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Covid-19 Impact on civil and insolvency matters

Hungary

## 1 Covid-19 impact on civil proceedings

### 1.1 Time limits in civil proceedings

We must ensure access to justice and continuity of pending proceedings. For this reason courts of justice in Hungary are not in recess. Special procedural rules have been authorised to facilitate their activities, for example in the event of any epidemiological measures. All courts are operational.

As a general rule time limits are continuing to run during the period of the state of danger.

### 1.2 Judicial organization and Judiciary

Access to justice and continuity of pending proceedings has been ensured; courts of justice in Hungary are not in recess.

Access to justice and continuity of pending proceedings has been ensured; courts of justice in Hungary are not in recess. During the period of the state of danger, as a general rule only those procedural acts that need to be performed at a location subject to an epidemiological measure are not to be performed. If justified by epidemiological measures, the hearing may also be held using an electronic communications network or other means capable of transmitting electronic images and sound.

### 1.3 EU Judicial Cooperation

The central authorities are operational.

Execution of requests for legal assistance may be delayed compared to normal.

## 2 Insolvency related measures adopted or planned for adoption in member states after the outbreak of the pandemic

### 2.1 Substantive insolvency measures and related contracts affecting measure

#### 2.1.1 Insolvency suspension

##### 2.1.1.1 Suspension of duty to file for insolvency (debtors)

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##### 2.1.1.2 Protection of debtors about insolvency filing from creditors

Measures related to companies:

liquidation proceedings may be initiated only if 75 days have passed following the deadline for payment specified in the payment notice;

liquidation proceedings may be initiated only for claims exceeding HUF 400 000;

in legality review proceedings, the company registration court may not declare a company dissolved;

proceedings for declaring a company dissolved initiated due to the cancellation of the tax number are suspended until 30 June 2021;

as a general rule, compulsory strike-off proceedings are suspended until 30 June 2021 and may not be initiated for failure to conclude winding-up proceedings.

#### 2.1.2 Claim enforcement suspension and contract termination suspension

##### 2.1.2.1 General / specific moratoria on claims enforcement / certain types of claims enforcement

A statutory payment moratorium is introduced for debtors of credit, loan and financial lease contracts until 31 December 2020.

Act CVII of 2020 extends the deadline to 30 June 2021 for debtors in certain social groups (unemployed, former participants of public work schemes, parents raising children, retired persons and participants in personal insolvency proceedings).

This means that debtors under contracts still in force that were signed and paid out before 19 March 2020 are granted a moratorium on repayment of capital, interest and fees.

The moratorium lasts until the end of this year.

The deadline for repayment is extended by the duration of the moratorium, and the contract itself is extended if it would normally have ended during the period of the moratorium. Guarantees are also extended by the same amount of time (9 months).

The moratorium on debt repayment is applicable only to credit facilities provided by domestic financial companies, which means that credit provided by international financial institutions is not affected by this measure.

The repayment moratorium also applies to employee loans. The repayment moratorium also applies to debtors in personal insolvency cases (through litigation and out of court) and to debt repayment schedules based on out-of-court settlements, settlements made in court or a court decision.

Interest and fees not paid during the moratorium are not capitalised. They must be repaid later, after the moratorium, on the same terms, so the burden may not increase because of the moratorium. The repayment period is extended accordingly.

##### 2.1.2.2 Suspension of contract termination (general / specific contracts)

Suspension of contract termination until 30 June 2021 in the event of failure to pay (for loan, credit and financial leasing contracts granted in the course of the creditor's business) – specific obligation to try renegotiation of the contract (Act CVII of 2020 enters into force on 1 January 2021).

### 2.2 Civil, including insolvency courts suspension and procedural suspensions

We must ensure access to justice and continuity of pending proceedings. For this reason courts of justice in Hungary are not in recess. Special procedural rules have been authorised to facilitate their activities, for example in the event of any epidemiological measures. All courts are operational.

During the period of the state of danger, as a general rule only those procedural acts that need to be performed at a location subject to an epidemiological measure are not to be performed.

### 2.3 Other insolvency measures (those relating to avoidance actions, reorganization plans, informal agreements, and others if appropriate)

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### 2.4 Related non-insolvency measures (payment deferrals, bank loans, social security, health insurance, business subsidies)

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