



Changing the scope of economic activities pursued due to the Covid-19 outbreak

KPMG Legal Tóásó Law Firm

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Temporary changes in the scope of activity



Tax Authority



Notifying the local government



Site permits



Contacts

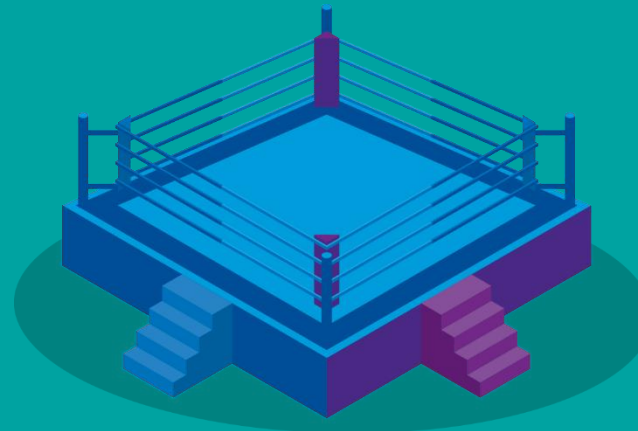
Temporary changes in activity



As a result of the COVID-19 outbreak, more and more companies are temporarily engaging in activities other than their main profile, helping both to fight the epidemic and to ensure their operation in this difficult situation.

This sudden change of direction will be easier for those, who already have the necessary technologies, equipment and materials to produce medical devices, for example, instead of existing products, but they also need to pay attention to the legal regulations applicable to these new activities. In most cases, it is not enough to simply to adjust production lines, the legal background also needs to be resolved.

KPMG Legal Tóásó Law Firm has now collected the most important aspects companies need to pay attention to in order to maintain their lawful loperations in the fight against the epidemic.





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Reporting activities to the state tax and customs authority (NAV)



- Pursuant to section 16 (2) of Government Decree Nr. 465/2017 (XII.28), the activities actually performed (in compliance with the TEÁOR nomenclature) shall be reported to the Tax Authority.
- The application must be completed on the form "20T201T - Notification and notification of changes form for organizations and sole proprietorships obliged to register", using the "ÁNYK" software.
- According to the Government Decree, the notification shall be made within 15 days from the first day of pursuing the activity.
- Failure to do so may result in a fine of up to HUF 200,000 for a natural person taxpayer and up to HUF 500,000 for a non-natural person taxpayer.



- In the case of registered companies, the expansion or change of the scope of activities does not need to be reported to the court of registry, as the Tax Authority notifies the Court of Registry ex officio.
- However, it is important that the scope of activities should be updated in the next amendment of the instrument of incorporation.



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Activities subject to notification requirement



The activities listed in Annex 1 of Government Decree Nr. 57/2013 (II.27.) are considered to be activities subject to notification obligation.

- These activities may be carried-out after the notification of an intention to pursue such activities.
- Prior to the commencement of industrial activities, the person carrying-out the industrial activities shall be required to notify the local, in case of Budapest, the district, or in case of a territory directly governed by the Local Government of Budapest the chief notary (hereinafter: notary) competent according to the location of the site, in writing, about the industrial activity he intends to pursue on the form containing the data specified in Annex 3 to the Government Decree
- When deciding an application for an activity subject to notification requirement, the notary shall make sure that the activity that is subject to the application is permitted to be performed on the indicated location by the local construction code or, in the absence of such code, by Section 18 (2) of Act LXXVIII of 1997 on the Formation and Protection of the Built Environment.
- If a person carries out activities subject to notification requirement without such notification, the notary shall prohibit the pursuit of the industrial activity, and shall proceed to cancel the activity from the register.
- The scope of activities subject to notification requirement includes: manufacture of electronic medical equipment; manufacture of household and sanitary paper products; manufacture of workwear; manufacture of medical aids, etc.





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Activities subject to site permits



The activities listed in Annex 2 to Government Decree No. 57/2013. (II. 27.) are subject to site permits.

- Following the notification of an intention carry-out an activity, the activity may be pursued:
 - on industrial site as specified in other legislative acts, or
 - on non-industrial site, if the building used as a site or the other independent unit in the building has an occupancy permit or acknowledgement, and/or a continuation and occupancy permit which has become definitive within 6 months for the purpose of the activity being carried out.

In cases not mentioned above, industrial activity shall be carried out only in the possession of a final or definitive site permit.

- The request for a site permit shall be submitted to the notary with competent according to the location of the site, on the form containing the data specified in Annex 3 of the Government Decree.
- The administrative deadline for issuing the site permit is 30 days.
- When deciding on the request for a site permit, the notary shall make sure that pursuing the given activity is permitted on the indicated location by the local building code or, in the absence of such code, by Section 18 (2) of Act LXXVIII of 1997 on the Formation and Protection of the Built Environment.
- The person engaged in the pursuit of the industrial activity shall notify the notary in case of the termination of pursuing the industrial activity immediately after the termination and, in the case of an activity subject to site permit, shall hand over the site permit.
- If a person carries out activities subject to site permit without a site permit, the notary shall prohibit the pursuit of the industrial activity, or the notary shall withdraw the permit and shall cancel the activity and the permit from the register.
- The scope of activities subject to site permit includes: manufacture of cleaning products, etc.



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