



Changes in certain procedural rules during the state of emergency based on Government Decree 74/2020. (III.31.)

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6 April 2020











Procedural changes

Changes in procedural rules



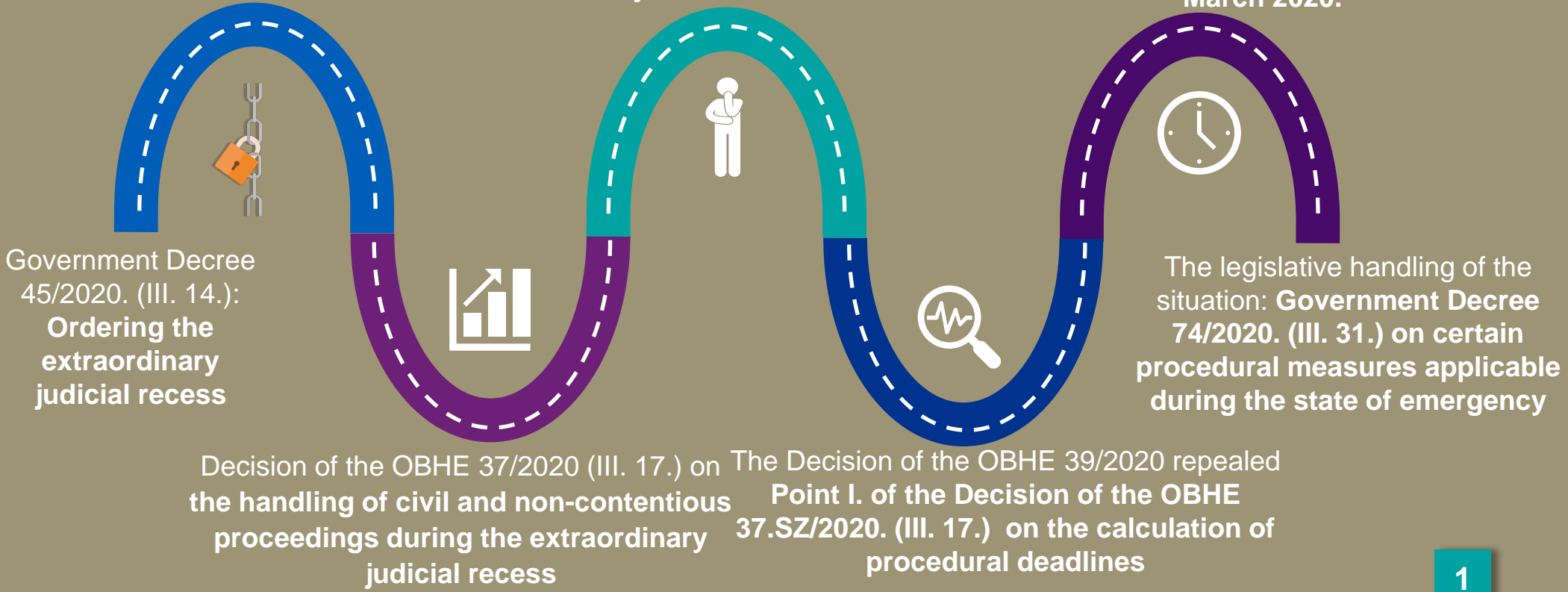
Extraordinary judicial recess and procedural changes during the state of emergency

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Numerous questions may be raised regarding the extraordinary judicial recess: How to interpret it, what are the applicable rules?

According to the Decision of the OBHE 37/2020, **the deadlines are interrupted and will run again after the extraordinary judicial recess.**

The Government did not extend the effect of Government Decree 45/2020. (III. 14.). **Thus, the extraordinary judicial recess was terminated on 30 March 2020.**





Civil and non-contentious proceedings 1.



Deadlines

- ✓ In principle, the state of emergency shall **have no effect on the passing of deadlines.**
- ✓ However, deadlines expiring in the period between ordering the extraordinary judicial recess under Section 1 of Government Decree 45/2020 (14 March) and the 15th day following the entry into force of Government Decree 74/2020. (III.31.), **shall be extended until the 30th day following the entry into force of Government Decree 74/2020. (III.31.) (1 April).**
- ✓ In case of **procedural actions which require personal assistance**, the time period when such actions are hindered or the time period of the state of emergency shall not be counted as falling within the period of deadlines.
- ✓ **The interruption of the proceedings shall be terminated** on the day of the entry into force of Government Decree 74/2020. (III.31.)

Procedural actions of parties

- ✓ At the request of the parties, **the proceedings may be stayed an indefinite number of times.**
- ✓ The parties may submit further **statements in writing.**
- ✓ The parties may **not request the holding of a hearing in an appeal / revision proceeding.**
- ✓ Significant simplifications for parties acting without legal representatives.
- ✓ During the state of emergency, submissions shall not be submitted in person at the administration office of a court, but shall be placed in the closed collection box at the entrance of the court.
- ✓ In principle, the procedural changes introduced by the Government decree during the state of emergency in relation to the previous and the new Hungarian Code of Civil Procedures shall also be applicable in civil non-contentious procedures with derogations arising from the non-contentious nature of such proceedings.



Procedural changes



Civil and non-contentious proceedings 1.



Civil and non-contentious proceedings 2.



Administrative proceedings 1.



Administrative proceedings 2.



Notarial procedures



Other



Financial sector



Contact

Civil and non-contentious proceedings 2.



Procedural actions of the court

- ✓ **Preparatory hearings shall not be held.** Hearings on the merits of the case shall be conducted by way of an **electronic communications network or other means suitable for image and sound transmission**, if possible. Otherwise, the court shall obtain the statements of the parties **in writing**.
- ✓ The court may decide to **adopt a decision outside the hearing** even if a hearing has already been scheduled.
- ✓ During the state of emergency, - in principle - procedural actions that need to be performed at a location subject to an epidemiological measure shall not be performed.
- ✓ The court of first instance shall consist of a **single professional judge** in all cases.
- ✓ If a hearing held in a case before the declaration of state of emergency was postponed and there are no further procedural acts to be performed during the period of state of emergency, **the court shall notify the parties of closing the hearing in writing and allow them to make further statements in writing**.
- ✓ The court shall **adopt a judgement without holding a hearing**.
- ✓ The court may **approve a settlement, by means of an order, without holding a hearing**.
- ✓ In cases where **service by public notice** is necessary, the proceeding is interrupted until the termination of the state of emergency.

Court of Registry procedures

- ✓ The Court of Registry shall take **only documentary evidence**.
- ✓ The Company Information and Electronic Company Registration Service shall provide any company information or other service **exclusively by electronic means**.





Administrative proceedings 1.



Deadlines

- ✓ In principle, the state of emergency shall have **no effect on the passing of deadlines.**
- ✓ However, deadlines expiring in the period between ordering the extraordinary judicial recess under Section 1 of Government Decree 45/2020 (14 March) and the 15th day following the entry into force of Government Decree 74/2020. (III.31.), **shall be extended until the 30th day following the entry into force of Government Decree 74/2020. (III.31.) (1 April)**
- ✓ In case of procedural actions which require personal assistance, the time period when such actions are hindered or the time period of the state of emergency shall not be counted as falling within the period of the deadlines.
- ✓ The **interruption of the proceedings shall be terminated** on the day of the entry into force of Government Decree 74/2020. (III.31.)

Procedural actions 1.

- ✓ If a personal interview is required, **statements shall be obtained in writing**, or by electronic means.
- ✓ **Enforcement shall not be suspended and interim relief shall not be granted** if an administrative act is connected to the elimination of the consequences of the human epidemic endangering life and property and causing massive disease outbreaks or to the protection of the health and lives of Hungarian citizens.
- ✓ Significant simplifications for parties acting without legal representatives.
- ✓ During the state of emergency, submissions shall not be submitted in person at the administration office of a court, but shall be placed in the closed collection box at the entrance of the court.
- ✓ During the state of emergency, - in principle - procedural actions that need to be performed at a location subject to an epidemiological measure shall not be performed.



Administrative proceedings 2.



Procedural actions 2.

- ✓ During the state of emergency the court shall proceed without holding a hearing.
- ✓ If a hearing is to be held at a time not falling within the period of state of emergency, the plaintiff may **request postponing the hearing to a date after the period of state of emergency**, instead of having the adjudicated without a hearing, if...
 - the court did not order the administrative action to have suspensory effect at least in part,
 - bringing an action has suspensory effect and the court did not order the suspensory effect to be dissolved and
 - no provisional measure was ordered.
- ✓ The procedural actions shall be conducted by way of an **electronic communications network or other means suitable for image and sound transmission**, if possible. Otherwise, the court shall obtain the statements of the parties **in a writing**.
- ✓ If a hearing held in a case before the declaration of state of emergency was postponed and there are no further procedural acts to be performed during the period of state of emergency, **the court shall notify the parties of closing the hearing in writing and allow them to make further statements in writing**.
- ✓ The court shall **adopt a judgement without holding a hearing**.
- ✓ The court may **approve a settlement**, by means of an order, without holding a **hearing**.



Procedural changes



Civil and non-contentious proceedings 1.



Civil and non-contentious proceedings 2.



Administrative proceedings 1.



Administrative proceedings 2.



Notarial procedures



Other



Financial sector



Contact

Notarial procedures



Notarial non-contentious procedures

- ✓ The state of emergency shall have **no effect on the passing of deadlines.**
- ✓ If a personal interview needs to be conducted, **statements shall be obtained in writing.** Communications between the client and the notary may only be in writing on paper / electronically.
- ✓ The notary may **postpone a procedural action requiring personal attendance** to be performed by a date falling within the period of state of emergency. If such a procedural action that was not postponed is missed, the legal consequences of omissions shall not apply.
- ✓ The notary may read out loud a notarial deed, perform his notification obligation, read out loud or explain a deed required by law in the course of the attestation of the authenticity of a signature or initials, or carry out the attestation of taking an oath or a vow outside a court action to be used in a proceeding abroad **by means of telecommunication suitable for maintaining continuous audio and video connection.**
- ✓ The notary **shall not schedule a hearing in a probate proceeding** and the probate may be granted without a hearing.
- ✓ The president of the regional chamber of notaries **may exempt a notary from his obligation to provide assistance** at a request by the notary. Deadlines in cases affected by the exemption shall not include the period of exemption.

- ✓ Until the day following the end of the state of emergency, **applications shall not be submitted orally and the right to inspect documents shall not be exercised by way of personal attendance.**
- ✓ Until the end of the state of emergency, **orders for payment shall not be served by a bailiff**, and deadlines for service shall recommence on the day following the end of the state of emergency.

Order for payment procedures

However, in certain cases, personal reception of parties may be possible at the notary office.





Other relevant procedural provisions



The statutory deadline for **the submission of a service complaint** regarding service of documents, or of **an application for excuse regarding an omission** shall not include the period of state of emergency.

The validity period of **a personal security clearance / a facility security clearance / a security expert opinion** shall be extended until the 90th day following the end of the period of state of emergency.

The deadline for the performance of **an obligation to make a declaration of assets** shall be extended until the 90th day following the end of the period of state of emergency.





Procedural changes



Civil and non-contentious proceedings 1.



Civil and non-contentious proceedings 2.



Administrative proceedings 1.



Administrative proceedings 2.



Notarial procedures



Other



Financial sector



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The Government Decree's impact on the financial sector

Debt collectors

- ✓ The shut-down of service of orders for payment by a bailiff and the limitations on enforcement may have significant impacts on the operation and processes of the sector if a party requests the service of order for payment by a bailiff in his application.
- ✓ The Government Decree is expected to have consequences on the amount of the purchase price of purchased receivables.
- ✓ A vast amount of past due debts is expected to be accumulated by the end of the state of emergency, thus it is necessary to foresee the handling of such situations and launch developments.

Impairment loss

- ✓ Revenues from the purchase of receivables are usually taken into account when determining impairment loss, which at this time are expected to be lower.
- ✓ Returns on enforcement procedures may be late, which must also be taken into account when determining impairment loss.
- ✓ The shut-down of service of orders for payment by a bailiff and the previously introduced ban on evictions may affect the clients' willingness to pay and certain moral risks may arise as well.

Accounting effects

- ✓ From an accounting point of view, the timeliness of returns may change in respect of nonperforming, impaired loans due to the Government Decree (change in cash-flow estimates).
- ✓ The value of loans carried at fair value may be reduced due to the Government Decree.



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