ANNEX 35

- Country Report HUNGARY
Study on the Transparency of Costs of Civil Judicial Proceedings in the European Union

Jean ALBERT
Team Leader

- COUNTRY REPORT -

- HUNGARY -

Submitted by Hédi Bozsonyik
Country Expert

DECEMBER 30, 2007
COUNTRY REPORT .................................................................................................................. 6
Introduction ................................................................................................................................. 7
Executive Summary ..................................................................................................................... 8
1 Summary of the main sources of costs ...................................................................................... 8
2 Level of transparency in the sources of costs ........................................................................... 8
3 Determination of the amounts of costs ..................................................................................... 9
4 Level of transparency in determining the actual costs ............................................................... 10
5 Proportion of each identified cost on the overall cost of civil judicial proceedings .......... 11
6 Proportion of each identified cost on the overall value of activity .......................................... 11
7 Proportion of each identified cost on the value of disputed claim ........................................... 12
8 Specificities in relation to EU cross-border disputes ............................................................... 12
9 Recommendation for EU action/national action ..................................................................... 12
10 Relationship between the costs of justice, the transparency in the costs of justice and access to justice .................................................................................................................... 13
11 Conclusions and recommendations ......................................................................................... 13
Detailed Draft Report ................................................................................................................... 14
1 General Questions .................................................................................................................... 14
1.1 Level of information on the transparency of fees and costs of justice ................................. 14
1.2 Transparency perception .......................................................................................................... 15
1.3 Solutions to improve transparency ....................................................................................... 15
1.4 Fairness of costs ....................................................................................................................... 16
1.5 Conclusions and recommendations ....................................................................................... 16
2 Court fees ................................................................................................................................ 17
2.1 General .................................................................................................................................. 17
2.2 Cost of bringing an action to the courts .................................................................................. 18
2.3 Other proceedings costs ......................................................................................................... 19
2.4 Costs of legal recourses (Appeals...) ..................................................................................... 20
2.5 Costs of ADR .......................................................................................................................... 20
2.6 Costs of Legal Aid proceedings ............................................................................................. 23
2.7 Costs of fast track proceedings ............................................................................................. 23
2.8 Costs of Group actions ‘proceedings .................................................................................... 24
2.9 Payment .................................................................................................................................. 24
2.10 E-Justice ............................................................................................................................... 25
2.11 Impact of the number of hearings on costs .......................................................................... 25
2.12 Transcription costs ............................................................................................................... 25
2.13 Conclusions and Recommendations .................................................................................... 26
3 Lawyers’ consulting and representation fees ........................................................................... 26
3.1 General .................................................................................................................................. 26
3.2 Fees depending on the nature of the litigation ....................................................................... 27
3.3 Fees depending on the type of lawsuit or proceedings .......................................................... 27
3.4 Fees depending on the value of the claim .............................................................................. 27
3.5 Fees depending on the jurisdiction ......................................................................................... 28
3.6 Legal aids cases ..................................................................................................................... 28
3.7 Contingency fees .................................................................................................................... 29
3.8 Payment .................................................................................................................................. 29
3.8.1 Retainer ............................................................................................................................... 29
3.9 Conclusions and recommendations .............................................. 29
4 Bailiff fees ................................................................................. 30
4.1 General .................................................................................. 30
4.2 Ante judgment ......................................................................... 31
4.3 During proceedings ................................................................. 31
4.4 Post proceedings ..................................................................... 32
4.5 Legal aid cases ........................................................................ 33
4.6 Payment .................................................................................... 33
4.6.1 Retainer .................................................................................. 33
4.7 Conclusions and recommendations ........................................... 34
5 Expert fees .................................................................................. 34
5.1 General ................................................................................... 34
5.2 Fees (medical experts, technical transports experts...) ................ 35
5.3 Payment .................................................................................... 35
5.3.1 Retainer .................................................................................. 35
5.4 Legal aid cases ......................................................................... 35
5.5 Reimbursement of experts’ fees .................................................. 36
5.6 Practical questions ? ................................................................. 36
5.7 Conclusions and recommendations ........................................... 37
6 Translation and interpretation fees ................................................... 37
6.1 General ................................................................................... 37
6.2 Translation fees ......................................................................... 37
6.3 Interpretation fees ..................................................................... 37
6.4 Payment .................................................................................... 38
6.4.1 Retainer .................................................................................. 38
6.5 Practical questions ? ................................................................. 38
6.6 Legal aid cases ......................................................................... 39
6.7 Reimbursement ........................................................................ 39
6.8 Conclusion and recommendations ............................................ 39
7 Witness Compensation .................................................................. 39
7.1 General ................................................................................... 39
7.2 Fees ......................................................................................... 40
7.3 Legal aids cases ......................................................................... 40
7.4 Payment .................................................................................... 40
7.5 Practical questions ? ................................................................. 40
7.6 Conclusions and recommendations ........................................... 41
8 Pledges and security deposits ......................................................... 41
8.1 General ................................................................................... 41
8.2 Fees ......................................................................................... 42
8.3 Payment .................................................................................... 42
8.4 Conclusions and recommendations ........................................... 42
9 Court decisions ............................................................................ 43
9.1 Cost of notification .................................................................... 43
9.2 Cost of obtaining an authentificated decision .............................. 43
10 Civil Legal aid .............................................................................. 44
10.1 General ................................................................................... 44
10.2 Conditions of grant .................................................................. 44
10.3 Strings attached ? ..................................................................... 45
10.4 Practical questions ................................................................... 45
10.5 Conclusions and recommendations ........................................... 45
ANNEXES TABLE:

ANNEXE 1  Questionnaire completed for the implementation of this study
In the following country report we will provide a brief summary on costs of the non-litigious payment order procedure, on the costs of litigation and judicial enforcement procedures in Hungary. Only those judicial enforcement procedures that follow a litigation or a payment order procedure are covered in this report.

In the following we give a summary on the average amount of litigation costs as determined by Civil Procedure Code (CPC, Act III of 1959 on Civil Procedures) and other applicable laws. These can only be regarded as a fee estimate since the actual costs of a given case can substantially differ from the general estimate as required by the merits of the case.
In Hungary the costs related to justice are regulated by the CPC and different ministerial decrees. The CPC contains the general regulations on the procedure of the establishment of the litigation costs, and the proportion in which the parties have to bear these costs. The ministerial decrees contain the exact amount or the rules of establishment of the costs related to justice, such as the fees of public notaries, experts, transcription.

There is no written regulation in force in respect of the lawyer’s fees and even the bar has not accepted guidelines in this subject however recommendations and drafts have been on the table for several years.

The litigation costs are always established by the proceeding judge and on the basis of the underlying ministerial decrees containing the rules of the fee and cost establishment. Generally the main aspects taken into account by judges when determining the litigation costs are the amount of the claim, and the real activity of the given person (lawyer, expert, interpreter, etc) in the litigation.
Executive Summary

1 Summary of the mains sources of costs

The main sources of the litigation costs in Hungary are the court fee duty, the fees of the legal representatives, the fees of the official and non-official experts (if any), the transcription costs, the translation costs (if any) and the compensation of witnesses.

In an average litigation procedure the court fees amount to 5-30 %, the lawyer's fees to 15-25 % the expert's fees 5-10%, and the bailiff costs to 5-15% of the total litigation costs.

2 Level of transparency in the sources of costs

In Hungary, the most transparent litigation cost is the court fee duty, which is usually 6 per cent of the amount claimed. The amount of the court fee duty is regulated by the Duty Act. Several private and official websites contain information regarding the amount of the court fee duty. In addition to the websites, the information is easily accessible via phone from the courts.
The fees of professional legal representatives are subject to free bargaining. Therefore, they are always contingent upon the agreement of the parties.

Although the fees of public notaries are regulated by a Ministerial decree, the amount of such fees is less transparent since the law decree is only available in Hungarian and the calculation method of the fees is very complex.

The fees and expenses of official judicial experts are also regulated by a Ministerial decree. However, the fees due in a given litigation can only be estimated since it is always established by the proceeding judge.

Since interpretation costs are funded by the state, the transparency of such costs does not have influence on the parties' litigation tendencies.

In the post-litigation phase, the fees for ordering judicial enforcement proceedings may apply in the absence of voluntary performance by the losing party. The fee for ordering the judicial enforcement procedure is widely known but the amount of the fees and expenses of the bailiffs are less transparent.

3 Determination of the amounts of costs

The court fee duty is contingent upon the fee of the amount claimed. The plaintiff must pay a 6 per cent court fee duty simultaneously with the filing of the complaint but EUR 3,600 at maximum.

In case of non-litigious payment order procedures, the court fee duty is 3 per cent of the claimed amount but EUR 1,800 at maximum.

Transcription costs are contingent upon the number of copies required in the procedure. The fees of translators and experts are subject to the time spent on the case.

Lawyers' fees are usually determined pursuant to the time spent on the case as well, however, in may cases lawyers and the clients agree on flat fee or conclude a cap agreement in the given case.
The fee for ordering judicial enforcement proceedings amounts to 1% of the enforceable amount but EUR 600 at maximum.

In case of pecuniary claims, the fee of the bailiff is contingent upon the enforceable amount as well but the percentage of the bailiff's fee decreases in proportion to the enforceable amount. In other cases where the bailiff has to carry out special activities, his or her fee amounts to EUR 16 per hour.

In an average litigation procedure the court fees amount to 5-30%, the lawyer's fees to 15-25%, the expert's fees 5-10%, and the bailiff costs to 5-15% of the total litigation costs.

4 Level of transparency in determining the actual costs

Costs that are determined by law as a given percentage of the amount claimed are widely known in Hungary, such as the court fee duty. Other costs determined by law such as the fees of experts and interpreters are less known, since these are usually incorporated into the total amount of the cost of the litigation, which is determined by the proceeding judge at the end of the procedure.

Costs which are agreed upon by the litigating party and the professional (lawyers, private translators, private experts) are contingent upon the merits of the case. Fees of private translators or experts can be publicized freely but the advertising of lawyers' fees is very strictly regulated by the bar association.

Since the amount of the court fee duty, the bailiff's fee is determined as a given percentage of the claim, even non professionals can have easy access to this information. In case of the experts and the interpreters the fee is regulated by law as well, but usually determined pursuant to the time spent with the case, which can not be established in advance. Public notaries have strict price regulations, from which they can not depart and which is not widely known by clients. Therefore the public notary fees, the expert's and interpreter's fees are less transparent. In the lack of unified price code the lawyer's fees are very different
however it becomes clear to the client at the commencement of the lawyer's mandate.

5 Proportion of each identified cost on the overall cost of civil judicial proceedings

The most significant costs in average civil proceedings are lawyers’ fees and the court fee duty.

In more complex litigation, for example in case of faulty performance of large industrial contracts, the fees of experts can be significant as well.

The proportion of the translation fee also depends on the merits of the case and on the proceeding judge since it is the judge who decides whether an official or simple translation is required in the litigation.

In an average first instance pecuniary claim with foreign elements, the court fee duty can be regarded as 30 per cent of the total costs, the lawyers fee can be regarded as 40 per cent of the total costs and the remaining 30 per cent consists of the transcription, translation and expert fees, respectively. However, if the disputed claim is of a high value, the proportion of the court fee duty can be lower since this is capped at EUR 3,600.

6 Proportion of each identified cost on the overall value of activity

If we regard the court fee duty as the fee of the proceeding judge, it can be established that the lawyers’ fee, the court fee duty and the experts' fee is generally proportionate to the overall value of their activity. However, the fee of official translators is not always in proportion with the work carried out by them.
7 Proportion of each identified cost on the value of disputed claim

The proportion of court fee duty on the value of the claim is 6 per cent. In the absence of voluntary performance by the losing party, the ordering of judicial enforcement proceedings costs 1 per cent of the disputed claim.

If the party attempts to enforce the claim with a payment order instead of filing a complaint, the applicable court fee duty is 3 per cent of the claim but EUR 1,800 at maximum. If the debtor contradicts the payment order, the procedure becomes a litigious matter in which case the part is obliged to pay an other 3 per cent as court fee duty of the amount claimed with a maximum charge of EUR 1,800.

Other fees are not established on a proportionate basis and can only be estimated upon the merits of the case.

8 Specificities in relation to EU cross-border disputes

In cross-border disputes, the translation costs are always higher than in domestic litigation. If the foreign plaintiff is not an EEA citizen or does not have his/her residence in the EEA, the defendant might request the court to order the plaintiff to furnish a security deposit.

If the applicable law is not that of Hungary, the establishment of the foreign law usually prolongs the procedure and consequently increases the overall cost.

9 Recommendations for EU action/national action

Since the payment order procedure is an effective means of debt collection, it would be very useful to simplify and accelerate that procedure. As far as we are aware, the work regarding the electronic administration of payment orders has already begun in Hungary.
In cross-border European litigation, the possibility of holding the hearing by means of electronic communication devices would be useful since it could save traveling and the transcription costs as well.

10 Relationship between the costs of justice, the transparency in the costs of justice and access to justice

In Hungary, there are several opportunities available to those who face difficulties in accessing justice. First of all, during open hours the courts provide information and help about the applicable procedural and material laws to all without legal representation. If the costs of justice would be a substantial burden, the party can apply for exemption from the costs on a personal basis under the CPC. In addition to the above possibilities, the party can apply for state legal aid if his/her income is below a certain limit.

In general, we are of the view that the transparency level of the costs of justice does not have a deterring effect on litigants. However, in case of cross-border litigation, if the disputed amount is not very high, it is questionable whether the initiation of litigation abroad is cost-efficient.

11 Conclusions and recommendations

As a general conclusion, the legal background in Hungary is appropriate for the litigating parties. Most of the laws are available on the internet as well, regrettably only in Hungarian. Certain elements of litigation costs are usually in proportion with the value of the activity and the amount of the disputed claim.

Making the procedures more flexible, for example by means of electronic administration, would definitely accelerate proceedings and would make justice more easily available.
1 General Questions

1.1 Level of information on the transparency of fees and costs of justice

There are no available sources from which a general information on litigation costs could be attained by parties considering the initiation of litigation. Therefore the level of transparency of information on litigation costs is generally not high. However, there are certain elements of litigation costs which are widely known in Hungary, such as the amount of the court fee duty.

Knowledge of the merits of the case (the need for special experts, foreign elements in the relationship of the parties, the technical or legal complexity of the case) allow for the amount of foreseeable costs to be determined. Therefore the parties, and not the state, can make fairly close estimate on the amount of the costs involved provided they have some court experience.

Since it always depends on the merits of the case whether special costs will arise during the litigation, we are of the view that the total amount of litigation costs can not be determined in advance. Therefore the low level of
the overall transparency does not affect the willingness of the parties to litigate.

1.2 Transparency perception

We are of the view that the low level of the information on the total amount of litigation costs does not really deter parties from initiating litigation in Hungary. The reason for this is that plaintiff usually already hires legal representatives at the stage of considering litigation and those professionals are able to give an estimate of the foreseeable costs.

Those who decide to represent themselves before courts or who engage non-professionals can ask for legal advice from the courts during open hours where they can get information about the foreseeable costs and about their possibilities regarding exemptions from funding the costs. They can also ask the state to advance the litigation costs. In addition to the professionals and the free court information, parties with low income may also ask information from the Legal Aid Service.

In case of cross-border litigation where the plaintiff is a foreign citizen and the disputed claim is of a high value, foreign plaintiffs usually hire a professional. In case of cross-border disputes concerning lower amounts - for example disputes arising from consumer contracts - the low level of transparency might cause problems. However, in this case the party may use the help of the Legal Aid Service of other member states if he/she can apply for legal aid under his/her national law. If not, the future plaintiff can hire a lawyer for a cost estimate and for information regarding legal possibilities.

1.3 Solutions to improve transparency

As mentioned above, because of the one-off nature of litigation, it is very difficult to make litigations costs more predictable than they are as the time spent with the case by an expert is not usually foreseeable. On the other
hand, the transcription costs could be harmonized in a better manner in Hungary, for example by means of a price table issued by the notary chamber since in the practice there are some differences in the prices of different notaries.

1.4 Fairness of costs

Under the Hungarian Civil Procedure Code (CPC), the losing party pays the costs of the litigation in general. If the court does not accept the claim of the plaintiff in full, both parties are winners and losers at the same time in the proportion to the amount accepted by the court from the amount claimed. In this case, the costs are funded proportionately. The court decides on the litigation costs ex officio unless the winning party requests the court not to do so.

In special cases, namely in case of division of matrimonial property and in cases involving the division of common property, the parties fund their own expenses irrespective of whether they win or lose at the litigation.

The above rules of the CPC establish the fairness of funding costs. However, the general practice is that the court decreases the amount of the litigation costs to be funded by the losing party in respect of lawyers' fees, even if the winning party can certify the fees paid to lawyers by way of invoices.

1.5 Conclusions and recommendations

As a conclusion, it is hard to estimate the total amount of the litigation costs in advance, since the number of hearings, experts and witnesses required can not be. At the same time, this uncertainty does not deter parties from initiating legal proceedings since the costs are reimbursed to the winning party.
2 Court fees

2.1 General

The most significant cost of the court fees is the court fee duty which has to be paid before or simultaneously with the filing of the complaint. This duty amounts to 6 per cent of the disputed claim, i.e. this is not a fixed costs, but is proportional to the disputed amount. Notwithstanding the disputed amount the amount of the stamp duty is maximized in EUREUR 3600. The court fee mentioned herein relates to the first instance procedure and does not include the costs of appeal.

The court fee duty for a payment order procedure is 3 per cent of the amount claimed and is capped at EUREUR 1,800. If the debtor contests the payment order within 15 days after its receipt, the procedure turns into litigation and another 3 per cent of the claim has to be paid as the court fee duty, but again, EUREUR 1,800 at maximum.

In Hungary, the fees of experts, translators, interpreters and the compensation of witnesses are also regarded as procedural costs. With respect to the scheme of the present project, we will provide detailed information on these costs later.

Other costs emerging in connection with the court procedure are the costs of administrators (ügygondnok), the costs of survey conducted on premises (szemle) or costs of the circuit court (helyszíni tárgyalás) and the costs of the courts' correspondence.
2.2 Cost of bringing an action to the courts

The court fee which has to be paid before or simultaneously with the filing of a complaint is the court fee duty. The court fee duty can either be affixed to the complaint as stamp or transferred to the bank account of the Regional Tax Offices. In the latter case, the plaintiff has to indicate that the court fee duty was paid on the complaint itself otherwise the court rejects the claim without reasoning. The payment of the court fee duty to the bank account of the Regional Tax Office is verified by the competent Regional Tax Office on the original copy of the complaint.

Unfortunately, the crediting of the wire transfer takes usually at least two working days. Therefore the plaintiff has to be very careful in order not to miss deadlines for filing the complaint.

The court fee duty is determined on the basis of the amount of the disputed claim. There is no difference between the different courts in this respect, every court requests the 6 per cent of the disputed amount to be paid as court fee duty, but EUR 3,600, the maximum. The plaintiff can ask for the delayed payment of the court fee, or may file an application for the exemption from court fee payment with the reasoning of poor financial circumstances.

Some litigations are exempt from court fee duty such as alimony and children custody right independently from the financial situation of the parties.

In other cases the court fee duty is not in connection with the disputed claim, but with the subject of the litigation (itemized duties). The itemized court fee duty applies in the following cases:

Divorce cases have a court fee duty HUF 48
Challenging administrative resolutions of governmental authorities have a court fee of EUR 66, unless the resolution is not connected with tax, dues or social security contributions;
Challenging expropriation resolutions in respect of the legal ground of it, and claiming compensation has a court fee duty of EUR 40;
Labour law litigations have a court fee duty of EUR 28.

2.3 Other proceedings costs

The survey is a method of substantiation of a claim under the CPC. In order to establish substantial facts of the case, the court can decide to survey a given person, thing, or premises. The costs of the survey are determined by the proceeding judge. Such costs usually consist of the traveling expenses of the judge or judges.

In other cases, the court can decide to hold the hearing at the premises (court circuit). Traveling and other costs raised in connection with the court circuit are determined by the judge as proceeding cost as well.

An administrator (ügygondnok) is appointed in the litigation if the party is legally incapable or is a company and does not have a legal representative, or the residence of the party is unknown and he or she does not have an authorized representative. The fees of administrators are established pursuant to the rules applicable to the establishment of lawyers’ fees in court proceedings by the court.

The correspondence costs of the courts are usually not high, however, in case of cross-border litigation, the translation charges may also increase costs if the foreign party does not speak Hungarian or the other country only accepts translated documents.
2.4 Costs of legal recourses (Appeals...)

In case of appeals against first instance civil decisions, the appealing party has to pay another court fee duty, which is 6 per cent of the original disputed claim but again, EUR 3,600 at maximum. The appeal duty fee is 3 per cent but EUR 700 at maximum if the appeal was filed against a decree of the court and not against the decision.

If the appeal relates exclusively to the reasoning of the decision, to the modification of payment deadline, or to the modification or cancellation of the installation payment, the appeal duty fee amount to EUR20.

In case of reopening the case the rules of the first instance court fee duty apply, i.e. 6 % of the disputed claim, but EUR 3,600 at maximum.

In case of appealing against final (second instance) decisions, the appealing party has to pay a court fee duty 6 per cent of the disputed amount but EUR 10,000, at maximum.

2.5 Costs of ADR

There are several arbitration forums in Hungary available pursuant to the common consent of the parties or under an arbitration clause in the underlying contract. Even at the stage of selecting an arbitration forum, the litigating parties are obliged to pay, in addition to the fees and expenses of the arbitrators, a court fee duty which is 1 per cent of the disputed claim but EUR 1000 at maximum.

The most commonly chosen arbitration forum is the Arbitration Court of the Hungarian Chamber of Commerce and Industry in commercial contracts. The total cost of arbitration at this forum consists of the registration fee, the fee of the arbitrators and the administrative costs. The fee of the arbitrators and the administrative costs depend on the amount of the claim as follows:
Administrative costs:

**Amount claimed:**

- under EUR 20,000: 2.6 % of the amount claimed but minimum EUR 160
- between EUR 20,001 and EUR 40,000: EUR 520 and 2.2 % of the amount above EUR 20,000
- between EUR 40,001 and EUR 100,000: EUR 960 and 1.8 % of the amount above EUR 40,000
- between EUR 100,001 and EUR 200,000: EUR 2,040 and 1.36 % of the amount above EUR 100,000
- between EUR 200,001 and EUR 500,000: EUR 3,400 and 1 % of the amount above EUR 200,000
- between EUR 500,001 and EUR 1,000,000: EUR 6,400 and 0.8 % of the amount above EUR 500,000
- between EUR 1,000,001 and EUR 2,000,000: EUR 10,400 and 0.4 % of the amount above EUR 1,000,000
- between EUR 2,000,001 and EUR 5,000,000: EUR 24,400 and the 0.2 % of the amount above EUR 1,250,000
- between EUR 5,000,001 and EUR 10,000,000: EUR 45,000,000 and 0.12 % of the amount above EUR 5,000,000

The administrative costs include the 1 per cent court fee duty.

**Fee of the Arbitrators**

**Amount claimed:**

- under EUR 20,000: 2.4 % of the amount claimed but minimum EUR 160,000
- between EUR 20,001 and EUR 40,000: EUR 480 and 2 % of the amount above EUR 20,000
- between EUR 40,001 and EUR 100,000: EUR 880,000 and 1.6 % of the amount above EUR 40,000
- between EUR 100,001 and EUR 200,000: EUR 1,840 and 1.2 % of the amount above EUR 100,000
- between EUR 200,001 and EUR 500,000: EUR 3,040 and 0.8 % of the amount above EUR 200,000
- between EUR 500,001 and EUR 1,000,000: EUR 5,440 and 0.4 % of the amount above EUR 500,000
- between EUR 1,000,001 and EUR 2,000,000: EUR 7,440 and 0.2 % of the amount above EUR 1,000,000
- between EUR 2,000,001 and EUR 5,000,000: EUR 15,440,000 and 0.12 % of the amount above EUR 5,000,000
above 20,000,001 EUR 3,3440 and 0.007 % of the amount above EUR 5,000,000,000

The registration fee is EUR 100.

Contingent upon the subject of the litigation and upon the arbitration clause, the Money and Capital Markets Arbitration Tribunal might proceed. In this case the total costs of the arbitration are calculated as follows:

<table>
<thead>
<tr>
<th>Amount claimed:</th>
<th>Arbitration fee:</th>
<th>Stamp Duty:</th>
</tr>
</thead>
<tbody>
<tr>
<td>under EUR 6,000</td>
<td>EUR 540</td>
<td>1 % of the amount claimed but minimum EUR 20</td>
</tr>
<tr>
<td>between EUR 6,000 and EUR 40,000</td>
<td>EUR 540 and 9 % of the amount above EUR 6000</td>
<td>1 % of the amount claimed</td>
</tr>
<tr>
<td>between EUR 40,000 and EUR 200,000</td>
<td>EUR 3,600 and 5 % of the amount above EUR 40,000</td>
<td>1 % of the amount claimed but EUR 1,000 at maximum</td>
</tr>
<tr>
<td>between EUR 200,000 and EUR 400,000</td>
<td>EUR 11,600 and 4 % of the amount above EUR 200,000</td>
<td>EUR 1,000</td>
</tr>
<tr>
<td>between EUR 400,000 and EUR 2,000,000</td>
<td>EUR 19,600 and 1,5 % of the amount above 400,000</td>
<td>EUR 1,000</td>
</tr>
<tr>
<td>between EUR 2,000,000 and EUR 4,000,000</td>
<td>EUR 43,600 and 1,1 % of the amount above EUR 2,000,000</td>
<td>EUR 1,000</td>
</tr>
<tr>
<td>between EUR 4,000,000 and EUR 20,000,000</td>
<td>EUR 65,600 and 0,6 % of the amount above EUR 4,000,000</td>
<td>EUR 1,000</td>
</tr>
<tr>
<td>above EUR 20,000,000</td>
<td>EUR 161,600 and 0,06 % of the amount above EUR 20,000,000</td>
<td>EUR 1,000</td>
</tr>
</tbody>
</table>

Lastly there is an adhoc Arbitration Committee of the Budapest Lawyers Bar. This arbitration forum may proceed upon the consent of the parties (arbitration clause
in the contract), and if at least one of the parties is not costumer and the subject of the litigation is at the free disposal of the parties.

Before this arbitration forum the general court fee duty rules apply (6 per cent of the claim, but EUR 3,600 at maximum).

The fee of the arbitrators is established in accordance with the disputed amount, as follows:

<table>
<thead>
<tr>
<th>Disputed amount:</th>
<th>Arbitrators fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 0 - 20,000</td>
<td>3.6 % of the claim, but minimum EUR 200</td>
</tr>
<tr>
<td>EUR 20,001 - 40,000</td>
<td>EUR 720 plus 2.4 % of the claim above EUR 20,000</td>
</tr>
<tr>
<td>EUR 40,001-80,000</td>
<td>EUR 1,200 plus 1.8% of the claim above EUR 40,000</td>
</tr>
<tr>
<td>EUR 80,0001-200,000</td>
<td>EUR 1920 plus 1.2% of the claim above EUR 80,000</td>
</tr>
<tr>
<td>EUR 200,001-400,000</td>
<td>EUR 3360 plus 0.6% of the claim above EUR 200,000</td>
</tr>
<tr>
<td>EUR 400,001-800,000</td>
<td>EUR 4560 plus 0.3% of the claim above EUR 400,000</td>
</tr>
<tr>
<td>above EUR 800.001</td>
<td>EUR 4560 plus 0.18% of the claim above EUR 800,000</td>
</tr>
</tbody>
</table>

2.6 Costs of Legal Aid proceedings

The hourly rate of the fee of the legal aid service providers are determined by the government every year. In 2007, the applicable hourly rate amounts to EUR 12.

Under Section 28 of Legal Aid Act, the legal aid service provides information about the possibilities for and supports applicants in obtaining legal aid free of charge. The application for legal aid service is free from the duty payment obligation.

2.7 Costs of fast track proceedings
In Hungary, civil litigation can not be accelerated by means of payment of an extra fee. It is possible the file an application for an expedited procedure with the chairman of the proceeding court but no extra fee has to be paid in this case.

2.8 Costs of Group actions ‘proceedings

Several plaintiffs or more defendants in the same litigation are possible if (i) the subject of the litigation is a common right or claim and the decision in the litigation would effect the rights of the party even without participating in the procedure; (ii) the claims derive from the same legal relationship; (iii) the claims derive from similar legal relationships and the court has jurisdiction in respect of every defendant. Such situation is common for example in case of litigations against the owners of a condominium.

In the first case, where the decision would have an effect on the rights or obligations in any event, the members of the group fund the litigation costs jointly. In the other cases, the members of the group fund the costs equally. However, in case of significant differences between the stakes of the members in the litigation, the court can establish the costs to be funded pursuant to the stake (financial interest) of the individual members.

2.9 Payment

As mentioned above, the court fee duty can be paid by means of a wire transfer to the bank account of the competent Regional Tax Office or by affixing duty stamps. If the court fee duty is paid by means of wire transfer practically it has to be sent 3 working days before filing with the complaint with the court. The reason for this is that the tax authority must verify on the copy of the complaint that the court fee duty was duly paid. In the practice the tax authority needs at least 3 days for crediting and identification the transferred amount. In case of paying the court fee duty by means of affixed stamps, one original copy must be filed with the court at which the stamps were affixed.

In case of arbitration, the proceeding arbitration tribunal transfers the court fee duty to the Capital Tax Office after having finishing the litigation.
The other court costs have to be either advanced by a party, in which case the party pays it to the bank account of the court, or are due upon the final decision of the court.

2.10 E-justice

N.A.

2.11 Impact of the number of hearings on costs

There are no specified rules in the CPC regarding the number of hearings. However, judges are obliged to finish the litigation within a reasonable period of time and to preclude any party from prolonging the proceedings. In average, not very complex litigation, first instance decisions are usually issued on the third or fourth hearing of the case.

The number of hearings increases the amount of other court fees since more hearings are usually attached with higher delivery costs and with more evidencing procedures (survey, or other experts opinion, etc), which also result in increased costs.

If the lawyers of the parties work on an hourly basis, an extensive number of hearings can increase the lawyers’ fee, which comprise part of the litigation costs as well.

2.12 Transcription costs

Transcriptions from the documents of the act are made by the courts. The party requesting for transcription must pay EUR 0,4 per page in the form of a stamp duty. In cases of a small number of required pages, the courts give the authenticated copies to the requesting party immediately. In case of larger amount of copies, the court sends the requested copies within couple of weeks by mail.
In case of documents not already filed with the court, public notaries are entitled to make authenticated copies. The fee is determined by the government in a Ministerial Decree. The notaries inform client on their costs via phone as well. Such costs - in the possession of the invoice - can be claimed from the losing party.

2.13 Conclusions and Recommendations

Although under the CPC the time gap between the hearings should not exceed maximum 4 months, sometimes the practice is not in compliance with this rule in the capital and in some other overloaded courts. In some cases, it is not so much the number of the hearings but the long period necessary for issuing even the first instance decision that has a deterring effect on litigants.

Establishing the possibility of the online verification of online transfers of the court fee duty would make the court fee duty payment easier for parties.

Establishing the possibility of e-justice procedures would certainly result in accelerated and therefore inexpensive procedures.

3 Lawyers’ consulting and representation fees

3.1 General

Parties may represent themselves or may authorize any other persons to act on their behalf before Local Courts and County Courts in first and second instance cases. The appealing party has to be represented by a registered attorney-at-law before the Supreme Court of Justice and before the Regional Courts of Appeal.

Lawyers consulting fees are subject to free bargaining between the client and the lawyer, independently from the nature of the litigation, from the value of the claim or from the type of the lawsuit.
Lawyers can work on an hourly rate basis, agree on a retainer, contingency fees or on a success fee.

The lawyers’ fee and expenses verified by invoices and by the mandate agreement with the client shall be reimbursed by the losing party. If, in the court’s opinion, the sum of the fee and expenses is too high and is not in proportion with the work carried out by the lawyer, the court can decrease the amount to be reimbursed by the losing party.

3.2 Fees depending on the nature of the litigation

No special regulation.

3.3 Fees depending on the type of lawsuit or proceedings

No special regulation.

3.4 Fees depending on the value of the claim

No special regulation either.

However, in the absence of special agreement between the lawyer and the client, the courts establish the lawyer’s fees on the basis of the amount that is the subject matter of the litigation. Notably, this fee has to be funded by the losing party.

Lawyers’ fees in first instance proceedings are calculated by courts as follows:

<table>
<thead>
<tr>
<th>Amount claimed:</th>
<th>5 % of the amount claimed but minimum EUR 400</th>
</tr>
</thead>
<tbody>
<tr>
<td>under EUR 40,000</td>
<td></td>
</tr>
<tr>
<td>between EUR 40,001 and EUR 400,000</td>
<td>EUR 2,000 and 3 % of the amount above EUR 20,000, but minimum plus EUR 200</td>
</tr>
<tr>
<td>above EUR 400,001</td>
<td>EUR 12,800 and 1 % of the amount</td>
</tr>
</tbody>
</table>
above EUR 400,000 but minimum plus EUR 4,000

If the amount claimed can not be established, the lawyer is entitled to an hourly rate between EUR 20 and EUR 40.

At second instance, the lawyer's fees are half of the above-calculated fees.

The fees established by the court pursuant to the above calculation method can be decreased by the court as well, if in the court's opinion the sum of the fee and expenses is too high and is not in proportion with the work carried out by the lawyer.

3.5 **Fees depending on the jurisdiction**

No special regulation.

3.6 **Legal aids cases**

In the frame of the state legal aid service, the representation of clients in civil court proceedings becomes available only after January 1, 2008. In such cases, the lawyer representing a client entitled to legal aid will be paid on an hourly basis. The hourly rate of such representation amounts to at least the fee determined in the Finances Act yearly (in 2007 EUR 12) but the quadruplicate of such amount at maximum.

An administrator (ügygondnok) is appointed in the litigation if the party is legally incapable or is a company and does not have a legal representative, or the residence of the party is unknown and he or she does not have an authorized representative. The fees of the administrators are established pursuant to the rules applicable to the establishment of lawyers’ fees in court proceedings by the court.

In addition to the Legal Aid Service, the party who is entitled to an exemption from litigation costs under Sections 84-88 of the CPC may request the court to appoint a lawyer to help the party in the litigation.
3.7 Contingency fees

No special regulation on contingency fees.

3.8 Payment

Lawyers working on an hourly basis issue their bills as agreed upon with the client. However, it is also common that the fee of the lawyer to be due at the end of a given phase of the litigation, for example at the end of the first instance case or when the decision becomes binding, etc.

Lawyers’ fees are subject to VAT and the applicable VAT is 20 percent. In case of cross-border legal services, VAT is not issued if the client has a community tax number.

3.8.1 Retainer

There are special no regulations in force. A retainer might be requested only on the basis of the agreement between the client and the lawyer. (In this report we understand the term retainer as a flat fee for administrating a given case during a given time)

3.9 Conclusions and recommendations

In cases requiring complex legal advice, or the cooperation of several lawyers, lawyers’ fees are usually high. However, this should not be a problem since in case of winning the litigation, the losing party must reimburse this fee to the winning party. Unfortunately courts usually make a use of their right mentioned above and decrease the reimbursable amount of lawyers fees which is not always fair to the winning party.

The existence of this cost is foreseeable to the party using lawyer in the litigation since at the beginning of the mandate the client and the lawyer agree on the applicable fees. Cross border litigations do not have specific cost, however the hourly rates of lawyers capable of working in foreign languages are always higher.
4 Bailiff fees

4.1 General

In case of non performance of the losing party the winning party has no other choice than hiring a bailiff to execute the courts decision.

The bailiffs’ fee is determined by the government. Bailiffs are paid usually pursuant to the amount of the claim to be enforced. In addition to their fee, they are entitled to a compensation for their expenses and to a flat fee for their expenses as well. Furthermore in case of successful enforcement, they are also entitled to a commission.

The fee of the judicial enforcement is paid by the losing party. However, a certain amount (EUR 324) has to be advanced by the party requesting the enforcement in debt collection cases.

Subject to the amount of the claim to be enforced, the bailiff is entitled to the following fees:

<table>
<thead>
<tr>
<th>Amount claimed:</th>
<th>Bailiff’s fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>below EUR 400</td>
<td>EUR 16</td>
</tr>
<tr>
<td>between EUR 400 and EUR 4,000</td>
<td>EUR 16 and 3% of the amount above EUR 400</td>
</tr>
<tr>
<td>between EUR 4,000 and EUR 20,000</td>
<td>EUR 124 and 2% of the amount above EUR 4,000 EUR 444 and</td>
</tr>
<tr>
<td>between EUR 20,000 and EUR 40,000</td>
<td>1% of the amount above EUR 20,000</td>
</tr>
<tr>
<td>exceeding EUR 40,000</td>
<td>EUR 644 and 0.5% of the amount above EUR 40,000</td>
</tr>
</tbody>
</table>

In case of successful collection of the debt, the bailiff is also entitled to commission. The commission is calculated as follows:

<table>
<thead>
<tr>
<th>Collected amount :</th>
<th>Bailiff’s commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>below EUR 2,0000</td>
<td>10 %</td>
</tr>
<tr>
<td>between EUR 20,001 and EUR 40,000</td>
<td>EUR 2,000 and 8% of the</td>
</tr>
</tbody>
</table>
In addition to the above fee, the bailiff is entitled to a flat fee expense-compensation, which is 50% of the fee calculated according to the above table.

4.2 Ante judgment

There are no special regulations for ante judgment proceedings of bailiffs if we define ante judgment proceeding as proceeding before the filing of the complaint. The parties may request the proceeding of the bailiff after filing the complaint with the competent court at the earliest, but in this case, the bailiff proceeds during the litigation. In case of ante judgment proceedings the party requesting the ante judgment execution has to pay in advance the whole amount of the bailiff fees.

4.3 During proceedings

The plaintiff might request the enforcement court to order protective measures if the plaintiff can substantiate that the later enforcement of the claim is in jeopardy. Upon such a request, the court can order the pledge of certain money claims or the seizure of certain tangibles.

The plaintiff is entitled to file the application for protective measures prior to the first instance decision if he/she can evidence the existence, the amount and the due date of the claim with a public deed or with a private deed with full probative value.

The plaintiff is entitled to file the application for protective measure after the first instance decision if the final decision is not enforceable because the performance deadline has not expired yet or the first instance decision was passed but it has not became binding.
In the above cases, the plaintiff has to advance the total amount of the fee in addition to the expenses of the bailiff.

4.4 Post proceedings

In case of non voluntary payment of the losing party, the winning party can initiate judicial enforcement proceedings against him/her. However, before doing so, creditors are obliged to collect the amount of their claim from the bank account of the debtor via bank encashment.

Unfortunately, foreign creditors can only make a use of the bank encashment system if they have a Hungarian bank account, since foreign bank accounts are not attached to the domestic bank encashment system, and therefore Hungarian banks perform the encashment only on the basis of a letter of authority for the benefit of a foreign bank account.

Therefore, foreign creditors are not obliged to attempt the bank encashment procedure before initiating judicial enforcement proceedings. If the winning party does not have a (Hungarian) bank account, he/she might request the enforcement court to issue a transfer decree against the bank accounts of the debtor. In the transfer decree the court obliges the accounting bank to transfer the claimed amount to the bank account indicated by the winning party. (Usually such accounts are the bank accounts of the attorneys.) If the balance of the debtor's account does not cover the claim, the plaintiff has no other choice but to initiate judicial enforcement proceedings.

Once in possession of the final and binding decision, the winning party has to file an application to the enforcement court and ask for the issuance of an enforcement sheet. The issuance of such deed is subject to duty payment, i.e. the plaintiff must pay 1 per cent of the claim but EUR 600 at maximum.

Simultaneously with the issuance of the enforcement sheet, the court notifies the competent bailiff about the commencement of the enforcement procedure. The bailiff sends an official notification to the plaintiff about his/her fee and expenses. In case of debt collection, the plaintiff has to advance at the beginning of the
enforcement the 50 percent of the fee and the expenses, but EUR 300 at maximum plus the fee of the notification of the debtor by the bailiff, which is EUR 6,000.

The bailiff starts his or her work only after the receipt of fee to be advanced. At the beginning of the execution, the bailiff verifies all databases in order to find the assets of the defendant (real estate registry, car registry, company register, etc). If the debt can not be collected from the bank accounts of the debtor, the bailiff will visit the address of the debtor and seize tangibles. If the debtor owns real estate, the bailiff requests the land registry to record the enforcement on the plot of the real estate within three working days after the receipt of the advanced amount or after discovering the existence of the real estate.

If the bailiff does not collect a debt but carries out certain activities as defined in the court decision, bailiffs are entitled to an hourly rate of EUR 16 plus expenses.

4.5 Legal aid cases

Under section 52 of the Act on Legal Aid, the assistance and subsidy provided in the litigation phase of the case covers the judicial enforcement phase of the case as well. However, the party has to fulfill the requirements for entitlement to legal aid during the span of the entire procedure. The Legal Aid Service follows up the conditions of the requesting party in every second year.

Please note that the above provision will enter into force only after January 1, 2008.

4.6 Payment

As mentioned above, in debt collection cases an amount of EUR 324 has to be advanced. The rest of the fee and the expenses of the bailiff are covered by amount collected from the debtor.

4.6.1 Retainer

Retainers are not applicable for the fee of the bailiff.
4.7 Conclusions and recommendations

As mentioned above, the issuance of the enforcement sheet is a separate procedure before the enforcement court at the residence of the debtor.

In the issuance proceeding, the enforcement court investigates merely technical details of the application, but even so, the procedure can take several weeks. In order to accelerate the procedure, we would suggest to create the possibility of filing this application after the expiration of the performance date electronically, and to enable the courts to issue the enforcement sheet in an electronic format within a short deadline.

5 Expert fees

5.1 General

If a special knowledge is necessary in the litigation to decide or appraise important merits of the case and the judge does not have that kind of special knowledge, the court will appoint an expert. Usually one expert is appointed. More experts are appointed if special knowledge is required for different questions in the case. The court appoints the expert from the list of the judicial experts or appoints special state organs as experts. If the parties can not agree on the person of the expert, the court appoints the expert within its own authority.

The costs of the expert’s opinion are established by the court in a separate decree which can be appealed by the expert or by the parties. The costs usually have to advanced by the substantiating party.

The total cost of the expert's opinion consist of the expert fee, expenses (typing, laboratory costs, costs of surveys, transcription, translation, etc.) and a fee for attendance at the hearing.
5.2 Fees (medical experts, technical transports experts.....)

The applicable fees are set forth in the annex of a Ministerial Decree. In the case of experts whose activity is not specified in the annex, the applicable hourly rate amounts to EUR 6,4.

The fees are determined in the annex of the decree pursuant to the nature of the inspection carried out by the expert. The fees for a single inspection are between EUR 6,4 and EUR 32.

As mentioned above, the expert is entitled to reimbursement of his/her expenses, for an attendance fee in addition to the work fee. The time spent on the case and the amount of the expenses is established by the court on the basis of the work register filed by the expert.

5.3 Payment

The court pays the fee of the expert in the amount of the court decree establishing the amount of the expert’s fee. If the court obliged the party to deposit the fee of the expert in advance, the accounting office of the proceeding court transfers the fee to the expert once the decree establishing the expert’s fee becomes binding. If the deposited sum is not sufficient or the court did not oblige the party to deposit the fee in advance, the court obliges the party funding the expert’s fee to deposit the amount at the court, and thereafter transfers the money to the expert.

5.3.1 Retainer

Retainers are not applicable to experts’ fees.

5.4 Legal aid cases

The party entitled to legal aid is exempt from or entitled to a suspension of the payment of e litigation costs which consist of, among other things, the expert’s fee.
5.5 **Reimbursement of experts’ fees**

Since experts’ opinions are a method of substantiation, usually it is the party proposing the substantiation that has to advance the costs.

The fees and expenses of the experts are also part of the litigation costs and usually the losing party has to fund or reimburse these costs.

5.6 **Practical questions?**

The parties are entitled to hire private experts to support their claims. However, opinions of private experts are regarded only as personal statements of the party hiring the expert.

Experts who
- have no criminal record;
- have the required qualification at the given specialization and at least five years of experience;
- are members of the professional chamber (if the activity of the expert is tied to membership);
- declare to proceed in compulsory cases;
- passed a legal exam specified by law;
- are members of the local chamber of their residence can act as official judicial experts.

In addition to natural person experts, the court may appoint judicial expert business associations entitled to act as judicial experts or special state organs (universities for example) as well.

The list of the official judicial experts is maintained by the Ministry of Justice. The list is available online on the website of the Ministry of Justice.
5.7 Conclusions and recommendations

The fee of the expert is established by the court in the knowledge of the expert's opinion. This rule, together with the possibility of an appeal against the court decree, guarantees the fairness of the expert's costs.

6 Translation and interpretation fees

6.1 General

Official translations, accreditation of translations or authenticated copies of foreign documents can only be made by the OFFI (National Translation and Translation Certification Office). However, in practice courts do not always require the official translation of a given document, in which case private translators may prepare translations as well.

6.2 Translation fees

The fees of official translation are not determined by law. In practice, the party who wishes to have the document translated sends the documents to the OFFI and asks for a price estimate. The OFFI investigates the documents and gives an offer to the party.

If an official translation is not required, the party may have the document translated by a private translator. The fees of private translators are usually published on the internet and are lower than those of OFFI.

6.3 Interpretation fees

The interpretation fees are funded by the state. However, in practice, the fees of interpreters have to be advanced by the parties.
6.4 Payment

If the translation is made by private translators, the payment method is subject to free negotiation between the parties.

If the party has the document translated with OFFI before filing it with the court, the party has to advance approximately 80% of the translation fee to the OFFI simultaneously with accepting the price offered by the OFFI. The remaining fee has to be paid when the translation is ready. Cash payments and credit cards are accepted.

If the court decides to have a given document translated (for example to translate the complaint to deliver it abroad), the court usually obliges the party to advance the translation costs.

6.4.1 Retainer

Retainers are not applicable for the fees of OFFI.

6.5 Practical questions?

Before courts, public prosecutors' offices, and police having their registered seat in Budapest, only the members of the OFFI are entitled to act as interpreters. In other official and court proceedings, official interpreters registered on the list by the local notary are entitled to proceed as well.

Official translations of company extracts can be made by private translator companies as well. Translators and interpreters have to have no criminal record and the necessary university degree in order to be registered in the list of translators / interpreters. Translators and interpreters must file their application with the local notary.
6.6 Legal aid cases

If the party is entitled to legal aid, he/she is exempt from or entitled to a suspension from the payment of translation costs. If the party is entitled to an exemption from the payment of costs, the state pays the costs that do not have to be funded by the other party. If the party is entitled to suspension of the payment of such costs, the court will decide in its final decision on the funding of the translation costs.

The fee of the interpreters is always funded by the state.

6.7 Reimbursement

According to the general rule, the losing party has to reimburse every cost and expense of the winning party as determined in the final decision.

6.8 Conclusion and recommendations

In the market of preparation of official translations and the accreditation of translations, the OFFI enjoys a monopoly situation, and therefore translation fees are very high. Official translations are not automatically required but the courts usually order the official translations of important documents, which is the most expensive service provided by OFFI.

7 Witness Compensation

7.1 General

The rules of witness compensation are determined by the government. Witnesses are entitled to compensation in proportion with their time spent at the court, to reimbursement of their traveling and lodging costs and a general alimentation of EUR 0,4.
7.2 Fees

Witnesses who have an employment relationship are reimbursed for the time spent at the court with an amount equal to their absence fee.

Other witnesses with no employment relationship are entitled to compensation in the amount of EUR 1,3 per hour.

The witnesses are also entitled to reimbursement of their traveling and lodging expenses.

Under the CPC, the witness has to request the above fee and the reimbursement of the traveling expenses at the hearing. In practice, at the end of the witness hearing, the court asks the witness whether he/she requests a fee or reimbursement.

7.3 Legal aids cases

If the party whose witness requests fee or reimbursement of expenses is entitled to legal aid, the fee and the expenses of the witness are funded or advanced by the state.

7.4 Payment

Witnesses are reimbursed by the cashier of the court after the hearing.

7.5 Practical questions?

Under Section 169 of the Hungarian Civil Code, one who is not able to give an acceptable witness statement because of his/her mental or physical illness can not be heard as witness. Those who are obliged to keep state, service or trade secret can not be heard as witnesses, in the absence of a release from their secrecy obligation.
Witness statement can be denied by:

- relatives of the parties;
- if the witness would accuse him/herself or his/her relatives with committing crime;
- lawyers, doctors and other professionals who are obliged to keep the secrets of their clients (but only in respect of the secret);
- prior experts or mediators in the case.

7.6 Conclusions and recommendations

Although it is not an option to the Hungarian citizens to make a witness statement but a must, the rules of establishment of their traveling and accommodation costs are very strict and chary. Therefore witnesses are usually not paid for their whole expenses.

8 Pledges and security deposits

8.1 General

A pledge or security deposit might be required in any kind of litigation. Under Section 89 of the CPC, the defendant may request the court to order the plaintiff to furnish security for the litigation costs if the plaintiff is a foreign citizen. The plaintiff can not be obliged to give security if:

- he / she is entitled to exemption from litigation costs;
- the defendant has acknowledged a certain amount of the claim, which is sufficient to cover litigation costs;
- international treaty excludes such obligation; or
- the plaintiff is a citizen of any EU member states, or the plaintiff is not EU citizen but he /she is resident in the EU.
In addition to security for the litigation costs, there are some other cases where the assets of the litigating parties can be affected before the final decision in the litigation.

If the lawsuit is in connection with the ownership of real estate, or with other certain rights relating to real estate, the court is obliged - upon request of either party - to order the land registry office to record the fact of the commencement of the litigation on the land registry sheet of the real estate. Once the commencement of the litigation has been recorded, any later rights relating to the real estate are subject to the final decision in the litigation.

Secondly, upon request of either party, the court can order the fulfillment of the claim or the counter claim before passing decision, if:

- the party requested it in the claim or in the counterclaim,
- the fulfillment of the claim is necessary in order to protect the favorable legal interest of the party, to avoid threatening damage, or to maintain the status quo;
- the disadvantages of such decision do not exceed the advantages.

In addition to the above, very rarely, upon request of a party, the court can oblige the other party to advance the costs of evidencing of the other party.

8.2 Fees

There are no special rules regarding the amount of the security deposit. The court establishes the sum to be deposited in accordance with the possible costs of the litigation. The court is entitled to change the amount of the deposit at a later time.

8.3 Payment

The amount of the security deposit shall be transferred to the bank account of the proceeding court.
8.4 Conclusions and recommendations

As described in section 8.1., application for pledges and security deposits is possible only in certain cases.

9 Court decisions

9.1 Cost of notification

The parties don't pay for the notifications of the hearings. However, if a party or a witness has to be notified abroad, the costs of the notification (post delivery costs, and - if necessary - translation costs) have to be advanced.

9.2 Cost of obtaining an authentificated decision

Under Section 219 of CPC, court decisions have to be delivered to the parties to the litigation, court decrees issued in course of the hearings have to be delivered to parties not present at the hearing and court decrees issued beyond the hearing has to be delivered to all the interested the parties.

Decisions and decrees have to be committed in writing within 15 days and have to be delivered within another 15 days to the parties. Under this rule, parties do not have to pay for the authenticated copy of the decision.

Once the deadline to appeal passes without an application for an appeal, the court notifies the parties that the decision or the resolution has became final. Such notification is free of charge as well.

If the party needs additional copies of the decision, upon request the court makes the transcription after the receipt of the transcription fee of EUR 0.4 per page.
10 Civil Legal aid

10.1 General

The Legal Aid Service was established in Hungary by Act LXXX of 2003 on Legal Aid, that entered into force on April 1, 2004. Within the purview of the Ministry of Justice, a new office, the Office of Justice, was established which is - among other issues - responsible for the state legal aid service.

10.2 Conditions of grant

Legal aid service is granted to those:
1, whose monthly net income does not exceed the current minimum retirement pension and who have no property or assets;
2, who receive regular social assistance independent from their income and assets;
3, who receive public health care independent from their income and assets;
4, the homeless, independent from their income and assets;
5, who are registered as refugee independent from their income and assets;
6, who is requesting legal aid in order to obtain visa or residence matters independent from their income and assets;
7, who care for a child entitled to child welfare subsidy, independent from their income and assets;
8. who are prevented from disposing of their properties and therefore legal services are unattainable for them;
9, who can not use legal services available on the market because of their personal circumstances;
10, who have to spend their income for other purposes.

The fees are advanced and not funded by the state if the party exceeds the income limit as defined above but his/her income does not exceed 43 per cent of the national average of the gross monthly wage.
10.3 Strings attached?

The Legal Aid Service is entitled to request the attachment of the underlying documentation from the applicant even after granting the aid, and the Service is entitled to examine the financial situation of the applicant in other ways as well. If the applicant does not attach the requested documentation or it can be established that the applicant was not entitled to legal aid, the applicant has to repay the amount of the subsidy.

10.4 Practical questions

There are no available practical experiences in connection with legal aid service in litigations since the provisions in question are only going to enter into force on January 1, 2008.

10.5 Conclusions and recommendations

We are of the view that the conditions of granting legal aid, i.e. the financial limits of granting the service are very restrictive since the current minimum retirement pension amounts only to approximately EUR 110.

11 Personal experience

After the latest modification of the CPC, litigation has became more accelerated. The most significant litigation costs can be determined or at least estimated by a professional in view of the merits of the case.

If the cross-border nature of the litigation so requires, lawyers often contact lawyers in other member states if the client undertakes to cover the extra costs of the services of the foreign lawyers, which can be very high.
In order to foreclose the possible jurisdiction of other Member States or the ordinary Hungarian courts, parties usually incorporate an arbitration clause in the agreements in Hungary, if it is possible in the given case.

12 Case studies

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Court</th>
<th>Appeals</th>
<th>ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial court fees</td>
<td>Transcription fees</td>
<td>Other fees</td>
<td>Initial court fees</td>
</tr>
<tr>
<td>Case A</td>
<td>EUR 48</td>
<td>copy of the marriage certificate</td>
<td></td>
</tr>
<tr>
<td>Case B</td>
<td>EUR 48</td>
<td>copy of the marriage certificate</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Court</th>
<th>Appeals</th>
<th>ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial court fees</td>
<td>Transcription fees</td>
<td>Other fees</td>
<td>Initial court fees</td>
</tr>
<tr>
<td>Case A</td>
<td>exempt from court fee</td>
<td>copy of the birth certificate of the child</td>
<td></td>
</tr>
<tr>
<td>Case B</td>
<td>exempt from court fee</td>
<td>copy of the birth certificate of the child</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Court</th>
<th>Appeals</th>
<th>ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial court fees</td>
<td>Transcription fees</td>
<td>Other fees</td>
<td>Initial court fees</td>
</tr>
<tr>
<td>Case A</td>
<td>exempt from court fee</td>
<td>copy of the birth certificate of</td>
<td></td>
</tr>
<tr>
<td>Case B</td>
<td>exempt from court fee</td>
<td>copy of the birth certificate of the child</td>
<td>exempt from court fee</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------</td>
<td>------------------------------------------</td>
<td>-----------------------</td>
</tr>
</tbody>
</table>

### Case no 4

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Court</th>
<th>Appeals</th>
<th>ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial court fees</td>
<td>Transcription fees</td>
<td>Other fees</td>
<td>Initial court fees</td>
</tr>
<tr>
<td>Case A</td>
<td>EUR 1,200</td>
<td>copy of the contract, copy of the company register extract</td>
<td>EUR 1,200</td>
</tr>
<tr>
<td>Case B</td>
<td>EUR 1,200</td>
<td>copy of the contract, copy of the company extract of the seller</td>
<td>EUR 1,200</td>
</tr>
</tbody>
</table>

### Case no 5

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Court</th>
<th>Appeals</th>
<th>ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial court fees</td>
<td>Transcription fees</td>
<td>Other fees</td>
<td>Initial court fees</td>
</tr>
<tr>
<td>Case A</td>
<td>6 % of the claimed damage but EUR 3,600 the maximum</td>
<td>copy of the damage report, copy of the company register extract</td>
<td>6 % of the claimed damage but EUR 3,600 the maximum</td>
</tr>
<tr>
<td>Case B</td>
<td>6 % of the claimed damage but EUR 3,600 at maximum</td>
<td>copy of the damage report, copy of the company register extract</td>
<td>6 % of the claimed damage but EUR 3,600 at maximum</td>
</tr>
</tbody>
</table>
### Copy of the contract

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Lawyer</th>
<th>Bailiff</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Case no. 1

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Lawyer</th>
<th>Bailiff</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case A</th>
<th>NO</th>
<th>minimum EUR 200</th>
<th>n.a.</th>
<th>n.a.</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case B</td>
<td>NO</td>
<td>minimum EUR 400</td>
<td>n.a.</td>
<td>n.a.</td>
<td>NO</td>
</tr>
</tbody>
</table>

#### Case no. 2

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Lawyer</th>
<th>Bailiff</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case A</th>
<th>NO</th>
<th>minimum EUR 200</th>
<th>EUR 16 per hour</th>
<th>NO psychologist (if any)</th>
<th>EUR 200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case B</td>
<td>NO</td>
<td>minimum EUR 400</td>
<td>EUR16 per hour</td>
<td>NO psychologist (if any)</td>
<td>EUR 200</td>
</tr>
</tbody>
</table>

#### Case no. 3

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Lawyer</th>
<th>Bailiff</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case A</th>
<th>NO</th>
<th>minimum EUR 200</th>
<th>EUR 16 per hour</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case B</td>
<td>NO</td>
<td>minimum EUR 400</td>
<td>EUR 16 per hour</td>
<td>NO</td>
</tr>
</tbody>
</table>

#### Case no. 4

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Lawyer</th>
<th>Bailiff</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case A</th>
<th>NO</th>
<th>EUR</th>
<th>n.a.</th>
<th>EUR 3000</th>
<th>NO</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case B</td>
<td>NO</td>
<td>EUR 1000-2000</td>
<td>n.a.</td>
<td>EUR 300 to be advanced</td>
<td>NO</td>
<td>EUR 400</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

### Case no 5

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Lawyer</th>
<th>Bailiff</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Is representation compulsory?</strong></td>
<td><strong>Average costs</strong></td>
<td><strong>Pre-judgment costs</strong></td>
<td><strong>Post-judgment costs</strong></td>
</tr>
<tr>
<td>Case A</td>
<td>NO</td>
<td>approx. EUR 2000</td>
<td>n.a.</td>
</tr>
<tr>
<td>Case B</td>
<td>NO</td>
<td>approx. EUR 4000</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

### Case no 1.

<table>
<thead>
<tr>
<th>Case</th>
<th>Witness compensation</th>
<th>Pledge or security</th>
<th>Other fees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Are witnesses compensated?</strong></td>
<td>Cost</td>
<td>Does this exist and when and how is it used?</td>
<td>Cost</td>
</tr>
<tr>
<td>Case A</td>
<td>yes</td>
<td>max EUR 1,3 per hour, or the absence fee plus traveling expenses</td>
<td>no</td>
</tr>
<tr>
<td>Case B</td>
<td>yes</td>
<td>max EUR 1,3 per hour, or the absence fee plus traveling expenses</td>
<td>no</td>
</tr>
</tbody>
</table>

### Case no 2

<table>
<thead>
<tr>
<th>Case</th>
<th>Witness compensation</th>
<th>Pledge or security</th>
<th>Other fees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Are witnesses compensated?</strong></td>
<td>Cost</td>
<td>Does this exist and when and how is it used?</td>
<td>Cost</td>
</tr>
<tr>
<td>Case A</td>
<td>yes</td>
<td>max EUR 1,3 per hour, or their absence</td>
<td>no</td>
</tr>
</tbody>
</table>
### Case B

| Are witnesses compensated? | max EUR 1,3 per hour, or their absence fee plus traveling expenses | no | Notification to the father in Member State B |

### Case no 3

<table>
<thead>
<tr>
<th>Case</th>
<th>Witness compensation</th>
<th>Pledge or security</th>
<th>Other fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>yes</td>
<td>max EUR 1,3 per hour, or their absence fee plus traveling expenses</td>
<td>no</td>
</tr>
<tr>
<td>Case B</td>
<td>yes</td>
<td>max EUR 1,3 per hour, or their absence fee plus traveling expenses</td>
<td>no</td>
</tr>
</tbody>
</table>

### Case no 4

<table>
<thead>
<tr>
<th>Case</th>
<th>Witness compensation</th>
<th>Pledge or security</th>
<th>Other fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>yes</td>
<td>max EUR 1,3 per hour, or the absence fee plus traveling expenses</td>
<td>no</td>
</tr>
<tr>
<td>Case B</td>
<td>yes</td>
<td>max EUR 1,3 per hour, or the absence fee plus traveling expenses</td>
<td>no</td>
</tr>
</tbody>
</table>

### Case no 5

<table>
<thead>
<tr>
<th>Case</th>
<th>Witness compensation</th>
<th>Pledge or security</th>
<th>Other fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case</td>
<td>Legal Aid</td>
<td>Reimbursement</td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>-----------</td>
<td>---------------</td>
<td>---</td>
</tr>
<tr>
<td>Case A</td>
<td>yes</td>
<td>max EUR 1,3 per hour, or the absence fee plus traveling expenses</td>
<td>no</td>
</tr>
<tr>
<td>Case B</td>
<td>yes</td>
<td>max EUR 1,3 per hour, our the absence fee plus traveling expenses</td>
<td>no</td>
</tr>
</tbody>
</table>

Case no 1.

<table>
<thead>
<tr>
<th>Case</th>
<th>Legal Aid</th>
<th>Reimbursement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>if the applicant does not have assets, with an income below EUR 110</td>
<td>if the applicant does not have assets, with an income below EUR 110</td>
<td>Since they agreed to divorce each party bears their own costs</td>
</tr>
<tr>
<td>Case B</td>
<td>if the women does not have assets, with an income below EUR 110</td>
<td>if the women does not have assets, with an income below EUR 110</td>
<td>Since they agreed to divorce each party bears their own costs</td>
</tr>
</tbody>
</table>

Case no 2

<table>
<thead>
<tr>
<th>Case</th>
<th>Legal Aid</th>
<th>Reimbursement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>if the applicant does not have assets, with an income below EUR 110</td>
<td>if the applicant does not have assets, with an income below EUR 110</td>
<td>Since they agreed to divorce each party bears their own costs</td>
</tr>
</tbody>
</table>
When and under which conditions is it applicable? | Legal Aid | Reimbursement | Is reimbursement not total what is % in general? | What costs are never reimbursed? | Are there instances when legal aid should be reimbursed to the legal aid organization?
---|---|---|---|---|---
Case A | if the the applicant does not have assets, with an income below EUR 110 | if he/she was granted full legal aid | if the the applicant does not have assets, with an income below EUR 110 | Yes but not necessarily. In alimony cases, the funding of the costs is determined pursuant to the financial situation and other circumstances of the parties | no, unless the applicant loses his/her right to legal aid

Case B | if the woman does not have assets, with an income below EUR 110 | if she was granted full legal aid | if the woman does not have assets, with an income below EUR 110 | Yes but not necessarily. In custody cases, the funding of the costs is determined pursuant to the financial situation and other circumstances of the parties | no, unless the applicant loses his/her right to legal aid
<table>
<thead>
<tr>
<th>Case</th>
<th>Legal Aid</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>if the woman does not have assets, with an income below EUR 110</td>
<td>if the women does not have assets, with an income below EUR 27,130</td>
</tr>
<tr>
<td></td>
<td>if she was granted full legal aid</td>
<td>Yes but not necessarily. In alimony cases, the funding of the costs is determined pursuant to the financial situation and other circumstance s of the parties</td>
</tr>
<tr>
<td></td>
<td></td>
<td>no, unless the applicant loses hi/her right to legal aid</td>
</tr>
</tbody>
</table>

Case no 4

<table>
<thead>
<tr>
<th>Case</th>
<th>Legal Aid</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>n.a.</td>
<td>Yes, in the proportion to winning the litigation</td>
</tr>
<tr>
<td></td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>B</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>n.a.</td>
<td>Yes in the proportion to winning the litigation</td>
</tr>
</tbody>
</table>

Case no 5

<table>
<thead>
<tr>
<th>Case</th>
<th>Legal Aid</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>if the consumer's monthly income is</td>
<td>Yes, in the proportion to winning the litigation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>n.a.</td>
</tr>
</tbody>
</table>

No, unless the applicant loses
<table>
<thead>
<tr>
<th>Case</th>
<th>Translation</th>
<th>Interpretation</th>
<th>Other costs specific to cross-border disputes?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>B</td>
<td>if the man makes his statement in a foreign language before the court of Member State B</td>
<td>under EUR 100</td>
<td>if the father is heard and he does not speak the language of Member State A</td>
</tr>
</tbody>
</table>

Case no 2

<table>
<thead>
<tr>
<th>Case</th>
<th>Translation</th>
<th>Interpretation</th>
<th>Other costs specific to cross-border disputes?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>B</td>
<td>if the man makes his statement in a foreign language before the court of Member State B</td>
<td>under EUR 100</td>
<td>if the father is heard and he does not speak the language of Member State A</td>
</tr>
<tr>
<td>Case no 3</td>
<td><strong>Translation</strong></td>
<td><strong>Interpretation</strong></td>
<td><strong>Other costs specific to cross-border disputes?</strong></td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------</td>
<td>-------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Case A</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Case B</td>
<td>if the man makes his statement in a foreign language before the court of Member State B, translation of the expert's opinion</td>
<td>under EUR 100</td>
<td>if the father is heard and he does not speak the language of Member State A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case no 4</th>
<th><strong>Translation</strong></th>
<th><strong>Interpretation</strong></th>
<th><strong>Other costs specific to cross-border disputes?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

55
<table>
<thead>
<tr>
<th>Case</th>
<th>Translation</th>
<th>Interpretation</th>
<th>Other costs specific to cross-border disputes?</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>translation of the company extract of the seller; translation of the contract; translation of the correspondence of the parties (if any)</td>
<td>approximately EUR 500 if the personnel of the seller are heard as witness funded by the state</td>
<td>notification of the defendant; delivery of the decision</td>
<td>under EUR 20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case no 5</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Case</td>
<td>Translation</td>
<td>Interpretation</td>
<td>Other costs specific to cross-border disputes?</td>
<td>Description</td>
</tr>
<tr>
<td>A</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>B</td>
<td>translation of costumer contract; translation of purchase contract between the manufacturer and the installer, translation of the company extract of the defendants (if necessary), translation of the damage report</td>
<td>EUR 1000 if the personnel of the manufacturer or the installer are heard at the hearing funded by the state</td>
<td>notification to the defendant; delivery of the decision</td>
<td>under EUR 20</td>
</tr>
</tbody>
</table>