

(Accessed: August 2012)

The Law no. XXXIII of 1989

Act on the Operation and Financial Management of Political Parties

(as amended by the Law of December 16th 2011 on the amendment of the law of December 21st 2007 on the regulation of political parties' funding, with effect at 1 January 2012)

The social function of political parties is to provide organisational frameworks for developing and manifesting the will of the people, and for citizens to take part in political life. Therefore, to further the enforcement of citizens' freedom of association and political rights, and to advance the democratic representation and enforcement of various interests and values present in society, the Parliament passes the following Act:

Chapter I Object of the

law

1. §² -

This law refers to the forms of association with registered members which state in front of the registration committee that they are aware of the compulsory character of the provisions of this law.

Chapter II Parties'

operation

2. §

(1) Parties may not have organizations and they can not operate at work places (services, education institutions).

(2)³ Only natural persons may be members of a party.

(3)⁴ Only the persons eligible at parliamentary or local and mayor elections may form parties and may have management positions within the party.

(4)⁵ A member of a party may not take action against the decisions made by the party bodies, unless in case of breach of legal provisions regarding the right to associate and the provisions referring to the right to associate provided by the Civil Code, respectively by this law.

(5)⁶ In case of breach of the law by a party, the prosecutors may take action against that party.

(6)⁷ The provisions of § 11 lines (3), (6) and (7) of the Law no. CLXXV of 2011 on the right to associate, public utility status as well as on the operation and funding of civil organizations shall also apply to the parties.

Chapter III Dissolution of

the parties

3. §

(1) Parties may be dissolved by:

- a) merger with another party;
- b) division in several parties;
- c) dissolution;
- d) dissolution by the court or
- e) ascertaining their cessation.

(2) At the proposal of prosecutor's office, the court ascertains the dissolution of the party if it ceases its activity and it does not control the patrimony.

(3)⁸ At the proposal of prosecutor's office, the court ascertains the cessation of a party's operation – without further influencing the operation of the party as association – if it does not propose candidates for two consecutive general parliamentary elections.⁹

(4)¹⁰ In the situation provided at line (3) concerning the association's dissolution consequences over the patrimony, the provisions of this law shall apply.

(5)¹¹ In case of dissolution of the party, its registered representative must publish a notification in the Official Gazette of Hungary having the following content:

- a) location where creditors may notify their receivables within 90 days as of the notification;
- b) if the party wishes to establish a foundation.

(6)¹² In the situation provided at line (5) the party shall submit to the court the documents referring to patrimony management, after the performance of the seizure.

(7)¹³ In case of dissolution of the party, the court shall cancel the party from the register after it submits the documents referring to patrimony management, proves the payment towards the creditors and

- a) the registration of the foundation or
- b) proves that after paying the creditors no assets have remained, or
- c) that the remained assets have been transferred to the foundation according to § 8 line (1).

Chapter IV

Party's patrimony and patrimony management

4. §

(1)¹⁴ Party's patrimony consists in members' subscriptions, subsidies from state budget, real estates freely assigned by the state based on § 5 of this law, patrimony contributions of legal entities, of trade companies without legal personality and of natural persons, natural persons' testamentary legation, party's economic activities according to § 6, profit tax of limited liability companies and undertakings with sole shareholder set up by the party.

(2)¹⁵ Budgetary bodies as well as state undertakings, trade companies with participation from the state, foundations benefiting from direct budgetary subsidies or from subsidies from budgetary bodies may not contribute to a party's patrimony, and the party may not accept patrimony contributions from budgetary bodies as well as from state undertakings, from trade companies with participation from the state, foundations benefiting from direct budgetary subsidies or from subsidies from budgetary bodies – except for the provisions of § 4 line (1).

(3) The party may not accept patrimony contributions from other states. The party may not accept anonymous donations; such donations shall be transferred to the foundation provided at § 8 line (1).

(4)¹⁶ The party accepting patrimony contributions by breaching the rule provided at lines (2)-(3) has the obligation to transfer the value of the contribution to the state budget within 15 days – at the request of the Court of Accounts. In case of delay, the debt shall be executed in the same way as the taxes. At the same time, the state subsidy granted to the party shall be decreased by the amount corresponding to the accepted contribution.

(5)¹⁷ If the party has received the patrimony contribution in another way than by financial means, it has the obligation to assure its assessment (establish its value). In case the party has accepted forbidden contributions, other than financial, by breaching the provisions of lines (2) and (3), their value shall be ascertained by the Court of Accounts.

5. §

(1)¹⁸ According to the provisions of this law, real estates provided at appendix no. 3, and the property shares provided thereof shall be freely included in the patrimony of the parties benefiting from budgetary subsidies – according to the provisions of line (2).¹⁹

(2)²⁰ According to the provisions of these laws, the parties benefit from budgetary subsidy. The share of 25% of the amount that may be allotted to parties according to the state budget law shall be distributed – in equal percentage – to the parties that have obtained Parliamentary mandates on national lists. The remained amount of 75% shall be distributed between the parties depending on the votes obtained by the party during the first valid elections, respectively by the candidates appointed by the party, based on the results of the parliamentary elections. The parties that do not obtain at least 1% of the votes of the voters shall not benefit from budgetary subsidies.

(3)²¹ As concerns the distribution of budgetary subsidies, the results of the elections shall be considered the soonest as of the first day of the month following the month in which the validity of the parliamentary mandate is confirmed.

(4)²² The amount that may be allotted as subsidies to the parties shall be established by the state budget law. Budgetary subsidy shall be paid quarterly, during the first day of the quarter.

6. §

(1)²³ In order to cover the expenses and increase the patrimony, the party shall perform the following economic activities:

a) in order to promote its political objectives and activities, it may publish and distribute publications, it may trade badges and other such objects bearing the party's symbol, and it may organize party manifestations;

b) it may capitalize and alienate, against payment, movable and immovable assets of its patrimony.

(2)²⁴ The party shall not pay corporate tax for the activities provided at line (1).

(3) The party may set up undertakings (line (1) § 70 of the Civil Code), limited liability trade companies with sole shareholder, but it may not purchase shares in other trade companies.

(4) The party may invest its financial assets in securities – except for purchase of shares.

(5)²⁵ If the party breaches the provisions of (1) – (4), the legal consequences established at § 4 line (4) shall apply correspondingly.

7. §

If the party is dissolved according to the provisions of § 3 line (1) let. a) or b), its patrimony shall be transferred to its rightful successor. In case of division, the percentage and method of patrimony division shall be established by the party.

8. §²⁶

(1) If the party is dissolved according to the provisions of § 3 line (1) let. c)-e), the patrimony remained after the payment of creditors must be assigned to the foundation set up by the Parliament. Foundation's detailed objectives and the method of use shall be drafted by the commission appointed by the Parliament, made of one representative of the parties that has obtained a mandate on the national list. The vote of two thirds of present parliamentarians is necessary in order to set up the foundation.

(2) If the party is annulled by dissolution, it can set up the foundation provided at line (1), or the patrimony remained after the payment of the creditors may be offered to an already existing foundation.

9. §

(1)²⁷ Parties have the obligation until April 30th of each year, to publish in the Official Gazette of Hungary and the parties that have their own website, on their website, a report on the economic activity of the previous year according to the pattern provided at appendix no. 1 to this law.

(2) Contributions granted during a calendar year exceeding the amount of five hundred forint, respectively the foreign contributions whose value exceeds one hundred thousand forint shall be provided separately in the financial report – providing the payer and the amount.

(3)²⁸ The general norms on associations' patrimony management shall apply in all other aspects regarding parties' management.

Chapter IV/A²⁹

Foundations performing scientific, informative, research and education activities that support party's operation³⁰

9/A. §³¹

(1) In order to develop the political culture, the party may set up a foundation benefiting from budgetary subsidies according to this chapter, performing scientific, informative, research and education activities, according to the provisions of this chapter.

(2)³² Budgetary subsidy shall be paid quarterly per calendar quarters, in the first day of the quarter.

(3)³³ During the reference quarter, shall benefit from the budgetary subsidy the foundation

a) that is set up by a party which in the first day of the calendar quarter benefits from a budgetary subsidy according to § 5 line (2) and

b) whose objective established by statutes is based exclusively on the activities provided at line (1).

(4)³⁴ The amount calculated per calendar year, which may be granted as subsidy to foundations benefiting from budgetary subsidies, shall not be less than the amount of the provisions of the year previous to the reference year, destined, according to the state budget law, to subsidizing foundations performing scientific, informative, research and education activities, supporting the party's operation.

(5) ³⁵ A foundation shall benefit from budgetary subsidy depending on the votes obtained by its founding party as well as by the candidates of such party, expressed during the first valid round of the last general parliamentary elections.

(6) ³⁶ As concerns the granting of budgetary subsidies, the results of general parliamentary elections shall be considered for the first time during the first day of the calendar quarter following the one during which the Parliament is elected.

(7) ³⁷ Repealed

(8) Only one foundation may benefit from the budgetary subsidy provided in this chapter for each party.

Chapter V

Verifying the management of parties' patrimony

10. §

(1) The Court of Accounts shall be liable for controlling the legal character of party's patrimony management.

(2) The bodies of state management do not have the right to perform financial-economic control.

(3) ³⁸ The Court of Accounts shall verify once every two years the patrimony management of the parties that systematically benefited from budgetary subsidies.

(4) If the Court of Accounts ascertains that the party has managed its patrimony illegally, it shall summon it to manage its patrimony in a legal manner. In case of severe breach of the laws or if the party does not answer the summon, the president of the Court of Accounts shall propose the beginning of legal procedures.

Chapter VI

Final provisions

11. §

(1) This law shall be enacted at the date of promulgation.

(2) Simultaneously with the enactment of this law all legal provisions – concerning the party or its members – including provisions referring to parties or their members shall be abrogated.

12. §³⁹

Chapters I-IV, Chapter V, § 15, § 16 and the appendixes no. 1-3 are considered fundamental based on art. VIII line (4) of the Fundamental Law.

13. §⁴⁰

Repealed

14. §⁴¹

Repealed

15. §⁴²

If an already established association wishes to operate as a party, it has the obligation to state in front of the court of law the fact that it accepts as compulsory the law on parties' patrimony operation and management, and to submit, at the same time, its own charter.

16. §⁴³

Only the association that, simultaneously to submitting the registration application, respectively with the statement according to § 15, has submitted the balance sheet to the court of law, according to the provisions of appendix no. 2, may operate as a party.

17. §⁴⁴

Repealed

18. §⁴⁵

Repealed

19. §⁴⁶

Repealed

Appendix no. 1 to the Law on the operation and management of parties' patrimony⁴⁷

Parties' report

Income:

1. Subscriptions
 - 2.⁴⁸ Subsidies from the state budget
 3. Subsidy granted to parliamentary group
- Ft
4. Other contributions, donations
 - 4.1. From legal entities
 - 4.1.1. within the country (pointing out the contributions exceeding Ft 500,000)
 - 4.1.2. outside the country (pointing out the contributions exceeding Ft 100,000)
 - 4.2. From trade companies without legal personality
 - 4.2.2. outside the country (pointing out the contributions exceeding Ft 100,000)
 - 4.3. from natural persons
 - 4.3.1. within the country (pointing out the contributions exceeding Ft 500,000)
 - 4.3.2. outside the country (pointing out the contributions exceeding Ft 100,000)
- Ft
5. Incomes from the profit of the undertaking and the limited liability trade company set up by the party
 6. Other incomes
- Total incomes of the financial year

Expenses:

- Ft
1. Financial support for the party's parliamentary group
 2. Financial support for other organizations
 3. Amounts granted for the set up of undertakings
 4. Operation expenses
 5. Purchase of assets
 6. Expenses for political activity
 7. Other expenses
- Total expenses of the financial year

Appendix no. 2 to the Law on parties' operation and management

BALANCE SHEET

- | Patrimony name | In Ft |
|---|-------|
| 1. Fixed assets and investments | |
| 11. Immovable assets | |
| 12. Machines, installations and devices | |
| 13. Vehicles | |
| 16. Fixed assets, other than the operation ones | |
| 17. Depreciation of fixed assets | |
| 18. Welfare fixed assets | |

19. Investments

2. Inventories

21., 22. Materials

23. Consumables

25. Unfinished production and semi-finished products

26. Finished products

27., 28. Merchandise

29. Welfare inventories

3. Finances and bank accounts

31-32. Monetary and bank accounts

33. Debtors, clients

35. Employee discounts

37. Other discounts

38. Limited discounts

39. Transitory assets

Total assets

Patrimony liability

In Ft

3. Financial assets

326. Allotments for investments

34. Suppliers

35. Employee discounts

36. ⁴⁹ State budget discounts

37. Other discounts

39. Transitory liabilities

4. Funds

41. Fixed assets' funds

42. Circulating assets' funds

43. Reserves

44. Participation funds

45. Borrowed and loaned assets' funds

46. Other funds

48. Limited funds

49. Yearly balance sheet and incomes and expenses accounts

Total liabilities

Appendix no. 3 to the Law on parties' operation and management⁵⁰

List of real estates under parties' property

Name of the real estate	Party's name	Ownership share
Budapest II., Bem tér 3.	Hungarian Democratic Forum	1/1
Budapest V., Mérleg u. 6.	Free Democrats' Union	1/1
Budapest V., Belgrád rkp. 24.	Independent, Rustic and Civic Party of Small Owners	1/1
Budapest VI., Lendvay u. 28.	Union of Young Democrats	1/1
Budapest VIII., Köztársaság tér 26.	Hungarian Socialist Party	1/1
Budapest XII., Nagy Jenő u. 5.	Popular Christian-Democratic Party	86/100
	Independent, Rustic and Civic Party of Small Owners	14/100

¹ Date of promulgation: 30.X.1989

² Amended by: The Law no. CLXXV of 2011 § 81 let. a), Law no. CCI of 2011 § 26. let. a).

³ Set up by Law no. CCI of 2011 § 25 line (1). Effectual as of 01.01. 2012.

⁴ Introduced by Law no. CCI of 2011 § 25 line (1). Effectual as of 01.01. 2012.

⁵ Introduced by Law no. CCI of 2011 § 25 line (1). Effectual as of 01.01. 2012.

⁶ Introduced by Law no. CCI of 2011 § 25 line (1). Effectual as of 01.01. 2012.

⁷ Introduced by Law no. CCI of 2011 § 25 line (1). Effectual as of 01.01. 2012.

⁸ Set up by Law no. LXXXI of 1992 § 2 line (1). Amended by Law no. CLXXV of 2011 § 81 let. b).

⁹ See: 1/2006. Decision of the administrative judicial unit.

¹⁰ Amended by Law no. CLXXV of 2011 § 81 let. c), Law no. CCI of 2011 § 26 let. § b).

¹¹ Introduced by Law no. LXXXI of 1992 § 2 line (2). Effectual as of 05.01.1993.

¹² Introduced by Law no. LXXXI of 1992 § 2 line (2). Effectual as of 05.01.1993.

¹³ Introduced by Law no. LXXXI of 1992 § 2 line (2). Effectual as of 05.01.1993.

¹⁴ Set up by Law no. XLIV of 1991 § 1. Amended by Law no. CCI of 2011 § 26 let. c).

¹⁵ Amended by Law no. LXXXI of 1992 3. § (1). Effectual as of 05.01.1993.

- ¹⁶ Amended by Law no. CCI of 2011 26. § d).
- ¹⁷ Amended by Law no. LXXXI of 1992 § 3. line (2). Effectual as of 05.01.1993.
- ¹⁸ Set up by Law no. XLIV of 1991 § 2. Amended by Law no. CCI of 2011 § 26 let. e).
- ¹⁹ See: The Law no. XLIV of 1991 § 4.
- ²⁰ Set up by Law no. XLIV of 1991 § 2. The text of the second sentence amended by the Law no. LXXXI of 1992 § 4 line (1). Amended by Law no. CCI of 2011 § 26 let. e), f).
- ²¹ Amended by Law no. LXXXI of 1992 § 4 line (2). Effectual as of 05.01.1993.
- ²² Set up by Law no. LXII of 1990 § 2. Numbering amended by Law no. LXII of 1990, § 1. Amended by Law no. CCI of 2011 § 26 let. g).
- ²³ Amended by Law no. LXXXI of 1992 § 5 line (1). Effectual as of 05.01.1993.
- ²⁴ Set up by Law no. CXXVII of 2007 § 266 line (1). Effectual as of 01.01.2008.
- ²⁵ Introduced by Law no. LXXXI of 1992 § 5 line (2). Effectual as of 05.01.1993.
- ²⁶ Amended by Law no. LXXXI of 1992 § 6. Effectual as of 05.01.1993.
- ²⁷ Set up by Law no. CXVI of 2003 § 82. Effectual as of 01.01.2004.
- ²⁸ Amended by Law no. CLXXV of 2001 § 81 let. d), Law no. CCI of 2001 § 26 let. h).
- ²⁹ Introduced by Law no. XLVI of 2003 §. Effectual as of 01.07.2003
- ³⁰ Introduced by Law no. XLVI of 2003 §. Effectual as of 01.07.2003
- ³¹ Introduced by Law no. XLVI of 2003 §. Effectual as of 01.07.2003
- ³² Set up by Law no. LI of 2008 § 1. Effectual as of 30.09.2008. See also Law no. LI of 2008 § 4 line (2).
- ³³ Set up by Law no. LI of 2008 § 1. Effectual as of 30.09.2008. See also Law no. LI of 2008 4. § (3).
- ³⁴ Set up by Law no. LI of 2008 § 1. Amended by Law no. CCI of 2011 26. § i).
- ³⁵ Set up by Law no. LI of 2008 § 1. Effectual as of 30.09.2008. See also Law no. LI of 2008 4. § (3).
- ³⁶ Set up by Law no. LI of 2008 § 1. Effectual as of 30.09.2008.
- ³⁷ Abrogated by Law no. LI of 2008 § 4 line (5). Abrogated as of 30.09.2008.
- ³⁸ Amended by Law no. LXXXI of 1992 § 8. Amended by Law no. CCI of 2011 § 26 e).
- ³⁹ Set up by Law no. CCI of 2011 § 25 line (2). Effectual as of 01.01. 2012.
- ⁴⁰ Abrogated by Law no. LXXXII of 2007 §2 point 54. Abrogated as of 01.07.2007.
- ⁴¹ Abrogated by Law no. CCI of 2011 § 27. Abrogated as of 01.01.2012.
- ⁴² Amended by Law no. CLXXV of 2011 § 81 let. c).
- ⁴³ Amended by Law no. CLXXV of 2011 § 81 let. c), Law no. CCI of 2011 § 26 let. j).

⁴⁴ Abrogated by Law no. LI of 2008 § 4 line (5) let. a). Abrogated as of 30.09.2008.

⁴⁵ Abrogated by Law no. CCI of 2011 § 27. Abrogated as of 01.01. 2012.

⁴⁶ Abrogated by Law no. LI of 2008 § 4 line (5) let. a). Abrogated as of 30.09.2008.

⁴⁷ Amended by Law no. LXXXI of 1992 § 9. Effectual as of 05.01.1993.

⁴⁸ Amended by Law no. CCI of 2011 § 26 let. k).

⁴⁹ Amended by Law no. CCI of 2011 § 26 let. l).

⁵⁰ Introduced by Law no. XLIV of 1991 § 3. Effectual as of 08.10. 1991.