says that in the case of causing damages to third persons by the managing director of a legal person in connection with his/her legal relationship with the given entity, the liability of the two for such damages shall be joint and several. According to the amendment, the legal entity will be liable for such damages and their liability will only be joint and several if the damages were caused by the managing director intentionally. An amendment concerning stock corporations only will introduce a new exception to the general rule according to which the shares of a private limited company may also be sold in public in the process of changing the operating form of the company.

The second amendment related to adult children emphasizes the maintenance obligation of adult children towards their parents and ensures the possibility of demanding compensation for justified maintenance costs from adult children by those who actually care for the parents in need of maintenance instead of their children (without being obliged to do so). The compensation may be demanded within 1 year from providing the maintenance.