

Briefing



COVID-19

New amendments to the law on foreign investments in Hungarian companies engaged in certain strategic industries

26 April 2021

Government Decree 189/2021 (21.IV.) extended the previous deadline of 30 June 2021 for the notification obligation to **31 December 2021**. Therefore, in the case of a strategic company, the foreign investor's obligation to notify the Minister of the Economy in relation to the following transactions will continue to apply until that date:

- a) the transfer, in whole or in part, of a shareholding in a strategic company, free of charge or for consideration, by way of any transfer of ownership, including in-kind contributions;
- b) capital increase in a strategic company;
- c) transformation, merger, division of a strategic company;
- d) issuance of a bond convertible by a strategic company, issuance of a bond with subscription right or which is convertible;
- e) establishment of a usufruct right on the shares of a strategic company.

The concept of **state interest** has been supplemented, the **public interest related to the fundamental economic strategic interest from the point of view of the national economy** is also considered to be the state interest in addition to the previous concept.

The definition of strategic company has also been amended to include higher education institutions. According to a new, effective definition, a limited liability company, private limited company, public limited company or **higher education institution** domiciled in Hungary **is a strategic company** whose main or additional activity as defined in the Government Decree belongs to the sector of strategic importance according to this activity, in particular it belongs to the energy, transport, communications sectors and to the sector defined in the Article 4 (1) point a)-e) of the Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union.

Government Decree 188/2021 (21.IV.) **extended the scope of activities** under which a company established in Hungary falls within a sector of strategic importance with the following activities: **publishing, film, video or television production, sound recording and publishing, broadcasting, telecommunications, higher education or activities ancillary to education.**

You can find out the details of the regulation of strategic companies in our [previous newsletter](#).

Contact

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