

## wts klient newsletter

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Dear Readers,

Easy. Quickly. Digitally.

Are these not words and goals that define our everyday lives now? We try to accomplish our tasks more easily and more effectively, and we often turn to digital tools and solutions to help us do so.

In Hungarian public administration today, the organisation receiving the greatest number of customers is the National Tax and Customs Administration. It is not by chance that in order to make administration faster and more effective, the **business gate** has been created, modelled on the government portal for private individuals.

The business gate facilitates electronic communication with official bodies and authorities, i.e. companies can send and receive documents online in official matters.

My colleague will outline exactly how business gate registration works in our lead article this week.

György Kőrösi  
partner

### Business gate registration for companies registered in the company register

Failure to perform the business gate registration and send notification to the E-Administration Register / Court of Registration may result in a regulatory supervision procedure. » [page 1](#)

### Accounting tasks during the transformation of companies in Hungary

For accounting tasks during the transformation of companies, specific reporting rules should be borne in mind, our article discusses these specific features. » [page 3](#)

## Business gate registration for companies registered in the company register

### Business gate registration in four steps

1. identification
2. acceptance of general contractual terms and selection of company form
3. specification of person authorised to use business gate and make statement for the E-Administration Register
4. completion of business gate registration and downloading of electronically certified confirmation

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As we have already [reported](#), based on Act CCXXII of 2015 on the General Rules of Electronic Administration and Trust Services (E-Administration Act) business organisations, particularly companies, must communicate electronically with the state from 1 January 2018. The government ensures that documents can be sent and received from and to the official contact point required for this through the business gate.

### Business gate registration and reporting by 30 August 2017

Business organisations included in the company register must register their contact details used

for electronic communication (business gate) at the register for administration orders (hereinafter referred to as: E-Administration Register) or at the court of registration by 30 August 2017.

The online registration site is available at the following addresses (currently only in Hungarian):

- <http://cegkapu.gov.hu> by clicking on "bejelentkezés",
- <http://ekozig.mo.hu/ugyintezes> by clicking on the banner for the business gate at the top of the page,
- <http://ekozig.mo.hu/ugyintezes/32/Vállalkozás> by clicking on the business gate link or icon, then on the "elektronikusan" button.

## Business gate registration in four steps

### 1. Identification

A business organisation can register on the business gate via a **duly authorised natural person or their authorised representative** based on authorisation included in a public or private document with full probative force, where the person in question is identified through the Central Identification Agent system by means of a government-portal or a partially coded telephone identification process.

### 2. Acceptance of general contractual terms and selection of company form

After a successful identification, we must select that we intend to perform the registration as a **"business organisation included in the company register"**. Then the general contractual terms and conditions have to be accepted (by ticking the appropriate box).

### 3. Specification of person authorised to use business gate and making statement for E-Administration Register

To launch the business gate registration, we have to specify whether the legal representative is authorised to represent the business organisation **independently or jointly** with others (by ticking the appropriate box).

For **independent representation** ("I am authorised by law to represent the business organisation"), approval must be given for the individual tax identification number to be used during the business gate registration procedure for the purposes of checking the right of representation (by ticking the appropriate box). Then the tax number of the business organisation has to be entered along with the e-mail address.

For **joint representation** (and registration based on authorisation), the particulars of the natural person performing the registration, the data of the company (here it is worth having the certificate of incorporation to hand), the ID and contact details of the representative (currently two company representatives can be registered) have to be entered into a form. Additionally, all certified documents (certificate of incorporation, specimen signature, authorisation etc.) that are necessary for checking the right of representation have to be uploaded. In the case of joint representation, the business gate registration is suspended upon the registration by the first representative, and becomes final only after the approval of the second company representative.

**The particulars of the person authorised to use the business gate must be given in each case.** The person authorised to use the business gate will be authorised to manage the business gate and handle any administration (create administrator, delete administrator, storage usage, document management). One business organisation can only have one business gate, while each business gate can only have one main authorised person assigned to it.

We recommend that you do not remove the tick from the "I approve the notification of the future business gate address to the E-Administration Register" box since this means the notification will take place automatically with the business gate registration.

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"Taxpayers who make mistakes might have to pay more from 2018 since the rates of default interest and self-revision interest are to rise."

**Tamás Gyányi, WTS Klient Hungary partner**

Source: inforadio.hu



### Turn on your radio!



The new law on tax procedures is to take effect from 1 January 2018, and the draft legislation is already available for opinions. Tamás Gyányi, tax partner of WTS Klient Hungary will be discussing some of the detailed rules on InfoRadio on the evening of 3 August. The interview will reveal the favourable rules in the draft as well as some surprises.

[Listen to the conversation at this link!](#)

Please note that the conversation is available only in Hungarian.

#### 4. Completion of business gate registration and downloading of electronically certified confirmation

By clicking on the registration button, the application contacts the relevant certified public registers and carries out checks. If the registration is successful, the system sends out certified confirmation electronically, and it is recommended to download this prior to logging out.

If a business organisation does not fulfil the above obligation, then after 1 January 2018 the body in charge of electronic administration shall initiate a regulatory supervision procedure or an official inspection.

## Accounting tasks during the transformation of companies in Hungary

### Accounting tasks during the transformation of companies:

- Possibility to revalue assets
- Items to be settled in transformation balance sheet
- Method of accounting close

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As previously mentioned in our articles entitled [Challenges during transformation of companies](#) and [The transformation process of companies](#), managing the transformation process of companies involves a lot of accounting tasks. Apart from the company's accountant and the finance director, anyone authorised to represent the company as well as its owner should all be aware of the **accounting and reporting tasks** that await companies being transformed, **along with their choices in terms of valuation methods**. In this article we go into more detail about the accounting tasks during the transformation of companies.

#### What types of accounting documents are required by relevant laws?

The accounting tasks during the transformation of companies in Hungary are governed by the Hungarian Civil Code (Act V of 2013), Act CLXXVI of 2013 on the Transformation, Merger and Demerger of Legal Persons, Act C of 2000 on Accounting, and Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings.

There is a special reporting obligation in the transformation process. During the transformation, **an accounting close has to be performed as of two reporting dates**. First, a draft transformation balance sheet and a draft inventory of assets and liabilities have to be prepared to support the decision on the transformation. Companies have to prepare their final transformation balance sheet and final inventory of assets and liabilities as of the date the transformation is registered by the Court of Registration, as the reporting date.

Both the draft and the final transformation balance sheets and inventories of assets and liabilities must be verified by an auditor independent of the registered auditor.

#### What is the purpose of the transformation balance sheet and the inventory of assets and liabilities?

The draft and the final transformation balance sheets (hereinafter referred to as: "transformation balance sheet") are designed to present how the **surviving company** or companies after the transformation will **distribute their assets and liabilities**, while the draft and the final inventory of assets and liabilities (hereinafter referred to as: "inventory of assets and liabilities") details the draft transformation balance sheet to support it. The inventory of assets and liabilities contains the company's assets and liabilities item by item.

#### Possibility of exemption from accounting close

When preparing transformation balance sheets **only a technical close** takes place, i.e. the sub-ledger and general ledger records do not have to be closed, they are kept on a continuous basis. An exception here is a company that is discontinued by the transformation, which must prepare financial statements as of the day of the transformation, prior to compiling the final transformation balance sheet, and also close its sub-ledger and general ledger accounts.

During the preparation of the draft and the final transformation balance sheets the company may take advantage of the option provided by the Accounting Act to take into account the last **financial statements to support equity, for a period of six months after the balance sheet date**. In such a case, no separate accounting close is required, the transformation balance sheet can be compiled based on the data of the financial statements.

### What valuation methods can be selected during the transformation process?

The transformation balance sheet can contain assets and liabilities at their carrying or market value. So the law provides an exceptional opportunity during the transformation because the reserves inherent in the value of the assets can be detected and recognised in the books of the surviving companies. If a company takes advantage of the opportunity to **revalue assets**, a property appraiser has to be involved in order to corroborate the **market values**.

Assets may not be revalued by the absorbing company in the case of a merger, or by the company continuing to operate in the same corporate form in the case of a spin-off.

### What additional settlements are needed when preparing a transformation balance sheet?

The transformation balance sheet of a transforming company has **three columns**. The balance sheet items are included in the first column at their carrying value. Any revaluations are recorded in a separate column, while the third column indicates the appraised value of assets, liabilities and equity capital.

One important feature of transformations is that equity may only include registered capital, the capital reserve, retained earnings (which may also be negative) and the allocated reserve in the third column of the transformation balance sheet of a transforming company. The amounts of the valuation reserve and the profit after tax have to be transferred.

The receivable and liability items of merging companies with each other have to be eliminated in the **"differences"** column of the transformation balance sheet for the company created by the transformation as well as the amounts of participations and registered capital in the case of a merger between a parent company and its subsidiary. Settlements with the exiting member and any changes in assets and equity derived from the capital contributions of the new member and existing members must be resolved in the **"differences"** column.

If capital is also settled during the transformation, an additional column (**"settlement"** column) has to be included in the transformation balance sheet for the transformation.

An allocated reserve must be created in the draft transformation balance sheet of the company created by the transformation to cover any losses expected by the date of the transformation.

### Final transformation balance sheet and inventory of assets and liabilities

After registration by the Court of Registration, the accounting tasks during the transformation of companies are completed upon the preparation of the audited final transformation balance sheet and the final inventory of assets and liabilities as of the transformation date, which **must be deposited within 90 days**. Thereafter, the final transformation balance sheet and the final inventory of assets and liabilities are used to **open the accounting records** at the companies starting their operations in Hungary as of the registered transformation date.

This WTS information does not constitute advice and it serves only to provide general information about selected topics.

Any information contained herein shall thus not be considered exhaustive, and nor may it be relied upon instead of advisory services in individual cases. We accept no liability for the accuracy of the content.

Should you have any questions regarding the above or any other professional issues, please do not hesitate to get in touch with your WTS advisor or use any of the contact details below.

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