Basic rules of administrative enforcement proceeding

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Under what legislation does the NTCA conduct the enforcement proceedings?

The National Tax and Customs Administration (NTCA) conducts the enforcement proceedings in accordance with

- Act CLIII of 2017 on Enforcement Proceedings to be Implemented by the Tax Authority (hereinafter referred to as Avt.),
- Act CLI of 2017 on Tax Administration and the Regulation of Tax Administration (hereinafter referred to as Air.),
- Act CL of 2017 on the Rules of Taxation (hereinafter referred to as Art.) and
- Act LIII of 1994 on Judicial Enforcement (hereinafter referred to as Vht.).

The NTCA conducts the administrative enforcement primarily pursuant the rules of Avt., the other legislative acts are applied if Avt. does not contain a (different) provision for the particular case.

What is a debt?

A debt is a payment liability with expired due date and still outstanding. According to the governing rule these debts can be enforced.

The liability cannot be enforced before the expiry of the payment deadline. But there is a possibility that the NTCA takes protective or temporary protective measures for the particular liability on an exceptional basis[1].

The deadline of the payment of particular taxes are stipulates by law[2], and the taxes ordered to be paid in a decision shall be paid within 15 days from the day when the decision enters into force, except where otherwise provided by the law.

What are the options for a taxpayer if he/she can't pay on time?

If a taxpayer fails to meet the payment obligations – of the taxes, contributions, surcharges, duties, penalties and other charges kept on registry by the NTCA – due to any legitimate economic or personal reason, it may request a payment facility.

Payment facility can be in the form of:

- deferral,
- payment by instalment,
- reduction or waiver.

The detailed rules of payment facility procedure can be found in the dedicated information booklets published on the homepage of the NTCA.

The debt for which deferral or instalment scheme was granted by the NTCA can't be enforced in the given period. If a new, due debt of the taxpayer occurs and/or pays the granted instalments

[1] Sections 82-84 of Air.
[2] Schedule No. 2 of Art.

inappropriately, then the NTCA aggregates the debts, i.e. they will be due in one amount and enforceable.

What debts are enforced by the NTCA?

The NTCA enforces the following debts:

- taxes, central subsidy,
- tax reclaims, tax refund,
- allocation and reclaim of state guarantee or suretyship,
- public dues to be enforced as taxes,
- liabilities belonging to NTCA's competence for administrative enforcement based on the procedures of general public administration,
- liabilities related to local taxes and/or vehicle taxes recorded by municipal tax authorities, except where the law or government decree does not transfer it to the competence of other authority or tax authority, and
- penalties, costs and other claims based on public administration decision of judicial and administrative enforcement organs.

The NTCA performs administrative enforcement**:**

- ex officio for the non-payment of taxes and contributions recorded by it,
- for external requests.

Based on the general rules of competence, the administrative enforcement can be started by the competent county (capital) tax and customs directorate of:

- the residence of the private individual, if there is no any, of the place of stay, in the lack of both, of the last known inland residence,
- the seat of an entrepreneur without legal personality – including the private individual performing entrepreneurship, if there is no any, of the establishment,
- the seat of a legal person, or other organization, in the lack of it, of the establishment (the place where the activity is carried out.

If the change of residence or seat of the debtor results also in the change of residency, the organ performing the administrative enforcement - while informing the debtor about it - forwards the set of documents to the competent directorate.

Enforcement order serving the basis for the administrative enforcement

An enforcement order is a document justifying the debt without which an administrative enforcement cannot be started. The enforcement order – in paper form or electronically – must be available for any debt to be enforced.

The legislation[3] stipulates for each type of debt what document is to be considered an enforcement order, e.g. tax return, decision or resolution or also a request. The *Annex 1* of the information booklet contains the detailed list of the enforcement orders.

There is no special measure needed to enforce an order. Any surcharges or interests calculated on the basis of the debt, the standard enforcement cost allowance and the minimum cost shall be enforced on the basis of the enforcement order relating to the tax debt.

Will the NTCA request to pay by a way of notice before the start of the enforcement proceeding?

The tax authority may request the debtor and the person obliged to pay the debt to pay by way of a notice in which informs about the amount of the debt and sets a due date for the payment But the enforcement proceeding can be started without issuing any notice, special decision or resolution.

Barriers to enforcement

What is the legal consequence of the pausing or suspension?

There are circumstances pausing or suspending the enforcement proceeding, or in the existence of which the enforcement proceeding is being suspended by the NTCA or the court. In such cases no enforcement proceeding can be started for the debt, and the next procedural measure of the enforcement proceeding can be introduced.

What are the cases of pausing?

The enforcement proceedings shall be paused,[4]

- from the day following the receipt by the tax authority of an application for a payment facility until the day on which the ruling assessing the application becomes final if the debtor lodged his application within eight days following the due date of the debt,
- from the day on which the ruling granting deferred payment or instalment payment becomes final until the payment of the debt as set forth in the ruling if deferred payment or instalment payment has been granted upon the debtor's application,
- from the day following the NTCA's becoming aware of the application for payment allowance until final judgment is made with respect to the application, if the in the course of the administrative proceedings opened against the NTCA's decision on the payment allowance lodged for the first time has not yet been judged with final effect;
- from the order opening liquidation proceedings until it is completed with final effect if a member or shareholder or executive officer liable for the business organization has been ordered to pay its tax liabilities; or
- if so provided by the law.

The debtor may ask for payment facility before starting the proceeding or at any stage of the proceeding.

[3] Paragraph (1) of Section 29 of Avt.
[4] Paragraph (1) of Section 16. of Avt.

The request submitted within 8 days of due date does not paused the enforcement proceeding if it refers to a debt for that the granting of the payment facility is disclosed by the law. E.g. advance payment of private individual's personal income tax and deducted income tax, or contribution deducted from the private individual by the payer.

Pausing automatically occurs when the definite term is satisfied, the NTCA will not issue a decision, resolution on the fact of the pausing and terminating, neither the taxpayer shall not request or lodge it in a special notification.

It is important to know for the ongoing enforcement proceedings that the pausing is not the same as the termination of the enforcement.
If the NTCA seized any asset of the debtor, the force of seizure is still in force during the pausing, but the bailiff may not transport or sell it - unless the debtor expressly so requests.

The debtor can use the asset in accordance with its intended purpose, if the asset is not under sequestration of the NTCA or was not transported by it, but the debtor is liable to take care to protect its condition.
Consuming, pledging, alienation, destruction of seized movable property or any form of obstruction of enforcement is deemed a criminal offense.

The NTCA will withdraw the official transfer order immediately if the payment service provider administering the payment account does not deliver the official transfer order until the first day of the pausing of the enforcement. The NTCA will deposit to the debtor the amount that was transferred to the NTCA during the force of pausing within eight days.

The NTCA shall notify the employer of the suspension of the deduction based on garnishment if the employer did not transfer the tax authority the entire amount to be enforced until the first date of the pausing of the enforcement. The employer shall refund the amount to the debtor that during the force of the pausing was deducted but was not transferred to the NTCA yet.

The NTCA will reimburse the amount transferred to it by the employer during the force of the pausing based on the garnishment of wages within eight days.

What are the cases of suspension?

The suspension of the enforcement has the same legal effect as the pausing of the enforcement, meaning that enforcement may not be started as of the date of suspension and in the case an enforcement proceeding is already started, the next enforcement action cannot be implemented. The suspension of the enforcement proceeding belongs to the competence of the NTCA or the court.

The cases of the suspension of the enforcement:

- The NTCA may ex officio, or shall if so instructed by its superior body, suspend the implementation of the ruling if the alteration or annulment of the ruling ordering a payment obligation is expected.
- The NTCA may exceptionally suspend an enforcement proceeding upon the debtor's request if the debtor has justified any reasonable circumstance giving reason for the

suspension, and the debtor was not punished by any procedural fine earlier in the course of the enforcement proceedings.

- The NTCA may exercise this right in exceptionally reasonable cases as the taxpayer may request payment facility that may pause the enforcement proceedings. The number of persons towards whom the debtor has a maintenance obligation, the severe and persistent illness of the debtor or a dependent person, any natural or industrial disaster occurring in the course of the enforcement also afflicting the debtor may be considered a reasonable circumstance giving reason for the suspension.
- The NTCA may suspend the enforcement in duty cases upon an application, with the exception of the financial transaction duty and the court fee even if the termination of the liability to pay duty is expected.
- If the claim to be enforced is seized in the course of implementing a sequestration ordered in a criminal procedure in order to protect another claim and the debtor certifies to the tax authority to have paid the amount of the claim to the specified account.,
- The NTCA shall suspend the enforcement of the claim within 3 working days upon receipt of the certificate by the tax authority until the amount of the claim is credited.
- Upon the request of the creditor, the NTCA shall suspend and/or terminate the enforcement proceedings if the incurred costs of enforcement are reimbursed. If the creditor fails to request the continuation, termination of suspension of the suspended enforcement proceedings within six months from the suspension, the NTCA shall terminate the enforcement proceedings.
- The court may suspend the enforcement of the decision or the enforcement of the asset being the subject of the replevin action in an administrative proceeding opened to review the decision determining the payment obligation or in the case of a replevin action respectively.
- In case of an enforcement proceeding initiated on an external request, the enforcement shall be suspended on the request of the creditor - but only for the claim given by him/her.
- If the lien's holder announces to be involved in the enforcement proceedings on the notification of the bailiff effecting the enforcement sent by the tax authority, the court will suspend the enforcement on the property under lien within 3 days from receiving the request.
- The NTCA may suspend the enforcement proceeding the decision on the delivery objection based on request or ex officio enters into force if the facts, circumstances of the request show its acceptance.
- When enforcing a specific act affecting real estate, the NTCA will suspend the enforcement proceedings on the initiative of the owner of the real estate if the owner of the real estate undertakes to comply voluntarily and without delay with the decision of the authority requesting collection. The suspension may be ordered only once, at the request of the owner of the property, for a maximum period of 6 months.
- If it is stipulated by the law.

Appeal against the decree ordering suspension shall have no suspensory effect on the execution of the decision...

Legal remedies (dispute resolution)

In an enforcement proceeding the enforcement of liabilities based on decisions that became final, enforcement orders takes place. Thus the taxpayer can question the legal base of the claims to a limited extent, the proper legal remedies were granted for the taxpayer during the main procedures by the legislator.

The following legal remedies are open against the NTCA's decisions, the bailiff's actions or omissions:

Objection to enforcement

Against what action may an objection to enforcement be lodged?

An objection to enforcement can be lodged against the unlawful action or omission of the NTCA or the independent court bailiff in an enforcement proceeding.

Who may lodge an objection to enforcement?

It may be lodged by the debtor, the creditor, the creditor authority or any participant whose right or legal interest is violated by the enforcement.

What is the deadline of lodging the objection and where to lodge it?

The objection may be lodged in fifteen days from the objected action or the omission of the action.

The objection may be filed beyond 15 days of becoming aware of it – while filing the request for a certificate at the same time - if the claimant was prevented from submitting the objection and proves this fact in his request for a certificate lodged at the same time as the enforcement objection.
The objection to enforcement proceedings may be submitted no later than six months upon the challenged act or omission of an act.

The complaint to enforcement proceedings shall be filed to the directorate of the NTCA implementing the enforcement.

If an objection to enforcement against any illegal act or omission of an act of the independent court bailiff is lodged with the NTCA, the latter shall notify the independent court bailiff with priority of it.

In the objection to enforcement, the challenged measure shall be indicated and the reasons why the person lodging the objection wishes to annul or alter the measure. Any application containing an objection to enforcement that arrives late, does not originate from the entitled person or does not communicate the reasons for annulling or altering the challenged measure shall be rejected by the NTCA.

Only the objection to enforcement lodged at the first time after the scheduling of the auction and challenging the legality of the scheduling of the auction shall have a suspensive effect on the following enforcement acts. But any measure for the sale of the seized property may only

be taken after the final decision has been made concerning any objection with respect to the seizure and the establishment of the appraised value of the property item.

The objection to enforcement will be assessed by the competent department of the Appeal Directorate of the NTCA within15 days.

An independent appeals shall lie against the decision challenging the objection to enforcement that will be assessed by the Commissioner of the NTCA.

Appeal

The act provides the **possibility to an independent appeal against the ruling** taken in enforcement proceedings. Such decisions create payment liabilities for the taxpayer or the person liable to pay the tax. The liabilities may be enforced only if the decision became final, i.e. the taxpayer or the person liable to pay the tax did not appeal against it or despite the appeal the second instance authority did not change the first instance decision.

The appeal against the decision may be submitted within 15 days, the period open for the assessment of the appeal is 30 days.

An independent appeal shall lie against the ruling

- made in the enforcement proceedings of the tax authority based on Avt. or Vht.,
- rejecting the justification request filed because of failure to comply with the time limit for submitting an objection to enforcement,
- rejecting an objection to enforcement, and
- judging an objection to enforcement.

In respect of appeals against resolutions brought by applying the provisions of the Art or the Air Act, the provisions of the Art or the Air Act shall be applied.

Any request containing an objection to enforcement that arrives late, does not originate from the entitled person or does not communicate the reasons for annulling or altering the challenged measure shall be rejected by the first-instance tax authority.

Action of replevin in enforcement[5]

The action of replevin is a litigation process in order to clear the claims of the assets seized during the enforcement proceeding. An action of replevin may be initiated by any person who **files a claim to seized assets asserting ownership right or any other right** with the capacity to block the sale of the asset in the enforcement proceedings.

The beneficial user may not bring the action of replevin of an immovable property based on beneficial right since the beneficial right remains even after the property is sold. In case of other asset the beneficial user may bring an action of replevin. If the court's decision is in favour of the claim, the seized asset solely may be sold only when the beneficial interest ceases to exist.

[5] Sections 538-550 of Code of Civil Procedure (hereinafter referred to as PP.)

The action of replevin shall be brought against the creditor to recover the asset from seizure. If there are several creditors in the enforcement proceeding the action of replevin shall be brought against all of them. The district court according to the place of seizure and the court according to the place of the property in property litigation respectively is solely competent.

The action of replevin has suspensory effect[6] if it was brought within 8 days from the date of seizure. In such cases the sale of the claimed asset may be possible after the final conclusion of the judicial proceedings.

Enforcement costs

Costs, expenses that occur in connection with the collection of the debt in the enforcement proceeding are enforcement costs.

The debtor is burdened by the enforcement costs the both in tax and judicial enforcement proceeding.

Enforcement costs are

- expenses,
- the minimum cost and
- standard enforcement cost allowance.

The tax authority shall charge the costs with the exception of the standard cost allowance and the minimum cost in a resolution that may be appealed.

The NTCA informs the debtor on charging the standard cost allowance and minimum cost within eight days. The debtor may complain about the charging of the standard cost allowance and/or the minimum cost in a complaint which he may lodge against the enforcement action on which the costs are based.

Expenses: are the expenses that are justified with an invoice or may be determined by the relevant legislative acts that occurred actually and in quantifiable terms in connection with the enforcement proceeding.

Standard enforcement cost allowance: the NTCA is entitled to an amount of 10,000 forints for the enforcement of monetary claim irrespective of all other chargeable costs and standard cost allowances.

Minimum cost: the amount that shall be paid at the enforcement of the movable and immovable property irrespective of the actual amount of the costs occurred. The basic amount of the cost minimum is 10,000 forints.

The 10,000 forints of minimum cost shall be charged once for several movable properties that were attached or attempts were made to attach at the same site and time, and for attachment of the movable and immovable properties based on registries shall be charged separately for each attachment (meaning that 10,000 forints shall be paid for each site in the case of the attachment at the site and 5000 forints shall be paid for each item of property for the attachment based on registries).

[6] Paragraph (2) of Section 58 of Avt.

If the enforcement costs charged are not paid voluntarily, the debt to be enforced will be increased. In the case of a successful enforcement the amount of money collected – prior to capital debt – shall be accounted primarily for the actual enforcement cost.

The NTCA - after the prior notification to voluntarily comply - charges 10 000 forints of ***standard enforcement cost allowance*** for the implementation of given actions in the enforcement proceedings for a proceeding on each site . If the delivery of the particular action may not been postponed[7], and due to this fact the notification to voluntarily comply will be omitted, this standard cost allowance shall be charged for the proceeding at the site in the lack of the prior notification.

Enforcement proceeding

The enforcement proceeding can be initiated if the debtor did not pay the debt based on enforcement orders at the due date and there are not circumstances hindering to initiate the proceeding. If the debtor's request for payment facility was rejected by the NTCA, there is a possibility for voluntary compliance or partial performance at any stage of the enforcement proceeding, the enforcement actions will or will not take place with regard to it.

In contrary to the above mentioned the principle of gradualness does not apply in tax enforcement, an official transfer order, i.e. collection, income foreclosure is being issued, or attachment based on vehicle, company, immovable property registries takes place at one time or in a short period one after the other, depending on the detection of assets and the amount of the tax debt based.

So it depends on the acting bailiff's decision which action of enforcement is underway in the different stages of the proceeding. Generally, it can be said the action is reasonable that is a quick and effective, inexpensive tool to recover the claim of the NTCA, and that causes the least restriction limitation of the taxpayer.

Taking into consideration the amount of the debt:

- **with respect to debtors that have a net sum of debt not exceeding 10 000 forints**, the NTCA shall send a payment notice, and it shall not implement any further enforcement action, with the exception of claims due to the European Union from conventional own resources, the fine imposed on a juvenile, the fine imposed on a legal person in criminal proceedings and the confiscation of property expressed in the amount of money,
- **with respect to small claim amounts exceeding 10 000 forints but not exceeding the limit established in the act on the central budget** – except for the claims due to the European Union from conventional own resources – the NTCA solely implements authority transfer orders and garnishment of income. If these are unsuccessful, the tax authority may consider the debt-without passing a formal ruling - as temporarily affected by unsuccessful enforcement, and may keep it on record under this title until the debt becomes enforceable or until the right to enforcement expires,
- **with respect to public dues to be collected as taxes not exceeding 200 000 forints**, and other claims to be treated in accordance with its rules, the NTCA – apart from the payment notice – solely implements official transfer orders and/or garnishment of

[7] Point b) of Paragraph (6) of Section 122 of Avt.

incomes. If these are not successful, the NTCA informs creditor on the inefficiency and the termination of the proceedings,

- **if, apart from the public dues to be collected as taxes (and other claims to be handled as public dues) not exceeding 200,000 forints, the debtor has tax liabilities as well**, the NTCA may implement other enforcement actions as well. If, in the course of the enforcement proceedings, after registration of a mortgage, no result may be expected from other enforcement actions, the NTCA informs the creditor on the inefficiency and the termination of the proceedings.

Enforcement proceeding according to general public administration procedures (Ákr.)

The proceedings aiming to enforce payment liabilities and to implement a definite enforcement action shall be distinguished in the enforcement proceeding performed according to general public administration procedures.

Enforcement of payment liabilities

The NTCA – with the exception of the liabilities constituting fully or in part the requesting authority's own proceeds – shall:

- shall charge default interests,
- shall initiate an insolvency proceeding relating to them,
- shall report them as creditor's claims in bankruptcy, insolvency, voluntary dissolution, deregistration or debt arrangement proceedings ordered upon the request sent by the creditor authority,
- shall exercise the rights of creditors,
- shall pay registration fees,
- may record the liabilities as temporarily affected by unsuccessful enforcement
- shall establish the expiration of the right to enforcement with respect to such liabilities.

After assessing the requests for payment facilities filed upon the order with respect to the enforcement proceedings, the NTCA shall act with the proviso that the consent of the creditor authority shall not be required for granting a reduction of the debt. No enforcement act may be implemented against the debtor until the provisions as set out in the ruling on the payment facility are fulfilled; and no default interest may be charged for this period.

If the debtor fails to meet the conditions as set forth in the ruling providing the payment facility, the NTCA implementing the enforcement shall continue the enforcement proceedings for the entire amount of the arrears and shall charge the default interest with retroactive effect.

If the enforcement proceeding is performed on

- requests for payment facilities in respect of liabilities constituting fully or in part the requesting authority's own proceeds
- as well as applications for payment facilities in respect of Member State requests for the enforcement of unemployment benefits illegally received abroad,

the NTCA – after assessing requests for payment facilities filed upon ordering the enforcement proceedings – shall send the application for payment facility lodged to it to the creditor.

Specific act

If the decision involves the performance of a specific act or a specific behaviour, tolerance or discontinuation (hereinafter referred to as "specific act"), and the debtor has failed to perform such specific act voluntarily, the creditor authority shall contact the directorate of the NTCA according to the place of the performance of such an act in order to implement the enforcement proceeding.

The NTCA - canvassing the possible imposition of a procedural fine - shall summon the debtor to voluntarily perform the specific act and inform him of the consequences of non-performance. If voluntary performance is not achieved,, in order to ensure the performance of the specific act, the NTCA may re-impose the procedural fine on the debtor once.

If the debtor is a legal entity or other organization, such procedural fine may be simultaneously imposed both on the legal entity or other organization and its executive officer. If the debtor fails to comply with his obligation within the time limit determined in the resolution imposing the procedural fine, the procedural fine may be imposed repeatedly, on one occasion.

The NTCA shall perform the specific act at the debtor's cost and risk involving, if necessary, the members of its professional staff or using coercive measures if:

- the debtor fails to perform the specific act despite the imposed procedural fine; or
- the performance of the specific act cannot be delayed. In this case it is no need prior to impose the procedural fine.

If the performance of the specified act requires expertise, an official authorisation or a tool that are not available to the NTCA, it will proceed with the involvement of the central procurement body designated by law or select the organisation to participate in the procedure on the basis of the rules of the Public Procurement Act.

If the procurement is not within the scope of the Public Procurement Act, NTCA shall notify the organisations with the necessary expertise - registered for a specific geographical area or nationally - on the list of the participating organisations electronically - in addition to sending the technical specifications of the task to be performed - and invites them to submit bids. The time limit for submitting bids is set by NTCA, ranging from 5 to a maximum of 60 days from the date of the invitation to submit bids.

The participating organisation invited to submit a bid may submit its bid within the deadline set by the tax authority for carrying out the task described in the technical specifications. The bid shall include the price of the service as a participating organisation, including all additional costs, and shall specify the method, place and date of the contribution.

Following the expiry of the deadline for submission of bids, NTCA shall, on the basis of the bids received, issue an order designating the organisation submitting the bid to perform the specific act, on the basis of whose bid the performance of the specified act will be the least costly for the debtor. The order shall also specify the organisation designated and the estimated fee for its services.

If no valid offer is received within the time limit, or if the list of participating organisations does not contain a participating organisation with the necessary expertise to carry out the specified act, NTCA invites at least three economic operators from the register of courts or authorities who are qualified to carry out the specified act.

The method of participation of the organisation making the most suitable bid, as specified in the order, is supervised by NTCA in the course of the procedure.

NTCA shall draw up a report on the procedure and send it to the authority requesting the recovery of the debt, at the same time informing it of the termination of the procedure. On the basis of the invoice issued by the participating organisation and the report on the procedure, NTCA shall make the payment.

The fee paid is an unpaid enforcement cost, which is assessed by NTCA in an order and enforced - in the absence of voluntary compliance - according to the rules on monetary obligations. The order is an enforceable instrument in the enforcement procedure.

The limitation period of 4 years from the last day of the calendar year in which the specific act is due for enforcement is interrupted by any act of enforcement.

Upon request, any individual or organisation carrying out economic activities in Hungary may be included in the public register of participating organisations, *which is published quarterly on the website of NTCA*, if they are included in the database of taxpayers free of public debt at the time of the request.

If the NTCA eliminates a participating organisation from the database of taxpayers free of public debt, it will also eliminate the organisation from the register.

NTCA will also eliminate from the list of participating organisations those which, despite the designation, have not complied with the provisions of the order for reasons attributable to them. An organisation deleted from the list for this reason may not be re-entered in the register within 12 months of the date of deletion/elimination.

Enforcement of the Court of Justice

As of 1 January 2019 the NTCA took over the enforcement tasks previously belonging to the force of enforcement by the Court of Justice.

The NTCA shall carry out the enforcement in accordance with the enforcement orders issued after 31 December 2018, and as of 31 December 2019 regarding to any enforcement orders whose completion to the merits of the case has not been done.

After assessing the application for payment facility for the money claims under such title the NTCA acts according to the rules of public dues to be enforced as taxes with the proviso that the debt may not be reduced.
Following an order to implement enforcement proceedings, imposing of fine on minors, criminal costs and disciplinary fines imposed by the court may be an exception, for which the NTCA may not grant payment facility, reduce the debt.

Furthermore, in enforcement proceedings regarding money claims the NTCA may keep the money claims on record as debts temporarily affected by unsuccessful enforcement. The right to the enforcement of money claims shall lapse together with the claim to be enforced, the limitation period of the right of enforcement shall be interrupted by any enforcement act.

Official transfer order (collection)

The fastest and most effective way to fulfil the claim shall be the enforcement of the financial assets of the debtor managed by the payment service provider.

So the enforcement proceeding shall be reasonable to be initiated by official transfer order, i.e. collection, for the taxpayers possessing a bank account.

The financial institutions provide data - on a specific group of taxpayers - on the opened accounts and on the basis of legislation , but the NTCA may request data on any other taxpayers by electronic means. The banks also inform the NTCA about the taxpayer's payment account - bank deposits, safe service, etc. - hold by the bank and their balances mainly electronically.

When issuing an official transfer order, the payment service provider primarily considers the amount on the account mentioned in the official transfer order lodged by the enforcement authority as a basis. If this amount does not cover all claims of the official transfer order, then the bank shall extend the payment order to other payment accounts hold by it without the action of the enforcement authority.

The payment institution shall extend the measures in the below order:

- to the amount hold on the payment account,
- to the amount managed on the payment account according to a deposit contract,
- to the amount managed according to a deposit contract determined by a law,
- to the amount hold based on a deposit contract if it is handled by the bank according to the rules of payment account contract,
- to the amount hold according to savings account contract if it is handled by the bank according to the rules of savings account contract.

Unless otherwise agreed between the financial institution and the account holder, the official payment order shall be fulfilled from the taxpayer's credit limit of the above mentioned accounts.

The payment institution shall debit the account of the debtor in the amount given in the official transfer order and shall transfer the requested amount - or the part of the amount available - to the deposit account of the NTCA. If the whole cover needed for the fulfilment is not available on the account, the payment institution will keep the official transfer order on hold until the cover is provided – but not more than 35 days. If during this period the transfer order cannot be fulfilled, then the payment institution will send it back.

If the payment institution sends back the official transfer order unfulfilled (or partially fulfilled) after 35 days queuing, it shall be newly lodged against the bank account of the debtor.

The amount hold by a payment institution on an account belonging to several owners may be fully enforced for a claim against any of the owners.

The enforcement authority shall inform the account holder not being a debtor about debiting the account.

Based on the rules on the replevin the account holder not being a debtor may sue the creditor for the repayment of the amounts collected based on the authority implementing the enforcement from the account belonging to him.

In the case of amounts of money held by a payment service provider and belonging to a natural person (private individual), amounts not exceeding 60% of the net minimum wage is exempt from enforcement from 1 July 2025. In 2025, this amounts to HUF 116,029.

From 1 July 2025, maximum 50% of the part between the 60% net minimum wage and the HUF 200,000 amount may be subject to enforcement. The rule that the part above HUF 200,000 may be enforced without any restriction remains unchanged.

It is the responsibility of the financial institution performing the official transfer order to apply the exemption or limit the fulfilment. In doing so, the above rules shall apply to the aggregate amount due to the debtor under several contracts managed by the financial institution.

Withholding from wages, pensions by enforcement

The authority implementing the enforcement notifies the employer of the debtor in writing, electronically to withhold the amount given in the garnishment order from his salary, social security pension and transfer it to the enforcement deposit account.

As wage shall be considered any remuneration provided directly or indirectly in cash or in kind, based on the employment relationship: salary, fees, allowance, etc. including the sick pay, severance pay, premium and bonus.

The rules of wage shall be applied for the below wages, remuneration, salaries:

- based on quasi-employment cooperative legal relationship,
- based on government service or civil service relationship,
- benefits received under the social security system
    - pensions,
    - health care cash benefits,
- salary of the member of an art and work association,
- scholarships of advanced scientific training programs,
- any remuneration, allowance or claim arising from the work of any person, which is received regularly or periodically from a body or person.

Collection from the wage shall be implemented from the net amount remaining after deduction of all taxes (tax advances), social security contributions, private pension fund membership dues and other deductions prescribed by law to be withheld from wages.

From the amount, after all deductions generally no more than 33 per cent, or no more than 50 per cent under special circumstances, may be deducted. The same rules apply also to the collection from the pension. At tax enforcements, deduction of 50 per cent may be effected for refund of the social security benefits received without entitlement.

Not more than 33% of the benefits received by the debtor for accident-related injuries, sick pay, child-care allowance and infant care benefits may be withheld to refund the social security benefits received without entitlement and the same rate may be withheld from the child-care assistance benefits and from family allowance to recover similar support received without entitlement. No more than 33 per cent may be withheld from job-seekers' allowances to recover the support and the benefit received without entitlement. If there is more than one claim for garnishment against the debtor's wages, the deducted amount may not exceed the 50% of the wages of the debtor.

The exemption rules for income garnishment have changed as of 1 July 2025.

Pursuant to Section 74 (l) of Vht., effective from July 1, 2025, **the amount of family tax allowance under the Act on Personal Income Tax is exempt from garnishment.** This means that **when assessing the basis for the garnishment, the amount arising from the debtor's net salary due to the claimed family tax and contribution allowances must be disregarded**. This amount must be disbursed in full to the debtor. The exemption **applies only to enforcement proceedings initiated on or after 1 July 2025**. In the case of enforcement proceedings initiated earlier, the net amount of the family tax and contribution allowance is included in the basis for the garnishment.

In connection with the implementation of the garnishment, there is a change in that **the portion of net income exempt from garnishment will increase from HUF 60,000 to 60% of the net minimum wage**, which is HUF 128,797 in 2026. The debtor must receive this amount in any case.

The unchanged rule is that if, after the garnishment, the amount payable to the debtor exceeds HUF 200,000, the portion exceeding HUF 200,000 may be enforced without restriction. When assessing the amount that can be enforced without restriction, the family tax and contribution allowance applied in cases commencing on or after 1 July 2025 shall be disregarded.

The following shall be exempt from enforced collection [8]:

- national welfare benefits, support allowance for war veterans, and any compensatory annuity paid by the body paying out pensions,
- local government allowance, extraordinary one-off local government allowance, cash benefits provided within the framework of eligibility for benefits provided to persons of active age, social aid for the elderly, supplementary income allowance for the unemployed, child home care benefits, nursing allowance,
- maternity allowances,
- disability benefits and allowances for the blind,

[8] Section 74 of Vht.

- allowances for disabled persons (wage supplement, temporary wage supplement, income supplement, temporary income supplement, temporary allowance, miners' occupational hazard allowance provided due to health impairment,
- support payments prescribed by law, including child support advanced by court, monetary support for child protection under the Act on Child Protection and Custody Administration,
- child-raising benefits, special provisions and family allowances paid to foster parents for the support of children placed in their temporary custody, or temporary or permanent foster care, or granted to young adults as part of the post-care assistance program,
- scholarship, with the exception of scholarships of advanced scientific training programs paid as wages,
- cost reimbursement related to business trips, foreign assignment and commuting,
- payments for designated expenses,
- a sums paid by the contact person on behalf of the debtor in detention to a discretionary account,
- aid to the mentally impaired,
- **the amount of family tax and contribution allowance claimed each month *(only in enforcement proceedings initiated on or after July 1, 2025)***.

By definition, the restrictions of collection may not apply if the claim is not collected by employer's deduction or the organ providing the allowance, but by the enforcement of other asset of the debtor, e.g. the amount hold by the payment service provider.

On-site proceeding

The bailiff is entitled to examine and inspect the debtor's assets, documents relating to its business, even more flat, other premises and any non-registered business site in order to perform a successful proceeding. It is necessary because there are in particular the debtor's properties that can be seized.

It is important to know that the bailiff is entitled to enter the premises of the debtor not only in the debtor's presence or cooperation but he may also order to open the debtor's closed flat, premises but the furniture and other tangible assets. In the lack of the debtor or his representative it is enough if one of his adult family member is present, in the lack of such a family member the cooperation of a witness is necessary.

The NTCA may also apply an on-site coercive act not only on the debtor's property but also on public domain if it is necessary to seize the debtor's asset or to transport of the asset seized.

It is necessary to act preserving the condition of the assets, but the opening of the flat or the premises may result in the damage and consequently the change of the lock or the padlock. The bailiff shall take care of the change and the key shall be deposited at the nearest police station so as the debtor may receive it.

If the debtor or any other person tries to hinder the enforcement proceeding by endangering or menacing the bailiff or makes attempt to hinder the implementation of the proceeding, the

NTCA may call for police action according to the Act on the Police or may ensure the undisturbed implementation of the proceeding by way of a member of the professional staff of the NTCA.

Enforcement acts within the framework of on-site proceedings may be implemented between 6 am and 10 pm on working days. The enforcement acts that were started before 10 pm and were not finished, may be carried on by the bailiff after 10 o'clock.

Based on the written approval of the head of the NTCA implementing the enforcement, the bailiff may implement enforcement actions at any time irrespective of the time limits set forth in the above paragraph. If the operating and/or business hours of the taxpayer fall in part or fully outside the time interval referred above, the NTCA may perform the enforcement actions within the time interval of the operating and/or business hours of the debtor without special approval.

The act starts by presenting his service card, the presentation of the subject of the act, its aim, the identification of the debtor and the persons being present on the site.

The bailiff shall file a report regarding on-site procedures and other enforcement actions prescribed by legal regulation. Reports regarding on-site procedures shall be drafted at the venue where conducted. The report may be completed elsewhere if the bailiff is obstructed; in this case the report shall contain the venue where drafted and the reason for the bailiff's inability to complete it at the original location.

The report filed at the venue – if the terms exist – shall be handed over also at the venue. If the debtor refuses to receive it, this fact shall be fixed in the report but the report shall be considered served.

Seizure of movable property

The seizure of movable property enters into force by their filing in an seizure report irrespectively of the fact whether the seizure took place - based on registers - in the official premises of the NTCA or at the site. By the seizure a ban to on alienation and encumbrance of the movable property will be in force meaning that consuming, pledging, alienation, destruction of seized movable property or any form of obstruction of enforcement will lead to annulment according to civil law and constitute a criminal act according to criminal law (breach of seal).

Only movable properties owned by the debtor may be enforced. Consequently any movable properties owned by the debtor may be seized – with the exception of properties exempt from enforcement – if it can be proved without doubts that the property belongs to a third person.

Beside this any property can be seized that belongs to a third person but it is likely belongs to a third person but is owned by the debtor. Since the bailiff shall decide in the question of ownership, thus if the third person is not present at the seizure and the debtor cannot present the documents justifying the third person's ownership, the movable properties in question shall be seized. In such cases the third person may sue a replevin against the creditor later.

It is enabled by the law to seize the goods deposited to a carrier by the debtor until they are delivered to the addressee.

The legislation[9] determines the assets and properties exempt from enforcement. The seizure of the assets and property exempt from enforcement is unlawful, even if the debtor's consents or request to seizure of such. If the law permits an alternate choice among certain property items, it shall be selected by the debtor present during the seizure procedure which item is exempt.

In the course of the seizure process the bailiff shall summon the debtor to name his property that is subject to any lien exclusively in the case of on-site proceeding.

Special rules apply to the attachment and sales of perishable and near-expiration goods.

According to the law

- **perishable goods**: goods near expiration and goods whose condition would considerably perish or whose market value would considerably decrease if a sale would take place according to the general rules of enforcement
- **near-expiration product**:
    - products with a shelf life of twenty-four hours, in the last two hours of their shelf life,
    - for products with a shelf life exceeding twenty-four hours, on the last day of their shelf life,
    - for products with a shelf life or a minimum durability of three months, in the last two weeks of their shelf life or minimum durability,
    - for products with a shelf life or a minimum durability over three months-including products where the indication of shelf life or minimum durability is not required-in the last four weeks of the shelf life or minimum durability.

Perishable things with an expired shelf life, minimal durability or use by period may not be attached. Any objection to an enforcement lodged against either the legal base of the enforcement or the sale of the perishable thing, with respect to the nature of the thing, shall have no suspensive effect on the sale of the thing.

The sale of the perishable thing shall also be continued under the effect of a pause or suspension of the enforcement proceedings. Upon the debtor's express request, and if the debtor appoints the buyer, the NTCA shall sell the perishable thing without an auction, but subject to the provisions of an auction sale, at the appraised value with the proviso that the consent of the creditor and/or the creditor authority shall not be required. The sale shall be possible upon closure of the seizure report, on the basis of the debtor's statement made within one hour which is a preclusive time limit. The debtor, within the time limit available to him, may make a declaration to waive the appointment which declaration may not be withdrawn.

The value of the movable properties shall be determined by the bailiff the by appraisal. The market value shall be the basis for the appraised value. If the debtor requests to use an appraiser expert or it is necessary due to the special nature of the movable property, he shall be used by the bailiff at the seizure. If an appraiser expert is to be used at the request of the debtor at any stage of the proceeding, the debtor shall advance the costs.

The NTCA may immediately transport the seized movable asset, *at the debtor's expenses*, for selling.

[9] Sections 90-96 of Vht.

The NTCA safeguards the movable property until

- it is transferred to the winning bidder,
- it is released from seizure,
- if the asset could not be sold, until it is the re-transferred to the debtor or
- it is used for charitable purposes or dispensing with the asset as waste.

The existence of the conditions of seizure is not a prerequisite to the transport of the asset. If the NTCA does not take the opportunity of the immediate transport of the seized movable asset the debtor may continue to use the attached asset, preserving its condition, until the time indicated in the notice on transport.

According to the main rule the bailiff shall arrange for the transportation of movable property to the place of sale but there is a possibility e.g. for the debtor to transport the seized movable asset to the place specified by the NTCA or provide the means of transport for it. The costs of costs of transportation and storage as enforcement costs shall be borne by the debtor.

Seizure of a motor vehicle

The NTCA may also effect seizure of a motor vehicle based on the data contained in the register of motor vehicles if the debtor is registered as the owner of the vehicle and/or also, in default of this, if the vehicle is a part of the joint marital property.

According to the general rules of seizure of a motor vehicle the registration papers and the vehicle title is obligatory in order to hider the debtor to continue to use the seized vehicle legally. On the bailiff's request the registration office will immediately act to withdraw the vehicle's operating permit.

The vehicle's registration card are relevant for the determination of owner, since the person specified as the owner of the vehicle in the registration card shall be considered as such. If the change of the ownership was not fixed in the registration card of the vehicle, the car sale contract presented by the debtor stating that the vehicle was in the meantime sold does notjustify undoubtedly the third person's ownership. Due to this reason the vehicle may be seized and the buyer may sue a replevin against the NTCA.

During the on-site seizure the vehicle owned by the spouse or registered partner may be affected by the enforcement with the exception if the property of his/her individual estate.

If the financial payment institution granting loan for the purchase has an optional right for the vehicle as a guarantee, then the vehicle title is not in the possession of the debtor because it will be stored by the financial payment institution until the full outstanding debt will be reimbursed to it by the taxpayer. But in this case the debtor is the owner of the vehicle irrespectively of the fact that the financial institution possesses the vehicle title, so the vehicle shall be seized.

In the case of a leased vehicle the lessor will own the vehicle so it may not be affected by enforcement as a cover of the debt of the lessee (debtor).

Exemptions from seizure of a vehicle:

- the means of transport which are essential for the natural person debtor to exercise his occupation (exclusively for passenger and freight traffic), if the appraised value does not reach the amount determined in the decree. If the value exceeds it, only the vehicle

and its title shall be seized, and the latter shall be sent to the vehicle registry office. The registration card will remain at the debtor because until the vehicle is sold he may use it to exercise his occupation but this facility refers exclusively to natural person debtor and for one vehicle only.

- the vehicle of a handicapped debtor is not enforceable based on the valid parking licence, in the lack of it the medical expertise that is necessary to apply for a parking licence determined in the government decree.

Seizure of a vehicle required for the operational and/or business activity: [10]

- In the case of the enforcement of a vehicle required for the operational and/or business activity of the - individual entrepreneur or partnership - debtor only the vehicle and the vehicle title shall be seized. The registration card of the vehicle shall also be seized by the bailiff if – within six month) the debtor does not pay his debt. During this period of time until the vehicle's registration card is seized the vehicle can be normally used for his activity.
- The vehicle required for the operational and/or business activity shall be considered the vehicle the use of which are accounted for expenses in the books of the entrepreneur and which is listed in the device register. Moreover, the vehicles not listed in these registers but are used for the production or sales of the goods and services that are being the subjects of his income.

The NTCA may issue an asset search order to establish the location of the vehicle if the debtor refuses to transfer the vehicle upon the NTCA's request, and the vehicle is not found at the place of abode - place of residence - or registered office, place of business or branch. The asset search order can be executed from the date of disclosure, without paying regard to any appeal.

Exchange of covers

Upon the debtor's application to be submitted before the auction is scheduled at the latest, in respect of the debtor's circumstances meriting particular treatment, the NTCA may release the seized movable property from the attachment

It may take place if

- the recovery of the debt is secured even after the release,
- the debtor offers a (movable or immovable) asset as a cover for the debt with a market value reaching or exceeding that of the asset requested to be released.

The release of the asset and the seizure of the offered asset shall take place at the same time.

In the case of exchange of covers if the residential real estate property directly serving the habitation of a natural person or a private entrepreneur debtor and his resident close relatives is to be used as exchange of covers and if the sum of the debt does not exceed five hundred thousand forints, a mortgage shall be registered on the real estate property. If the above circumstances do not exist, right of enforcement shall be entered for the immovable property. The exchange of covers may also take place in the course of a pause or suspension of the proceedings.

[10] Decree of the Ministry of Justice 13/2001. (X. 10.)

During the pause or suspension of the enforcement proceedings, upon the debtor's application, the NTCA may take measures for the sale of the seized movable property provided that the legislative requirements are otherwise satisfied.

Seizure of claims

The bailiff is entitled to view, examine the documents related to the debtor's business activity in order to get information on the debtor's outstanding amounts.

If – based on the debtor's registries, documents (and not only his declaration) – the bailiff is being aware of information according to that the debtor has debts against a third person, the bailiff sends the document of the attachment of claims to the third party electronically . This debt may be a debt with an expired due date, a debt with a future expiry date or a debt with periodical due date, for example monthly payment obligation.

The bailiff informs the third persons that the debtor's debts against them has been seized by him for covering the tax debt, and at the same time requests the obligors to make a statement. The third party shall send the documents - statement and its annexes -, delivered to him to the tax authority by electronic means.

If the third party obliged to submit VAT summary documents and the according to his statement receiving invoices from the debtor, and he refuses to accept the claim or a part of it in his account based on the act [11] sent to the NTCA, he shall be obliged to provide satisfactory proof to the NTCA of the creation and/or termination of such claim.

If the tax subject obliged to submit summary documents fails to satisfy his obligation partially or wholly, or fails to provide the account the NTCA may oblige him to pay the debt up to the amount of the liability.

If the third party fails to acknowledge the claim, the creditor may file for legal action against the third party for the collection of such claim. The judicial action depends on the decision of the NTCA made to its discretion.

Seizure of real estate property

There is no obligatory order in performing the enforcement acts. Thus, the attachment of a real estate property may take place simultaneously with other enforcements acts but it can also be the first act.

The essential condition to attach a real estate property that it is owned by the debtor. Any immovable property owned by a debtor may be subjected to enforcement irrespective of the nature of the immovable property, its agricultural zoning, of any right or prohibition asserted upon the immovable property and of any fact recorded in the real estate register in connection with the property in question. Neither the right of pre-auction nor the right to an option to buy (option) shall be an obstacle to enforcement. The ownership of real estate properties are kept in the official public register, any change in the rights relating to the property shall be entered the real estate property register.

[11] Section 111 of Vht.

The residential real estate property directly serving the habitation of a natural person or a private entrepreneur debtor and his resident close relatives shall not be seized if the sum of the debt does not exceed five hundred thousand forints. A mortgage may be registered on the real estate property of the debtor for the debt not exceeding five hundred thousand forints.

In order to seize a real estate property, the NTCA shall contact the real estate supervisory authority and inform the debtor at the same time. The real estate supervisory authority shall immediately enter the right of enforcement in the real estate register based on the request, issues a decision that is sent to the bailiff, the parties and other persons involved.

The NTCA may dispense with the attachment and/or sale of the real estate property owned by the debtor if the satisfaction of the NTCA's claim cannot be expected from the sale. In this case the NTCA may have a mortgage registered on the real estate property of the debtor amounting to the sum of the debt and its associated costs.

The NTCA shall request the real estate supervisory authority which shall immediately register the mortgage in the real estate register. The objection to the measures taken for the purpose of mortgage registration shall not have a suspending effect on the measures of the real estate supervisor authority to be taken upon such request. Upon registration of the mortgage, if other forms of enforcement have not been successful, the NTCA may request the real estate supervisory authority to cancel the mortgage and immediately enter the right of enforcement to the place of the mortgage in the ranking.

The registration of mortgage will result in pausing the running of the limitation period of the right to enforcement of the claim secured by mortgage, since the real estate property shall not be sold in the case of mortgage.

A fee for the real estate property registration and deregistration shall be paid if in the enforcement proceedings pursued by NTCA, the enforcement of the payment liability affected by the enforcement does occur in favour of the central budget or the Hungarian State (i. e. not the Hungarian State shall be marked as the holder of the rights). The fee as enforcement cost shall be paid by the debtor. The registration and deregistration of the right for enforcement and fee for the cancellation of the mortgage is HUF 10,600 and the fee for the registration of mortgage is HUF 20,000 per each real estate.

The lack of an application for payment facility shall not hinder the act of the real estate supervisory authority if the request to enforce the real estate property has already been sent to the real estate supervisory authority before the pausing. Of course, during the pausing the sale shall not be initiated but the force of the attachment shall remain until the fulfilment of the whole debt or its termination.

The attachment of a real estate property shall not mean a restraint on an alienation, i. e. the seized real estate property encumbered with the right for enforcement may be sold. But in the case if the debtor sold the real estate property encumbered with the right for enforcement, the new owner as debtor in rem shall be obliged to permit the fulfilment of the debt against the real estate, its auction.

To some respect a special and partial restraint to encumbrance of the seized real estate property will arise. Thus it is possible to acquire further rights relating to the seized real estate property, e. g. to create mortgage only with the consent of the right holder and only in the case if it will not infringe the holder's right for enforcement and will not prevent the aim of the enforcement.

The claim secured by the registered mortgage shall have priority against the claims relating to the right for enforcement, irrespectively of the date of the registration. For this reason after the right for enforcement by the NTCA is registered it is not necessary to provide a consent with the exception if a loan will serve as a guarantee in order to pay the whole amount of the debt.

The earliest possible date for the sale of a real estate property is determined by the law. The bailiff may act to sell the seized real estate property – both on an auction and without an auction – if:

- 45 days have passed since the disclosure of the resolution on the registration of the right to enforcement, or
- 60 days have passed since the delivery of the notification to the location of the real estate property.

There is a further condition for the real estate property directly serving the habitation of the debtor that it shall be sold in the case only if other forms of enforcement were not successful. Taking into consideration that the size of the real estate property does not exceed the size limit of the reasonable housing demand[12].

The NTCA shall set the date of sale of the real estate property for a time within three months from the date of seizure for a time which is most practical given the applicable local circumstances. The seized real estate property may only be sold if the claim could not or could only be recovered after a disproportionately long time by way of other enforcement actions.

Before setting the date of the auction the appraised value of the real estate property shall be determined that shall be identical with reserve price. The market price of the real estate property shall be considered for the determination of the appraised price.

For this reason the official tax and value certificate of the municipality according to the place of the real estate property shall be acquired or, if so requested by either party, a forensic expert shall be invited. The appraised value of the real estate property shall be determined taking into consideration of the tax and value certificate or the expert assessment.

The bailiff shall notify the appraised value of the immovable property to the parties and to other persons holding some right in the property in question registered in the real estate register. The debtor, the creditor, the creditor authority and/or any participant whose right or legal interest is violated may lodge an objection to enforcement against the assessment of the appraised value of the real estate property.

An immovable property shall - on general principle - be sold by way of auction. An immovable property shall be auctioned occupied, if,

- the tenant holds a valid rental contract that was concluded before commencement of the enforcement procedure,
- the tenant holds a right of usufruct with the exception if the usufruct was established after the commencement of the enforcement proceeding irrespectively of the fact whether or not recorded in the real estate register,

[12] The reasonlable housing demand is stipulated by Section 3 of the Government Decree 12 of 2001 (31 January) concerning aid intended to facilitate access to housing (A lakáscélú állami támogatásokról szóló 12/2001. (I.31.) Korm. rendelet)

- the tenant is a co-owner of an undivided joint property, who is not named as a debtor
- the tenant is an ancestor of the debtor who has been living in the property for six consecutive months directly preceding commencement of the enforcement procedure, ownership of the property was transferred directly to the debtor from such relative.

The debtor's ownership share in the property shall be sold with the property ready for occupancy by agreement of the co-owners governing use of the property or based on a court decision, the debtor is entitled to use any property or building section detached from the property or building section that is used by the other co-owner, who is not named as a debtor.

The NTCA may grant to the debtor a six month respite of the sold real estate property from the obligation of vacancy with the condition that it shall be requested by him within 15 days from the auction notice.

The bailiff shall take action in order to have the residential flat vacated if the debtor and the persons living in the real estate property by right of the debtor shall not move out by the deadline. The bailiff may invite the assistance of the police and/or professional staff members of the NTCA for this action.

Upon the debtor's and the creditors' request the bailiff shall proceed to sell the movable property without auction to the buyer designated by them. Neither the bailiff, nor the debtor shall determine the appraised value, so the sale shall take place without auction on the appraised value determined and published by the bailiff. But a lower appraised value initiated by the debtor shall be acceptable if the appraised value covers all of the debts, included the costs of the enforcement.

If another party has some right in the immovable property registered in the real estate register, his consent shall also be required for sale without auction. The sale of the real estate property without auction has the same effect as the purchase by auction, i. e. the buyer acquires the real estate property without any burdens – with the exception of the rights remaining after the auction[13].

The ownership right of the new owner acquiring a seized immovable property in an auction, without an auction but with the effect of the auction shall only been encumbranced by the easement, right of use for public purposes, beneficial ownership recorded in the real estate register and beneficial ownership by virtue of law even if it is not recorded in the real estate register.

In the case of seizure of agricultural and forestry land the NTCA shall contact the agricultural administration body that shall arrange for the sale[14].

Rules of sales

Assets (either movable or immovable) attached in enforcement proceedings shall be sold

- through electronic auctions,
- through conventional auctions,

[13] Paragraphs (1)-(3) of Section 137 of Vht.
[14] Paragraph (1) of Section 35 of Act CXXII of 2013 on Transactions in Agricultural and Forestry Land.

- by sale outside auction, or
- certain movables specified by law shall be sold based on special rules, or
- under a commission contract.

Main method of sales for the tax enforcement is the electronic auction (available at the link: https://arveres.nav.gov.hu), all other methods – as convenctional auctions – may also be used, but only in exceptional cases.

On **conventional auctions**

- movable property that is stationary or cannot be transported or whose disassembly requires special knowledge and/or whose storage requires special conditions, and the appointment of a sequestrator is not possible,
- assets whose transportation cost is not proportionate to their value, and it is not possible to appoint an official receiver,
- live stock,
- assets so sprovided by law

shall be sold by the NTCA.

The NTCA may sell the assets seized through a commission agent if it can be assumed that the purchase price thus obtained will be higher than the purchase price that could be expected to be obtained through a traditional or electronic auction. The tax authority shall issue an administrative decision on the sale by commission.

The NTCA shall take measures for the sale of the seized property within 8 days, after 30 days following the date of seizure. If a replevin is sued within 8 days from the seizure[15], the sale of the claimed asset is possible after the final conclusion of the judicial proceedings.

If the movable property is purchased and used in a public employment programme pursuant to the government decree on supports grantable for public employment purposes, then action to assess its estimated value may be taken only after the end of the support period.

The bailiff shall set the date of the sale of the real estate property for a time within 3 months from the date of the seizure which is most practical given the applicable local circumstances. Perishable things, even during the pausing, suspension of the proceeding, the NTCA shall sell within 30 days following the date of seizure.

If the property to be sold (movable, immovable) is not within the jurisdiction of the directorate initiating enforcement, the property shall be sold by the directorate where the property is located at the request of the directorate initiating enforcement. At the request of the debtor, the directorate initiating enforcement may also arrange for the exchange of cover and the sale outside the auction.

[15] Sections of 538-550 of PP.

Transfer of case to independent court bailiff

Direct involvement of lien holder in the enforcement procedure[16]

If the asset is secured by mortgage (practically by the most frequent loan security), the bailiff shall inform the lien holder that his claim arising from the lien may be performed in a court enforcement procedure.

The court shall proceed without delay to declare the lien holder's claim as due and to permit the lien holder's direct involvement in the enforcement procedure. If in the case of a lien, the lien holder is being involved in the enforcement procedure, the enforcement procedure for the asset in question may be performed by an independent court bailiff designated by the court.

In this case the enforcement for the property pledged shall be transferred to the independent court bailiff, the procedure of other assets shall be carried out by the NTCA.

Transfer or case due to double seizure, i.e. conflict[17]

In the case of a conflict of the court bailiff and and administrative organ's bailiff, i. e. the same movable or immovable asset has been seized by several bailiffs, the court bailiff shall carry out the enforcement procedure.

This entitlement refers to the whole procedure and not for the asset of the double seizure. The NTCA shall not to decide whether to transfer the case to the independent court bailiff since it is one of its obligations from which there can be no derogation.

The enforcement fees of the independent court bailiff shall be borne by the debtor. In an ongoing enforcement procedure the tax debt may be fulfilled to the NTCA that the amount of the tax claim shall be paid to the NTCA and the fees and expenses of the independent court bailiff shall be paid directly to the bailiff.

Enforcement of secondary liability

If there is a person who is liable for the debt and possesses with enough material cover to pay it, the NTCA shall oblige him to pay the debt in a decision. When issuing the decision the NTCA shall examine whether the liability of the persons is limited or unlimited. Moreover it examines whether one or several persons are liable for the debt.

The joint liability means that all the persons liable for the whole debt while it is not paid. The whole amount may be claimed from all of them but any payment done by one of the liable persons shall reduce the liability of others.

If NTCA enforces against remuneration due to the debtor, funds held with a credit institution, or a claim, and the employer, payer, credit institution or another person fails to make the deduction, transfer or payment, or fails to do so in accordance with the requirements prescribed by law, NTCA shall, by decision, order such person to pay the tax debt up to the amount that was not deducted, transferred or paid.

[16] Section 114/A of Vht.
[17] Section 4 of Vht.

Upon expiry of the time limit for performance specified in the decision, NAV shall take measures to recover the debt in accordance with the rules governing tax enforcement. In auction proceedings, where the movable property for which payment was not made was sold at a lower price than the winning bid, the defaulting bidder may likewise be ordered, by decision, to pay the difference in the purchase price up to the amount of that difference.

The NTCA records liabilities arising from secondary liability under different tax account codes. In enforcement proceedings conducted against a taxpayer, liabilities arising from a decision establishing the liability of a third party are recorded under tax account code 890 ("Quasi secondary liability debt"), while liabilities of persons directly required to satisfy the debt are administered under tax account code 891 ("Secondary liability debt"). It is important to emphasise that payments cannot be made directly to these tax account codes. Instead, they must be paid into deposit account No. 10032000-01601082, which is maintained for the handling of payments arising from secondary liability and joint and several liability.

Discontinuation of enforcement proceedings

It is necessary to differentiate between the enforcement proceedings if they are discontinued by the NTCA and stipulated to be discontinued by the law. But the final result is the same, the proceeding shall be terminated.

The enforcement proceedings shall be discontinued by an order of the NTCA if:

- the debtor has completely paid the debt;
- the debt has been recovered to the full by the NTCA;
- the debt has been waived to the full by the NTCA;
- the right to the enforcement of the debt according to the relating rules has expired;
- the right to enforcement for all tax debts has been discontinued;
- the enforcement order has been withdrawn or annulled;
- in enforcement proceedings pursued upon request, discontinuation has been requested by the creditor and/or the creditor authority
- the debtor deceases or terminates without a legal successor and the enforcement in progress is based on an external request,
- is so provided by law.

The enforcement proceedings shall discontinue without a special act, based on the act[18] if:

- the debtor deceases or terminates without a legal successor and the enforcement in progress is not based on an external request;
- it is so provided by law[19].

Further information, assistance

If you have questions relating to the form or particular rules of taxation, please contact us

[18] Paragraph (2) of Section 18 of Avt.
[19] It can be terminated exlusively if it is based on the stipulation of Avt.

On internet:

- on the homepage of the NTCA: www.nav.gov.hu,
- in email using the form available at the link: https://nav.gov.hu/ugyfeliranytu/keressen_minket/levelkuldes/e-ugyfsz.

By phone:

- through the infolines of the NTCA dialling
  - 1819 in Hungary,
  - +36 (1) 461-1819 from abroad.

The infoline can be reached between 8:30 am till 4 pm on workdays from Monday to Thursday, between 8:30 am till 1:30 pm on Fridays.

For general information, please select menu item (1), and for specific information and administrative matters, please select menu item (2). You need to have a customer identification number to use the system. If you do not have a customer identification number, you may request it on the form TEL. The easiest way to apply for it is using the Online Form Filling Application (ONYA). If you wish to request specific information or deal with a matter that does not concern you personally, please also submit an UJEGYKE form!

The menu structure of the NTCA infoline is available on the NTCA website under Find us! – National Tax and Customs Administration (gov.hu) link (Hungarian language site).

In person:

- at the Taxpayer Information Services of the NTCA throughout Hungary that can be found at the link: https://nav.gov.hu/igazgatosagok/ugyfelszolgalat-kereso

National Tax and Customs Administration

Attachment 1: Enforcement orders of the tax enforcment

1. a final official ruling that establishes a payment obligation,
2. in self-assessment, a tax return containing the amount of the tax payable, tax advance and tax advance addition,
3. tax assessment notice communicated by the tax authority to the taxpayer,
4. a final court resolution, arrangement finally approved by court as well as court resolutions establishing court fees and court requests and notices sent in the subject of court fees establishing payment liabilities payable to the NTCA,
5. notifications on health services contribution obligations,
6. the request of the creditor in the case of an enforceable resolution made in criminal proceedings against minors on financial penalty, of confiscation of property, of finally rendering electronic information inaccessible, of the termination of hosting services as well as in criminal proceedings against legal entities on financial penalty - including the resolution on taking over the enforcement of financial penalties imposed in EU Member States for committing a crime, financial penalties or remedies to be paid for the collective good imposed on legal entities and the confiscation of property applied in criminal proceedings in non-EU Member States or EU Member States –,
7. respect of enforcement proceedings based on the general administrative procedures, the ruling forming an annex to and serving as the basis of the request of the creditor authority including the performance of a specific act,
8. in public dues to be enforced as taxes, the request of the creditor,
9. in the case of a judicial notice on a financial penalty, performance penalty or disciplinary fine – except when a disciplinary fine imposed in the enforcement proceedings is collected by the independent court bailiff pursuant to Section 45/A Subsection (5) of the Vht. – , the request of the creditor,
10. the request of the creditor based on the act on criminal proceedings concerning the cost of the ordered arrest, disciplinary fine imposed by the prosecutor's office or investigating authority, the criminal costs by the court, the prosecutor's office or investigating authority,
11. in the case of a notice pursuant to Act CCXL of 2013 on the Enforcement of Punishments, Measures, Certain Coercive Measures and Custodial Arrests (hereinafter referred to as Bv) on determining
    a) the cost of the ordered arrest,
    b) costs of bringing the convicted person or the person under compulsory therapy, in the case he is captured and found, before the determined court, public prosecutor's office or a body in charge of enforcement, and
    c) the costs incurred during the arrest carried out at the request and expense of the convicted person or the person kept confined under other legal title

    the request of the creditor,
12. in the case of a notice on a financial penalty imposed on bailiffs, substitute bailiffs and assistant bailiffs in disciplinary proceedings, the request of the creditor,

13. in the case of a well-founded complaint, in the case of a notice on the bailiff's payment obligation to the state, the request of the creditor,
14. in the case of a notice from the financial administration office of the court on a fine imposed by a notary public, the request of the creditor,
15. in the case of a notice on the costs determined by the probation officers service in mediation proceedings, advanced by the state and subject to repayment, the request of the creditor,
16. in the case of a resolution ordering sequestration in criminal proceedings, resolution on temporarily rendering electronic information inaccessible and/or restoring access, resolution on ordering the safekeeping of electronic data, or resolution on the suspension of hosting services, the request of the creditor,
17. the case of an order for the freezing of assets in connection with the implementation of restrictive measures imposed by the European Union and the UN Security Council relating to financial and property assets, the request of the creditor,
18. in civil cases, the request containing the sum of the costs advanced by the state,
19. a request containing child support advanced by the court,
20. a request containing a liability owed to the court, the President of the Országos Bírósági Hivatal (National Judicial Office), the Országos Bírósági Hivatal, the ministry, the court expert institution or the state under any other title,
21. a request containing a liability owed to the penal institution by the detainee or ex detainee,
22. a notification containing the product fee liability of agricultural producers entitled to payment of product flat charge,
23. a notification pursuant to Section 7 Subsection (1) of Act CXLVII of 2012 on the Fixed-Rate Tax of Low Tax-Bracket Enterprises and on Small Business Tax, a notification of changes pursuant to Section 7 Subsection (5) and a notification pursuant to Section 8 Subsection (11),
24. a notification pursuant to Section 7 (11) of the Act on the Fixed-Rate Tax of Low Tax-Bracket Enterprises,
25. a final decision requiring the provision of a security, issued at the request of the state tax and customs authority pursuant to Section 33/A of the Act on Bankruptcy and Liquidation Proceedings
26. requests for the recovery of tax claims initiated on the basis of international tax treaties, as well as statements of arrears containing the Hungarian tax authority's claim in the case of cross-border creditor claims.