

In effect from 1 January 2018

Act II of 2004

on Motion Pictures¹

In order to enrich and preserve the values of the Hungarian motion picture culture, to develop the Hungarian motion picture industry and to make it internationally competitive, to create a support scheme that promotes the efficient use of resources that serve developing the motion picture culture, as well as to establish a legislative background that serves this purpose and is aligned with the regulations of the European Union, the Parliament of Hungary has adopted the following act:²

Chapter I

GENERAL PROVISIONS

Title 1

Scope

Section 1

(1) This Act shall apply to the production, distribution and archiving of Hungarian films and films produced with Hungarian participation as well as to the distribution of films in Hungary.

(2)³ This Act shall not apply to audiovisual works produced by economic operators within the meaning of the Code of Civil Procedure (hereinafter referred to as “the economic operator”) and other entities, as well as public entities for the purpose of performing their tasks, exclusively for internal use, furthermore, to audiovisual media services defined in specific other act, and multimedia works marketed for the purpose of play.

(3)⁴ This Act shall apply to subsidies that serve the purpose of achieving the objectives of the motion picture industry if the source of these subsidies is any appropriation determined in the Act on the Central Budget, or in the budget of a municipal government or national minority self-government, a contribution laid down in Subsection (2c) of Section 31/B, or if the subsidy is granted by a foundation set up by the municipal government or national minority self-government, or by a public foundation.

Title 2

Interpretative Provisions

¹ Promulgated on 13 January 2004.

² Amended by Subsection (3) of Section 17 of Act CLXIX of 2011.

³ Amended by Point 1 of Subsection (3) of Section 226 of Act CLXXXV of 2010, Paragraph *a*) of Subsection (2) of Section 19 of Act CCLII of 2013.

⁴ Established by Section 70 of Act LXVII of 2016, effective as of 17 July 2016. Amended by Paragraph *a*) of Section 23 of Act CLXIII of 2016.

Section 2

For the purposes of this Act:

1. 'motion picture industry' shall mean the totality of activities that are in the scope of motion picture culture and the motion picture industry, as well as all persons pursuing such activities;

2.⁵ 'cinematographic work' shall mean any cinematographic work within the meaning of Act LXXVI of 1999 on Copyright (hereinafter referred to as "Copyright Act"), including a film shot as a trailer for a game application available on a computer or other platform, and excluding news programs, current affairs magazine programs, sport broadcast, talk-shows, game shows and quiz shows, and advertising spots subject to the Act on the Basic Requirements and Certain Restrictions of Commercial Advertising Activities;

3. 'makers of a film' shall mean the authors of literary and musical works produced for the purpose of a film, the director of the film and all persons who have contributed creatively to developing the film as a whole, as well as authors of other works used in the film;

4.⁶ 'film producer' shall mean any legal person that initiates and organizes the implementation of a cinematographic work in his own name, arranging financing and coordinating other conditions, and holding the rights to exploit the cinematographic work and the right of licensing such exploitation.

5.⁷ 'Hungarian film producer' shall mean a film producer established in Hungary whose scope of activities include film, cinematographic production;

6.⁸ 'international coproduction film' shall mean any cinematographic work produced by film producers established in different states, which is classified as such by a bilateral or multilateral international agreement or the laws of the states concerned;

6a.⁹ 'coproduction film' shall mean any cinematographic work jointly produced by Hungarian film producer where the rights and obligations of each film producer are set out in a coproduction agreement;

6b.¹⁰ 'other international coproduction film' shall mean any cinematographic work produced by film producers established in different states not subject to any bilateral or multilateral international agreement, where the rights and obligations of each film producer are set out in a coproduction agreement and in Hungary the film avails of indirect subsidies only;

7.¹¹ a) 'Hungarian film' shall mean any cinematographic work in which Hungarian participation reaches at least 75 points based on the table set out in Annex 1;

b) 'film with Hungarian participation' shall mean any cinematographic work in which Hungarian

⁵ Established by Subsection (1) of Section 1 of Act CXCIX of 2012, effective as of 16 December 2012.

⁶ Established by Subsection (1) of Section 2 of Act CLXIX of 2011. Amended by Subsection (3) of Section 19 of Act CCLII of 2013.

⁷ Established by Subsection (1) of Section 25 of Act XXXIX of 2014, effective as of 7 October 2014.

⁸ Established by Subsection (2) of Section 2 of Act CLXIX of 2011, effective as of 1 January 2012.

⁹ Enacted by Subsection (2) of Section 2 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁰ Enacted by Subsection (1) of Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

¹¹ Established by Subsection (2) of Section 2 of Act CLXIX of 2011. Amended by Point 2 of Subsection (1) of Section 28 of Act CXCIX of 2012.

participation reaches at least 30 points based on the table set out in Annex 1;

c) 'other film with Hungarian participation' shall mean any cinematographic work in which Hungarian participation reaches at least 15 points based on the table set out in Annex 1;

d) 'other film' shall mean any cinematographic work in which Hungarian participation is below 15 points based on the table set out in Annex 1;

8.¹² 'cinematographic work originally produced in Hungarian' shall mean any cinematographic work that falls within any of the following categories:

a)¹³ the language used by the director and the members of the crew (during postproduction by the narrator) is mostly Hungarian,

b) the language predominantly used by the actors during shooting (by the narrator during postproduction) is the language spoken by an ethnic minority in Hungary, if the film is related to the life and culture of that ethnic minority in Hungary;

9–10.¹⁴

11.¹⁵

12.¹⁶

13.¹⁷

14.¹⁸ 'sponsor' shall mean any entity or institution engaged in the support of motion picture industry objectives;

15.¹⁹ 'film distribution' shall mean the public performance of cinematographic work, furthermore making the original or reproduced copies of a cinematographic work accessible to the public, in particular

a) by marketing, or offering films for marketing,

b) by operating cinemas, or

c) by publishing, selling, renting or lending cinematographic works on any media;

16.²⁰ 'cinema' shall mean a facility used regularly or occasionally for the purpose of presentation of cinematographic works to the public for an entrance fee, and registered as such under Section 19/L;

17. 'cinema operation' shall mean any business activity for presenting films to the public, in cinemas;

¹² Established by Subsection (2) of Section 2 of Act CLXIX of 2011, effective as of 1 January 2012.

¹³ Established by Subsection (1) of Section 3 of Act CXCIX of 2012, effective as of 16 December 2012.

¹⁴ Repealed by Point 1 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

¹⁵ Repealed by Subsection (1) of Section 18 of Act CLXIX of 2011, effective as 1 January 2012.

¹⁶ Repealed by Point 1 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

¹⁷ Repealed by Subsection (1) of Section 18 of Act CLXIX of 2011, effective as 1 January 2012.

¹⁸ Amended by Point 3 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹⁹ Established by Subsection (1) of Section 1 of Act CLXIII of 2016, effective as of 16 December 2016.

²⁰ Established by Subsection (2) of Section 1 of Act CLXIII of 2016, effective as of 16 December 2016.

- 17a.²¹ ‘cinema operator’ shall mean any natural or legal person engaged in cinema operation;
- 18.²² ‘film distributor’ shall mean any natural person, company or any other entity engaged in the distribution of films on commercial basis;
19. ‘film plan development’ shall mean the overall research, production, planning and organizational works aiming at the creation, merchantability and sale, and feasibility and later realization of film plans and scripts;
- 20.²³ ‘film production’ shall mean the process covering all phases of production from authoring through the organization, economic and technical activities for the preparation of production of the film up to producing the first original copy of the film; the first original copy of the film shall mean the first final copy suitable for presentation to the public;
- 20a.²⁴ ‘film production company’ shall mean a legal person organizing the production of a film on the basis of a contract for the production of a film, and by this activity it does not qualify as film producer for that film;
- 20b.²⁵ ‘Hungarian film production company’ shall mean any film production company established in Hungary and registered by the motion picture authority;
- 21.²⁶ ‘preparation of film production’ shall mean creative and organizational activities aimed at ensuring the material, technical and organizational conditions for film production, preceding the start of shooting the film;
- 22.²⁷
- 23.²⁸ ‘film produced on order’ shall mean any cinematographic work produced with the involvement of a company qualifying as film production company for that film;
- 24.²⁹ ‘film not produced on order’ shall mean any cinematographic work produced with the involvement of a company qualifying as Hungarian film producer for that film;
- 25.³⁰ ‘direct cost of film production’ shall mean any payment made under the conditions laid down in this Act, included in the budget of the given film financially settled by the producer of the

²¹ Enacted by Subsection (2) of Section 9 of Act CCXII of 2015, effective as of 31 December 2015.

²² Established by Subsection (3) of Section 1 of Act CLXIII of 2016, effective as of 16 December 2016.

²³ Established by Subsection (4) of Section 1 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁴ Enacted by Subsection (6) of Section 2 of Act CLXIX of 2011. Amended by Subsection (3) of Section 19 of Act CCLII of 2013.

²⁵ Established by Subsection (2) of Section 25 of Act XXXIX of 2014, effective as of 7 October 2014.

²⁶ Established by Subsection (5) of Section 1 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁷ Repealed by Point 1 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁸ Established by Subsection (7) of Section 2 of Act CLXIX of 2011. Amended by Paragraph *a*) of Subsection (16) of Section 51 of Act LXXXIV of 2013.

²⁹ Established by Subsection (7) of Section 2 of Act CLXIX of 2011, effective as of 1 January 2012.

³⁰ Established by Subsection (7) of Section 2 of Act CLXIX of 2011, effective as of 1 January 2012.

film, for films produced on order by the Hungarian company involved in the production and confirmed by an accounting document;

26.³¹

27.³² ‘EEA Member State’ shall mean any Member State of the European Union and any State that is a party to the Agreement on the European Economic Area, furthermore, any other country whose citizens are enjoying the same treatment as nationals of States who are parties to the Agreement on the European Economic Area by virtue of an agreement between the European Community and its Member States and a State that is not a party to the Agreement on the European Economic Area;

28.³³ ‘cinematographic work of cultural value on the basis of its genre’ shall mean any feature film, short feature film, experimental film, documentary, scientific documentary, animation, short film, television film and television series, except television films and series based on tracking real-life performers and events for entertainment purposes and not creating any cultural value (reality shows), fiction series produced for presenting on television on several days of the week, that consists of more than twenty episodes and can be continued with no end due to its open-end script, and creates no cultural value (soaps), furthermore partially fictional films or film series showing real-life situations of the performers subject to pre-set dramaturgy, and scripted and improvised dialogs (scripted reality);

29.³⁴ ‘direct Hungarian cost of film production’ shall mean the sub-group of direct costs of film production incurring in the form of an obligation to pay tax or other public dues, or the incurrence of which leads to an obligation to pay tax or other public dues in Hungary and complies with the requirements set out in this Act;

30.³⁵ ‘motion picture training’ shall mean the acquisition or development of any special expertise or competence that can be used during film production with the view to satisfy the motion picture industry’s needs for qualified professionals;

31.³⁶ ‘public area’ shall mean any land under Point 13 of Section 2 of Act LXXVIII of 1997 on the Formation and Protection of the Built Environment;

32.³⁷ ‘major national monument’ shall mean any site under Point 8 of Section 7 of Act LXIV of 2001 on the Protection of Cultural Heritage.

Title 3³⁸

³¹ Repealed by Point 1 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

³² Enacted by Subsection (1) of Section 123 of Act I of 2007, effective as of 1 July 2007.

³³ Established by Subsection (4) of Section 1 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁴ Established by Subsection (8) of Section 2 of Act CLXIX of 2011. Amended by Paragraph *a*) of Section 20 Act CCXII of 2015.

³⁵ Enacted by Section 71 of Act LXVII of 2016, effective as of 17 July 2016.

³⁶ Enacted by Section 71 of Act LXVII of 2016, effective as of 17 July 2016.

³⁷ Enacted by Section 71 of Act LXVII of 2016, effective as of 17 July 2016.

³⁸ Repealed by Point 2 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

Sections 3–5³⁹

*Chapter I/A*⁴⁰

NATIONAL FILM ASSETS AND THEIR PROTECTION⁴¹

Title 1⁴²

Components of National Film Assets⁴³

Section 5/A⁴⁴

(1) The national film assets, other than works forming part of the public service media assets under Act CLXXXV of 2010 on Media Services and on the Mass Media (hereinafter referred to as “Media Act”), as well as exploitation and other rights related to such works, shall comprise:

- a*) with regard to a cinematographic work, all rights accruing to the State such as
 - aa*) economic rights under Section 3 of Act XVI of 1884 on Copyright,
 - ab*) economic rights under Sections 3 and 74 of Act LIV of 1921 on Copyright,
 - ac*) economic rights under Subsection (3) of Section 41 of Act III of 1969 on Copyright,
 - ad*) rights of use under Section 64 of the Copyright Act,
 - ae*) rights held under Section 82 of the Copyright Act as holder of rights related to copyright;
- and
- b*) any original negative, positive, and reproductive (dub negative and dub positive) copies of the cinematographic works subject to the rights set out in Paragraph *a*), and the original sound recordings of cinematographic works.

(2) The elements of national film assets shall be owned by the State.

Title 2⁴⁵

Magyar Nemzeti Filmarchívum (*Hungarian National Film Archives*)⁴⁶

Section 5/B⁴⁷

(1) The Magyar Nemzeti Filmalap Közhasznú Nonprofit Zártkörűen Működő Részvénytársaság

³⁹ Repealed by Point 2 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁰ Enacted by Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴¹ Enacted by Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴² Enacted by Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴³ Enacted by Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁴ Enacted by Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁵ Established by Subsection (1) of Section 60 of Act CIV of 2016, effective as of 1 January 2017.

⁴⁶ Established by Subsection (1) of Section 60 of Act CIV of 2016, effective as of 1 January 2017.

⁴⁷ Established by Subsection (1) of Section 60 of Act CIV of 2016, effective as of 1 January 2017.

Hungarian National Film Fund Nonprofit Private Limited Company (hereinafter referred to as “MNF”) shall perform task related to the collection, processing, preservation, digitalization of the material, written, digital and other documents of the Hungarian and universal motion picture culture in a manner that it operates the Magyar Nemzeti Filmarchívum as its organizational unit and as a public collection within the meaning of Act CXL of 1997 on the Protection of Cultural Goods, Museum Institutions, Public Library Services and Cultural Education.

(2) Within the context of operating the Magyar Nemzeti Filmarchívum, the MNF shall attend to films transferred under its care on the strength of law, as well as other audiovisual works not recognized as cinematographic works under this Act (hereinafter referred to as “other audiovisual works”), together with other related documents.

(3) The MNF shall contribute to the development of Hungarian film culture by professional services and research activities, and to promote education in relation to motion picture culture.

Title 3⁴⁸

Rules for the Management of National Film Assets⁴⁹

Section 5/C⁵⁰

(1) Management rights concerning national film assets shall be exercised by the MNF.

(2) Distribution of cinematographic works appertaining to the national film assets shall be performed by the MNF taking into account distribution market opportunities, the interest vested in the diversity of the works to be distributed, the quality of the available copies and the quality standards on distribution. The MNF shall not enter into a distribution agreement on unlimited use, in territorial or temporal terms, or for the whole of film assets.

(3) The MNF may enter into an agreement for the distribution of cinematographic works not subject to copyright or related rights other audiovisual works with the asset manager of those works.

Section 5/D⁵¹

(1) Any revenue received by the MNF from the distribution of cinematographic and other audiovisual works appertaining to the national film assets shall be used, after the disbursement of royalties under Subsection (2), for the purposes set out in this Chapter.

(2) All royalties accruing to in the context of the distribution of films appertaining to the national film assets due to the holders of copyright and related rights shall be paid by the MNF, except for the use under Section 5/E.

(3) Subsections (1) and (2) shall also apply when a distribution agreement is concluded between the MNF and the asset manager of other audiovisual works.

Section 5/E⁵²

(1) The Médiaszolgáltatás-támogató és Vagyonkezelő Alap (*Media Service Support and Asset Management Fund*) (hereinafter referred to as “MTVA”) may use cinematographic works and

⁴⁸ Enacted by Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁹ Enacted by Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

⁵⁰ Established by Subsection (2) of Section 60 of Act CIV of 2016, effective as of 1 January 2017.

⁵¹ Established by Subsection (3) of Section 60 of Act CIV of 2016, effective as of 1 January 2017.

⁵² Enacted by Section 2 of Act CXCIX of 2012, effective as of 16 December 2012.

other motion picture works appertaining to the national film assets in order to perform its tasks under the Media Act, and it may license their use for public service media providers in performing its tasks pursuant to the Media Act. The right of licensing use utilization may not extend to third parties. The MNF and the MTVA shall enter into an agreement laying down the terms and conditions for use and for licensing such use, and the reimbursement of costs for this use having regard to Subsections (2) and (3), subject to the prior consent from the Media Council of the Nemzeti Média- és Hírközlési Hatóság (*National Media and Infocommunications Authority*) (hereinafter referred to as “Media Council”).

(2)⁵³ The MNF shall comply with the MTVA’s request for use under Subsection (1) by the deadline and in the manner requested by the MTVA, unless it is impossible or excluded by virtue of law.

(3)⁵⁴ Only direct, necessary and verified costs incurred in connection with the use of cinematographic and other audiovisual works appertaining to the national film assets by the MTVA may be claimed for the reimbursement of costs under Subsection (1). The MTVA performs the payment of royalties for copyrights and related rights arising from use.

Chapter II

SUPPORT FOR MOTION PICTURE CULTURE AND THE MOTION PICTURE INDUSTRY

Title 1

Principles of the Support Scheme for the Motion Picture Industry⁵⁵

Section 6⁵⁶

In the course of operating the support scheme for the motion picture industry, particularly the following objectives and principles must be implemented:

- a)* increasing the number of Hungarian films and films produced with Hungarian participation,
- b)* making the production and financing of films easier to plan,
- c)* ensuring that films are completed and reach the audience,
- d)*⁵⁷
- e)* mobilization of own resources found in the industry and promoting investments into the motion picture industry,
- f)*⁵⁸ preserving the existing values of Hungarian motion picture culture beyond the borders and supporting the creation of new values.

Section 7⁵⁹

- (1) Supporting the objectives of the motion picture industry shall be implemented by means of:

⁵³ Amended by Paragraph *a*) of Subsection (8) of Section 60 of Act CIV of 2016.

⁵⁴ Amended by Paragraph *b*) of Subsection (8) of Section 60 of Act CIV of 2016.

⁵⁵ Amended by Point 7 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁵⁶ Amended by Point 8 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁵⁷ Repealed by Subsection (1) of Section 18 of Act CLXIX of 2011, effective as 1 January 2012.

⁵⁸ Amended by Point 9 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁵⁹ Established by Section 3 of Act CXCIX of 2012, effective as of 16 December 2012.

a)⁶⁰ budget subsidies granted from the central budget and subsidies granted by municipal governments, national minority self-governments from their own budget, and subsidies granted from the contribution set out in Subsection (2c) of Section 31/B (hereinafter referred to collectively as “direct support”), and

b)⁶¹ subsidies granted from funds originating from the complementary subsidy set out in Act LXXXI of 1996 on Corporate Tax and Dividend Tax (hereinafter referred to as “Corporate Tax Act”), provided in view of the tax allowance provided for in the Corporate Tax Act or the tax offered by a taxpayer subject to corporate tax by way of disposition, made available via the state tax authority under Section 31/D (hereinafter referred to as “indirect support”).

(2) The provisions of the Act on Public Finances on granting budget support shall not apply to the indirect support above-specified.

Title 2⁶²

Status, Organization, Sources of Revenue and Support Activity of the Magyar Nemzeti Filmalap Közhasznú Nonprofit Zártkörűen Működő Részvénytársaság (*Hungarian National Film Fund Public-Benefit Nonprofit Private Limited Company*)

Section 8⁶³

(1)⁶⁴ The MNF shall allocate the resources earmarked to motion picture industry objectives in accordance with the provisions set out in this Act.

(2)⁶⁵ The MNF is established by the Magyar Nemzeti Vagyonkezelő Zrt. (*Hungarian National Asset Management Zrt.*) (hereinafter referred to as “MNV Zrt.”), operating in the form a single-member public benefit nonprofit private limited company, whose share is not negotiable. The Statutes of the MNF shall be adopted by the MNV Zrt.

Section 9⁶⁶

(1) The MNF shall be managed by a chief executive officer.

(2) The support functions of the MNF shall be performed by the five-member Motion Picture Panel operating within the MNF, in the manner set out in the MNF’s Support Policy.

(3) The Motion Picture Panel is comprised of the chief executive officer and another four Hungarian citizens with at least five year professional experience at any area in the motion picture industry. The members of the Motion Picture Panel shall be appointed by the chief executive officer; the members shall be given remuneration set by the chief executive officer. The chief executive officer shall dismiss the member of the Motion Picture Panel upon serious professional

⁶⁰ Established by Section 72 of Act LXVII of 2016, effective as of 17 July 2016. Amended by Paragraph *a*) of Section 23 of Act CLXIII of 2016.

⁶¹ Established by Section 10 of Act CCXII of 2015, effective as of 31 December 2015.

⁶² Established by Section 3 of Act CLXIX of 2011, effective as of 1 January 2012.

⁶³ Established by Section 3 of Act CLXIX of 2011, effective as of 1 January 2012.

⁶⁴ Amended by Point 10 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁶⁵ Amended by Paragraph *b*) of Subsection (16) of Section 51 of Act LXXXIV of 2013, Paragraph *c*) of Subsection (2) of Section 19 of Act CCLII of 2013.

⁶⁶ Established by Section 3 of Act CLXIX of 2011, effective as of 1 January 2012.

misconduct in the context of his mandate.

(4) The Motion Picture Panel shall bring its decisions subject to majority of the votes cast by all its members.

Section 9/A⁶⁷

(1) The revenue of the MNF shall comprise the central budget subsidy and other revenues of the MNF.

(2)⁶⁸ The MNF shall use 80 per cent of the game tax levied on the Six Number Lottery Draw for the performance of its tasks as set out in Chapter II. That expenditure shall be provided for in the revenue and expenditure budget chapter for state-owned assets. The MNF shall fund its expenditure related to the tasks under Chapter I/A from the central budget subsidy and from the revenues under Subsection (1) of Section 5/D.

(3) The MNF shall use its other revenues generated during its operation for motion picture industry objectives set out in this Act.

(4)⁶⁹ In the course of performing its tasks, the MNF must pay attention to serving different needs of society and ensuring the diversity of the Hungarian motion picture industry. To this end, it shall – in particular – provide opportunity for the presentation of different generations of film-makers, workshops, and trends to the broadest extent possible, on the basis of equal opportunities, with the view to realizing their creative goals. Therefore, in the course of developing the distribution system, it shall determine the proportions of each sub-area, strike balance between the aspects of authors, film producers, distributors and viewers, including artistic and economic considerations.

(5)⁷⁰ The MNF shall be eligible to pursue film production activities either directly or via a company it has established; in the latter case it shall not qualify as sponsor within the meaning of this Act.

Section 9/B⁷¹

(1) The tasks of the MNF shall, in particular, cover the following:

a) operation of the support scheme for the motion picture industry through the allocation of subsidies;

b) development of principles for applications, with special regard to

ba) equal opportunities for applicants, the clarity, transparency and comparability of applications,

bb) ensuring the continuous presence of the Hungarian motion picture art and industry in the domestic and the European film market as well as film markets outside Europe,

bc) promotion of the disbursement of Hungarian and universal motion picture culture in Hungary,

bd) ensuring the continuity of tendering;

c) continuous monitoring and control of the completion of cinematographic works and the achievement of other supported objectives, as well as the use of subsidies, and promoting the international distribution of cinematographic works and their enrolment to film festivals, starting from the award of the subsidy;

⁶⁷ Enacted by Section 3 of Act CLXIX of 2011, effective as of 1 January 2012.

⁶⁸ Established by Subsection (5) of Section 60 of Act CIV of 2016, effective as of 1 January 2017.

⁶⁹ Amended by Point 2 of Subsection (1) of Section 29 of Act CXCIX of 2012.

⁷⁰ Enacted by Section 5 of Act CCLI of 2013, effective as of 1 January 2014.

⁷¹ Enacted by Section 3 of Act CLXIX of 2011, effective as of 1 January 2012.

- d)* international representation of the motion picture industry, maintenance of international relations, facilitating the joining of the international motion picture tendering system;
- e)* support to the Hungarian motion picture art beyond the borders and promoting its continuous presence in the domestic and European film markets as well as in film markets outside of Europe;
- f)*⁷² management and exploitation of property rights obtained by contract with regard to the films produced by using subsidies under this Act, in accordance with the provisions set out in the MNF Support Policy and in the grant agreement concluded with the beneficiary,
- g)* management and exploitation of assets owned or managed by the MNF;
- h)*⁷³ drawing up concepts concerning the further improvement of the support scheme for the motion picture industry;
- i)* maintenance of the register of locations owned by the State and municipal governments that are suitable for shooting films and of outstanding importance in terms of the Hungarian culture's dissemination and the international image of Hungary, and contribution to their exploitation for film production purposes on the basis of agreements concluded with the persons holding the right of disposal with regard to such locations;
- j)*⁷⁴ support to motion picture training by using the resources under Subsection (2c) of Section 31/B;
- k)*⁷⁵ carrying out procedures in connection with the administrative cases related to the use of public land and other real estate property under Chapter IV.
- (2)⁷⁶ The MNF shall determine the rules applicable to tenders and subsidy awards that ensure the enforcement of the principles and conditions for applications and subsidies as set out in this Act in its statutes and/or its Support Policy. The MNF shall publish its Support Policy on its website.

Title 3

Motion Picture Coordination Council

Sections 10–11⁷⁷

Title 4

Rules on the Allocation of Financial Support

Section 12

- (1)⁷⁸ Direct support to the motion picture industry is provided on the basis of tender or individual

⁷² Amended by Point 11 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁷³ Amended by Point 12 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁷⁴ Enacted by Section 73 of Act LXVII of 2016, effective as of 17 July 2016. Amended by Paragraph *b)* of Section 23 of Act CLXIII of 2016.

⁷⁵ Enacted by Section 74 of Act LXVII of 2016, effective as of 1 October 2016.

⁷⁶ Amended by Paragraph *c)* of Subsection (16) of Section 51 of Act LXXXIV of 2013, Paragraph *d)* of Subsection (2) of Section 19 of Act CCLII of 2013.

⁷⁷ Repealed by Subsection (1) of Section 18 of Act CLXIX of 2011, effective as 1 January 2012.

⁷⁸ Established by Subsection (1) of Section 4 of Act CLXIX of 2011. Amended by Point 13 of Subsection (1) of Section 28 of Act CXCIX of 2012.

application, depending on the characteristics of the cinematographic work, in particular its script, budget, artistic value, the identity of the authors, producers, and actors of the film, or the nature of any other objective worthy of support.

(2)⁷⁹ Direct subsidies may be awarded in the form of repayable subsidies or grants. In the case of repayable subsidies, the sponsors shall determine the method and level of repayment.

(3) Under this Act, support may be granted for the purposes of the following activities of the motion picture industry:

- a) film plan development;
- b) preparation of film production;
- c) film production;
- d)⁸⁰ film distribution, and marketing activities designed to facilitate film distribution and film sales;
- e) film copy renovation and archiving;
- f) research and training in the motion picture industry;
- g)⁸¹ organization of events for the motion picture industry, and participation in events and film festivals;
- h) preparation and dissemination of publications for the motion picture industry;
- i) infrastructure development.

(4)⁸² For the purposes of setting the cap for the support that can be awarded for the purposes of activities set out in Subsection (3), all support granted for cinematographic works must be taken into account. In calculating the support limit set out in Section 13, production preparation support granted for a cinematographic work shall be taken into account.

(5)⁸³ The MTVA may conclude an agreement with MNF on supporting cinematographic works, subject to prior approval from the Media Council.

(6)⁸⁴ With the view to coordinating the allocation of funds available for supporting motion picture industry objectives, the MNF may enter into an agreement with the sponsor on providing support to specific motion picture industry activities set out in Subsection (3).

(7)⁸⁵

(8)⁸⁶ No support under this Act may be granted to activities aimed at the production, distribution, and archiving of films to be classified in category VI in accordance with Section 21. Moreover, no

⁷⁹ Established by Subsection (1) of Section 4 of Act CLXIX of 2011. Amended by Point 14 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁸⁰ Established by Subsection (2) of Section 4 of Act CLXIX of 2011, effective as of 1 January 2012.

⁸¹ Established by Subsection (3) of Section 4 of Act CLXIX of 2011, effective as of 1 January 2012.

⁸² Enacted under Subsection (1) of Section 2 of Act XXXVIII of 2008. Amended by Point 15 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁸³ Established by Subsection (4) of Section 4 of Act CLXIX of 2011. Amended by Point 16 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁸⁴ Established by Subsection (4) of Section 4 of Act CLXIX of 2011. Amended by Point 17 of Subsection (1) of Section 28, Point 3 of Subsection (1) of Section 29 of Act CXCIX of 2012.

⁸⁵ Repealed by Subsection (1) of Section 18 of Act CLXIX of 2011, effective as 1 January 2012.

⁸⁶ Established by Subsection (5) of Section 4 of Act CLXIX of 2011, effective as of 1 January 2012.

support may be granted to television programs not qualifying, on the basis of their genre, as cinematographic works of cultural value.

(9)⁸⁷ Indirect support shall be granted consistent with the direct cost of production of the cinematographic work and with direct Hungarian cost of film production.

(10)⁸⁸ The basis for indirect support for cinematographic works shall be 100 per cent of the direct cost of film production if at least 80 per cent of the film's direct production costs qualify as direct Hungarian cost of film production. For cinematographic works not reaching this ratio the basis for indirect support shall be the direct Hungarian cost of film production multiplied by 1.25.

Section 12/A⁸⁹

(1) Support under this Act may be granted in connection with cinematographic works that meet the cultural requirements:

- a)* specified for film production in Subsection (2),
- b)* specified for film distribution in Subsection (3).

(2) For film production, cinematographic works shall be considered to comply with cultural requirements if it scores at least 16 points based on the criteria set out in Annex 2 in the manner that it scores points in at least four of the criteria listed in Paragraphs *a)–n*), and

a) it qualifies as European coproduction film provided that it is produced with Hungarian participation, or

b) it complies with at least two of the conditions listed in Paragraphs *a)–h*).

(3) For film distribution, cinematographic works shall be considered to comply with cultural requirements if, based on the criteria set out in Annex 2, it complies with at least two of the conditions listed in Paragraphs *a)–h*).

Section 12/B⁹⁰

Section 13⁹¹

(1)⁹² Unless otherwise provided in this Act, the level of support under this Act may range up to 50 per cent of the film's production budget for any cinematographic work, and of the Hungarian contribution for international coproduction films.

(1a)⁹³ If in an international coproduction film, apart from the Hungarian film producer at least one film producer from an EEA Member State participates, the level of support under this Act may be up to 60 per cent of the Hungarian contribution.

(2)⁹⁴ The level of support for a Hungarian film produced for presentation in cinema and

⁸⁷ Enacted by Subsection (2) of Section 2 of Act XXXVIII of 2008. Amended by Point 18 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁸⁸ Enacted by Subsection (2) of Section 2 of Act XXXVIII of 2008. Amended by Point 4 of Subsection (1) of Section 29 of Act CXCIX of 2012.

⁸⁹ Established by Section 4 of Act CXCIX of 2012, effective as of 16 December 2012.

⁹⁰ Repealed by Point 3 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

⁹¹ Established by Section 4 of Act XLV of 2006, effective as 1 April 2006.

⁹² Established by Section 5 of Act CXCIX of 2012, effective as of 16 December 2012.

⁹³ Enacted by Subsection (1) of Section 26 of Act XXXIX of 2014, effective as of 7 October 2014.

⁹⁴ Established by Section 4 of Act XXXVIII of 2008. Amended by Subsection (2) of Section 17 of Act CLXIX of 2011, Point 19 of Subsection (1) of Section 28 of Act CXCIX of 2011, Section

pertaining to the feature film, full-length feature documentary, popular scientific and animation genre, may be up to 100 per cent of the film's production budget, and of the Hungarian contribution for international coproduction films, if the film's production budget does not exceed 237 million forints for a Hungarian film and 467 million forints for an international coproduction film.⁹⁵

(3)⁹⁶ The level of support for a Hungarian film may be up to 100 per cent of the film's production budget, and of the Hungarian contribution for international coproduction films, if the film is originally produced in the Hungarian language, furthermore it is likely that the film's production budget will not be recovered even through all revenues coming from all form of distribution. If the film's production budget is recovered during distribution, any amount exceeding the production budget shall be repaid to the sponsor.

(3a)⁹⁷ The level of support for a Hungarian film may be up to 100 per cent of the film's production budget, and of the Hungarian contribution for international coproduction films, if an international coproduction film is produced, in addition to the Hungarian film producer, with the participation of at least one film producer from a country listed by the Development Assistance Committee of the Organization for Economic Cooperation and Development.

(4)⁹⁸ The level of subsidy for a Hungarian film pertaining to the documentary, animation, scientific documentary, experimental film or short film genre may be up to 100 per cent of the film's production budget, and of the Hungarian contribution for international coproduction films, if the resources required to produce the film contributing to the cultural diversity cannot be provided otherwise. This rule shall not apply to feature films produced to be presented in cinema.

(5)⁹⁹ The limit defined in Section (2) shall be increased annually:

a)¹⁰⁰ for Hungarian films, by the consumer price index published by the Központi Statisztikai Hivatal (*Central Statistics Office*) for the previous year,

b)¹⁰¹ for international coproduction films, in view of the proportion between the Hungarian and non-Hungarian contribution, by the level of the price index set out in Paragraph a) and the rate of Eurozone inflation.

These amended limits shall be laid down in the annual Budget Act.¹⁰²

28 of Act XXXIX of 2014.

⁹⁵ See Section 73 of Act CLXIX of 2010.

⁹⁶ Established by Section 4 of Act XXXVIII of 2008. Amended by Subsection (2) of Section 17 of Act CLXIX of 2011, Points 19 ND 20 of Subsection (1) of Section 28 of Act CXCIX of 2011, Section 28 of Act XXXIX of 2014.

⁹⁷ Enacted by Subsection (2) of Section 26 of Act XXXIX of 2014, effective as of 7 October 2014.

⁹⁸ Established by Section 4 of Act XXXVIII of 2008. Amended by Subsection (2) of Section 17 of Act CLXIX of 2011, Point 19 of Subsection (1) of Section 28 of Act CXCIX of 2011.

⁹⁹ Established by Section 4 of Act XXXVIII of 2008. Effective from 31 July 2008 on the basis of OKM Resolution 1/2008 (VII. 30.). Applies to cases opened subsequently. See also Subsections (2)–(3) of Section 10 of Act XXXVIII of 2008.

¹⁰⁰ Amended by Subsection (3) of Section 31 of Act XXXII of 2008.

¹⁰¹ Amended by Subsection (2) of Section 17 of Act CLXIX of 2011.

¹⁰² See Section 90 of Act CII of 2008, Section 86 of Act CXXX of 2009, Section 69 of Act CLXXXVIII of 2011, Section 66 of Act CCIV of 2012, Section 62 of Act CCXXX of 2013, Section 69 of Act C of 2014, Section 67 of Act C of 2015, Section 69 of Act XC of 2016, Section 70 of Act 2017.

(6)¹⁰³ When setting the limits referred to in Subsection (2) the submission of the application for the support to the film under this Act shall be governing, which is the date of,

*a)*¹⁰⁴ in the case of direct support, the publication of the tender notice, or for support not to be provided on the basis of a tender, submission of the individual application for assistance,

*b)*¹⁰⁵ in the case of indirect support, the submission of the application related to the establishment of eligibility for support.

(7)¹⁰⁶ At least 60 per cent of a direct support provided for film production purposes must be used by the beneficiary for covering the direct Hungarian costs of film production. The sponsor may prescribe an even higher ratio, however, it may not exceed 80 per cent of the support provided. If the script of the cinematographic works makes shooting on original sites necessary, the sponsor may give consent for the beneficiary to use up to 60 per cent of the support provided for non-direct Hungarian costs of film production.

(8)¹⁰⁷ Unless otherwise provided for by law, the Hungarian producer of a film with Hungarian participation and international coproduction film with Hungarian participation shall be entitled to the same rights and have the same obligations as the producers of a Hungarian film.

(9)¹⁰⁸ Direct support may be awarded to Hungarian films and films with Hungarian participation. This restriction shall not apply to support to the distribution of films classified as “art”.

Section 14

(1)¹⁰⁹ Persons and economic operators defined in Section 28 and registered by the motion picture authority shall be eligible to receive direct and indirect support under this act, provided that they comply with the provisions of this Act and the conditions defined by the sponsor.

(2)¹¹⁰ In the cases under Paragraphs *b)* and *c)* of Subsection (3) of Section 12 only the film producer, and in the case of Paragraph *d)* only the film distributor and the film producer may be awarded direct support.

(3)¹¹¹ No support under this Act may be awarded:

*a)*¹¹² if the beneficiary is not registered, or has been deregistered by the motion picture authority;

b) if the beneficiary has any overdue tax, contribution or other public dues owed to the state;

¹⁰³ Established by Section 4 of Act XXXVIII of 2008. Amended by Point 21 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹⁰⁴ Amended by Point 3 of Subsection (1) of Section 29 of Act CXCIX of 2012.

¹⁰⁵ Amended by Point 3 of Subsection (1) of Section 29 of Act CXCIX of 2012.

¹⁰⁶ Established by Section 5 of Act CLXIX of 2011. Amended by Point 22 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹⁰⁷ Established by Section 5 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁰⁸ Established by Subsection (2) of Section 51 of Act LXXXVI of 2013, effective as of 1 July 2013.

¹⁰⁹ Amended by Paragraph *b)* of Subsection (3) of Section 138 of Act CIX of 2006, Point 24 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹¹⁰ Established by Subsection (1) of Section 6 of Act CXCIX of 2012, effective as of 16 December 2012.

¹¹¹ Amended by Point 25 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹¹² Amended by Paragraph *b)* of Subsection (3) of Section 138 of Act CIX of 2006, Point 5 of Subsection (1) of Section 29 of Act CXCIX of 2012.

c) if the beneficiary failed to comply with his obligation to provide a mandatory copy for archiving under the relevant legislation;

d)¹¹³ if the beneficiary failed to give account of the use of support granted by the sponsor, his statement of account has not been accepted by the sponsor, or has overdue unpaid liabilities to the sponsors;

e)¹¹⁴ to an economic operator that has any executive officer or owner who has been the executive officer of any economic operator during the three years preceding the date of submission of the application for support that failed to give account of the use of a support granted by the sponsor, whose statement of account has not been accepted by the sponsor;

f)¹¹⁵ to any economic operator the owners of which include an economic operator that failed to give account of the use of direct support granted by the sponsor used during three years preceding the submission of the application for support, or whose statement of account has not been accepted by the sponsor;

g) to a beneficiary undergoing bankruptcy, liquidation or dissolution proceedings;

h)¹¹⁶ to a beneficiary who fails to comply with the conditions set out in the legislation on distinguished labor relations;

i)¹¹⁷ to a legal persons established in an EEA Member State without an establishment in Hungary by the disbursement date of any support under this Act at the latest.

(4)¹¹⁸ The sponsors may waive the condition for exclusion specified in Paragraph d) of Section (3) not earlier than three years after the expiry of the reporting deadline. No such waiver may be granted in the case of unpaid past due obligations until those are cleared.

(5)¹¹⁹ The Office of the Nemzeti Média- és Hírközlési Hatóság (*National Media and Infocommunications Authority*) (hereinafter referred to as “Office”) may waive condition for exclusion set out in Paragraphs c) and h) of Subsection (3) in cases of exceptional circumstances if, for the obligation under Paragraph c) the client complies with obligation by the deadline set by the Office, or compliance with that obligation would be contrary to the contractual obligations for a film produced on order, and the client is able to provide prima facie evidence for this; and, in the case of Paragraph h), it is justified by the achievement of the public interest under this Act, after considering all circumstances of the case. For the purposes of this Subsection, cases of exceptional circumstances shall mean where the gravity of the infringement in any individual case is disproportionately small relative to the social usefulness of achieving the objectives set out in this Act.

(6)¹²⁰ Direct subsidies may be granted only after a contract is concluded between the beneficiary and the sponsor. If the supported objective is not achieved due to a breach of contract by the

¹¹³ Amended by Points 22 and 26 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹¹⁴ Amended by Point 28 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹¹⁵ Amended by Point 28 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹¹⁶ Enacted by Section 5 of Act XLV of 2006. Amended by Point 6 of Subsection (1) of Section 29 of Act CXCIX of 2012.

¹¹⁷ Enacted by Section 5 of Act XXXVIII of 2008. Amended by Point 27 of Subsection (1) of Section 28 of Act CLXIX of 2012, Subsection (3) of Section 19 of Act CCLII of 2013.

¹¹⁸ Amended by Point 29 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹¹⁹ Established by Subsection (2) of Section 6 of Act CXCIX of 2012, effective as of 16 December 2012.

¹²⁰ Amended by Points 29 and 30 of Subsection (1) of Section 28 of Act CXCIX of 2012.

beneficiary, the beneficiary shall be required to repay the support to the sponsor.

(7)–(8)¹²¹

Section 14/A¹²²

(1) No direct support may be awarded to an officer of the sponsor vested with responsibility to decide on the award of support, and to his close relatives (hereinafter referred to as “close relative”) under the Civil Code (hereinafter referred to as “Civil Code”), and to any applicant entity where the above person holds an executive office with authorization to sign for that entity, or holds a share embodying majority control under the provisions of the Civil Code on companies.

(2) Any officer of the support organization who decides or makes recommendation on the award of support may not participate in the evaluation of the tender or the application for support if this person or his close relative is the author, within the meaning of the Copyright Act, of the cinematographic works affected by the tender (application for support) or the tenderer (applicant) or his close relative is engaged with the tenderer (applicant) under contract of employment or other similar relationship for the performance of work, or provides services to the tenderer via a company in which he is a member or shareholder.

(3) No remuneration paid to any officer of the support organization who decides or makes recommendation on the award of support, and his close relatives for the activity performed in connection with the supported cinematographic works and during his appointment as officer as set out in Subsection (2) can be accounted for at the expense of the support.

(4) The relevant officer shall make a written statement on conflict of interest before the evaluation of the tender. If the executive affected or the officer responsible to make recommendation makes a false statement on conflict of interests or provides untrue data, his appointment shall be terminated by operation of law.

(5) If the law sets out a different conflict of interests rule for the relevant sponsor, the more stringent of these two sets of rules must be applied. For the purposes of this Act the chief executive officer of the MNF, and the members of the MNF Motion Picture Panel shall qualify as officers vested with decision-making authority on supports.

Section 15

(1)¹²³ Direct support may be granted by way of tender for activities defined in Paragraphs *a)–e)* Subsection (3) of Section 12, with the exception set out in Subsection (1a) hereof. Unless otherwise provided by the law, a sponsor may grant individual assistance to the extent and subject to the conditions laid down in its support policy if the achievement of the objectives selected by way of tender in advance cannot be ensured otherwise.

(1a)¹²⁴ Support to the distribution of cinematographic works classified as “art” may also take place on the basis of an individual application.

(2)¹²⁵ Direct support may be disbursed for the purposes of film productions where the sponsor

¹²¹ Repealed by Paragraph *a)* of Section 25 of Act CLXIII of 2016, effective as of 16 December 2016.

¹²² Established by Subsection (1) of Section 19 of Act CCLII of 2013, effective as of 15 March 2014.

¹²³ Established by Subsection (3) of Section 51 of Act LXXXVI of 2013, effective as of 1 July 2013.

¹²⁴ Enacted by Subsection (3) of Section 51 of Act LXXXVI of 2013, effective as of 1 July 2013.

¹²⁵ Amended by Points 29 and 32 of Subsection (1) of Section 28 of Act CXCIX of 2012.

established that the film producer applying for support possesses:

a) a production and budget plan at an appropriate level of completion, which is required for starting production,

b) sufficient funds covering the film's production budget, calculated excluding the amount of support applied for,

c) the consent from holders of copyrights and related rights for film adaptation and for the distribution of the film, and/or the contracts on these subjects.

(3)¹²⁶ In addition to the conditions defined in Paragraphs *a)* and *b)* of Subsection (2), direct support may be allocated for the production of an international coproduction film only if the Hungarian film producer has title of ownership to the first original negative or an original copy suitable for reproduction of the cinematographic works and/or is entitled to make a copy thereof that is suitable for presentation. For international coproduction films the condition set out in Paragraph *c)* of Subsection (2) shall be complied with in respect of one of the film's producers.

(4)¹²⁷ The sponsor shall make its decisions in possession of accurate information on the supported works and/or the tenders, upon thorough consideration of all circumstances. The sponsor shall be required to continuously monitor and verify the realization of the supported objective and to take all measures consistent with this Act that ensure the completion of the production of the supported cinematographic works.

Section 16¹²⁸

Section 17¹²⁹

The minister in charge of cultural affairs (hereinafter referred to as "Minister") shall decide annually on the support to cinemas classified as "art" and the distribution of films classified as "art".

*Chapter III*¹³⁰

*MOTION PICTURE AUTHORITY*¹³¹

Title 1¹³²

The Motion Picture Authority¹³³

¹²⁶ Amended by Subsection (2) of Section 17 of Act CLXIX of 2011, Point 32 of Subsection (1) of Section 28 of Act CXCIX of 2011.

¹²⁷ Established by Section 7 of Act CLXIX of 2011. Amended by Points 22 and 33 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹²⁸ Repealed by Subsection (1) of Section 18 of Act CLXIX of 2011, effective as 1 January 2012.

¹²⁹ Established by Subsection (4) of Section 51 of Act LXXXVI of 2013, effective as of 1 July 2013.

¹³⁰ Established by Section 10 of Act CLXIX of 2011, effective as of 1 January 2012.

¹³¹ Established by Section 10 of Act CLXIX of 2011, effective as of 1 January 2012.

¹³² Established by Section 10 of Act CLXIX of 2011, effective as of 1 January 2012.

¹³³ Established by Section 10 of Act CLXIX of 2011, effective as of 1 January 2012.

Section 18¹³⁴

(1) The motion picture authority shall perform administrative tasks related to the operation of the motion picture industry.¹³⁵

(2)¹³⁶ The Office shall function as motion picture authority.

(3)¹³⁷ With the view to the performance of individual tasks of the motion picture authority the Office shall operate the National Film Office. Detailed rules for the organization and tasks of the National Film Office shall be specified in the Organizational and Operational Regulations of the Nemzeti Média- és Hírközlési Hatóság (*National Media and Infocommunications Authority*) (hereinafter referred to as “NMHH”). The National Film Office shall be headed by a public official of senior department head ranking, appointed by the President of the NMHH (hereinafter referred to as “President”) on a recommendation by the Director General of the NMHH for an unlimited period of time; the employer’s rights other than appointment, dismissal or removal shall be exercised by the Director General of the NMHH.

(4) The motion picture authority shall cover its operational expenses from a central budgetary subsidies and from its own revenues.

Title 2¹³⁸

Powers and Responsibilities of the Motion Picture Authority¹³⁹

Section 19¹⁴⁰

(1) The Office shall perform the following tasks within the framework of its regulatory authority:
a) it shall classify cinematographic works in accordance with this Act with the view to protecting minors, and shall impose the sanctions set out in this Act for any infringements to these classification rules;

b) it shall classify cinematographic works as worthy of support due to their artistic value or their compliance with cultural requirements, as well as cinemas and movie theaters distributing such films in accordance with this Act;

c) it shall keep the official register on motion picture organizations and natural persons applying for support under this Act, as well as of cinematographic works eligible for support and films not receiving any support, of the cinematographic works distributed and films classified as “art”, furthermore cinemas and movie theaters classified as “art”, in the manner set out in this Act and in the decree of the President;

d) it shall classify cinematographic works for the production of which support under this Act is requested into the categories identified as Hungarian film, film with Hungarian participation, film with other Hungarian participation or other film;

e) it shall verify and certify the fact of compliance with cultural requirements;

*f)*¹⁴¹ it shall verify, establish and certify in accordance with this Act the eligibility to use any

¹³⁴ Established by Section 10 of Act CLXIX of 2011, effective as of 1 January 2012.

¹³⁵ See Decree No. 10/2012 (III. 28.) NMHH, Decree No. 10/2012 (VIII. 9.) NMHH.

¹³⁶ Amended by Point 34 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹³⁷ Amended by Point 35 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹³⁸ Established by Section 10 of Act CLXIX of 2011, effective as of 1 January 2012.

¹³⁹ Established by Section 10 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁴⁰ Established by Section 10 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁴¹ Amended by Points 36 of Subsection (1) of Section 28, Point 7 of Subsection (1) of Section

support under this Act and issues the certificate on the support;

g) it shall keep statistics in the motion picture industry;

h) it shall act ex officio or upon request in its competence and powers in any procedure related to the general administrative supervision of compliance with the provisions of this Act and other legislation adopted by authorization of this Act, as well as official decisions adopted by it under its competence;

i) it shall perform other tasks concerning the motion picture industry as set out in this Act or in other legislation adopted by authorization of this Act.

(2) The Office, acting within a capacity other than a public authority, shall perform the following tasks:

a) it shall perform reporting activities in the motion picture industry, on the basis of its own records;

b) it shall issue the coproduction certificates set out in international agreements, in accordance with the procedure set out in those agreements;

c) it shall perform the tasks set out in Section 33;

d) it shall perform other tasks concerning the motion picture industry as set out in this Act or in other legislation adopted by authorization of this Act.

(3) For any registration and classification activities performed by the Office under this Act an administrative service fee specified in the decree of the President shall be payable.

Chapter III/A¹⁴²

PROCEDURES OF THE MOTION PICTURE AUTHORITY¹⁴³

Title 1

¹⁴⁴

Application of the General Rules on Administrative Proceedings

¹⁴⁵

Section 19/A

¹⁴⁶

(1)¹⁴⁷ The Office and the President (hereinafter referred to collectively as “Authority”) shall act in accordance with Act CL of 2016 on General Public Administration Procedures (hereinafter referred to as “Administrative Procedure Act”), subject to the derogations set out in this Act.

(2)¹⁴⁸ The client may lodge an appeal against any decision of the Office adopted in first instance, with the exception of decisions that cannot be appealed by law. The President shall be empowered to hear and determine appeals submitted against any decision made by the Office.

29 of Act CXCIX of 2012.

¹⁴² Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁴³ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁴⁴ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁴⁵ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁴⁶ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁴⁷ Established by Subsection (1) of Section 235 of Act L of 2017, effective as of 1 January 2018.

¹⁴⁸ Established by Subsection (1) of Section 235 of Act L of 2017, effective as of 1 January 2018.

(3) Against any decision and rulings that may be appealed individually the support organization affected based on the subject of that individual administrative case shall also have a right of appeal.

(4)¹⁴⁹ The Authority may open proceedings in matters falling within its competence *ex officio*, except where the proceedings may be opened only upon request according to this Act. Said applications may not be submitted at one-stop government windows.

(5)¹⁵⁰ If the Authority becomes aware of any infringement outside the subject of the individual administrative case which, however, are closely or indirectly related to that case, it may *ex officio* extend its proceedings to that particular issue, before passing a decision. The parties involved shall be notified of the *ex officio* extension of the proceedings in accordance with the relevant provisions of the Administrative Procedure Act. On the *ex officio* extension of the proceedings, the administrative time limit shall be extended by the period of time applicable to the particular proceedings.

(6)¹⁵¹ In the absence of competence, the Office shall be entitled to reject the application, without examination of the competent authority or referral of the case, and/or terminate the proceedings.

(7)¹⁵² If there is any change in the data or facts underlying the Authority's definitive decision in an administrative case falling within its competence under this Act, the client shall be required to notify the Office thereof within fifteen days from the effective date of that change or when the client became aware thereof.

(8) The Office shall be entitled to initiate administrative proceedings on the basis of the change notification referred to in Subsection (7) or other official knowledge with the view to examining whether that change in the data or facts that the administrative decision is based on indeed affects the merit of that decision. Where the Office concludes that the change in the data and facts affects the merit of that administrative decision, it shall amend or withdraw that decision in *ex officio* administrative proceedings, as appropriate based on the content of that change.

(9) In the event of failure to comply with the notification obligation referred to in Subsection (7), the Office may order the film producer to pay the fine under Paragraph *c*) of Subsection (8) of Section 19/H.

(10)¹⁵³ The client holding rights under the Office's definitive resolution may be replaced by the civil law successor, if this succession facilitates the achievement of the objectives set out in this Act and it poses no risk to the use of public funds and the accounting thereof. The successor may apply for the establishment of this succession within forty days after that succession.

(11)¹⁵⁴ The Office shall establish the fact of the succession by way of a ruling.

Title 2¹⁵⁵

¹⁴⁹ Established by Subsection (2) of Section 235 of Act L of 2017, effective as of 1 January 2018.

¹⁵⁰ Amended by Paragraph *a*) of Section 236 of Act L of 2017.

¹⁵¹ Amended by Paragraph *b*) of Section 236 of Act L of 2017.

¹⁵² Amended by Point 38 of Subsection (1) of Section 28 of Act CXCIX of 2012, Paragraph *c*) of Section 236 of Act L of 2017.

¹⁵³ Enacted by Section 7 of Act CXCIX of 2012. Amended by Paragraph *d*) of Section 236 of Act L of 2017.

¹⁵⁴ Enacted by Section 7 of Act CXCIX of 2012. Amended by Paragraph *a*) of Section 237 of Act L of 2017.

¹⁵⁵ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

Confidentiality¹⁵⁶

Section 19/B¹⁵⁷

(1) Persons currently or formerly employed by the Authority in public service relationship or in any other work-related relationship shall keep confidential any personal data, classified information and business secrets they may have learnt in relation to the operation and actions of the Authority as well as any other data, fact or circumstance that the Authority is not required to make available to the public – except for any disclosure or supply of data to other organizations under the relevant legislation –, during the term of their employment and after the termination thereof.

(2) The persons mentioned in Subsection (1) may not disclose unlawfully any data, facts or circumstance they obtained in connection with the performance of their official duties, nor shall they be allowed to use or reveal such information to third persons.

Electronic Communication¹⁵⁸

Section 19/C¹⁵⁹

(1) In connection with the Authority's competence under this Act, the President shall be empowered to designate certain proceedings where electronic communication is mandatory or exclusive.

(2)¹⁶⁰ Electronic communication may be rendered exclusive in proceedings in which only legal persons or other entities are involved.

(3) Electronic communication may not be rendered exclusive in proceedings where natural person are involved.

Administrative Time Limits, Suspension of Proceedings¹⁶¹

Section 19/D¹⁶²

(1) Unless otherwise provided for in this Act, the administrative time limit for the Authority's proceedings shall be sixty days.

(2) Where a final decision in a proceeding requires the preliminary judgment of an issue where the decision lies with another authority, or the case cannot be reliably resolved without a decision in another proceeding under the competence of the same authority that closely relates to the case on hand, the authority shall suspend the proceedings.

(3) Upon the suspension of proceedings all time limits shall be interrupted, and shall begin to run again when suspension is terminated, with the exception of the administrative time limit. All procedural steps taken during the period of suspension shall be of no effect, other than the ones intended to eliminate the grounds for suspension.

¹⁵⁶ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁵⁷ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁵⁸ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁵⁹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁶⁰ Amended by Subsection (3) of Section 19 of Act CCLII of 2013.

¹⁶¹ Established by Section 8 of Act CXCIX of 2012, effective as of 16 December 2012.

¹⁶² Established by Subsection (3) of Section 235 of Act L of 2017, effective as of 1 January 2018.

Clarification of the Facts¹⁶³

Section 19/E¹⁶⁴

(1)¹⁶⁵ In ascertaining the relevant facts of a case, the Authority may also apply the regulations of the Administrative Procedure Act relating to ascertaining the relevant facts of a case and regulatory inspections, subject to the exceptions set out in Subsections (2)–(7).

(2)¹⁶⁶ The Authority shall have powers to inspect, examine and make duplicates and extracts of any and all medium containing data, document and deeds – even if containing secrets protected by law – related to the producing and production, support under this Act, distribution and archiving of cinematographic works, and/or film distribution.

(3) The Authority may order the client, other parties to the proceedings, the agents and employees of such parties and persons in other relationships with the client and other parties to the proceedings to supply data and information in a comparable format defined by the Authority, as well as other information either verbally or in writing.

(4)¹⁶⁷ The Authority shall have the right on a duly justified basis, where the establishment of the facts cannot be expected from other means of evidence, to oblige persons and organizations, other than the client and other parties to the proceedings, to disclose data, supply means of evidence with a view to ascertaining the relevant facts of the case. The person subject to the order to report data and submit means of proof may bring administrative action against this ruling. The filing of the statement of claim shall have suspensive effect.

(5) When deemed necessary for establishing the facts of the case, the Authority shall have the right to order the client to make representations, indicating also the legal consequences of non-compliance for any failure to comply with this obligation in due time as defined in Section 19/F of this Act.

(6)¹⁶⁸ With a view to establishing the relevant facts of the case, the Authority shall have the right to order the client to remedy deficiencies, indicating also the legal consequences for non-compliance within the prescribed time limit.

(7) On an exceptional and duly justified basis, the Authority shall have the right to resort to the deeds, data, documents and other means of evidence generated in the course of particular proceedings also for the purposes of another proceeding, where deemed necessary for reducing the procedural burden on clients or for proper and effective application of the law.

(8)¹⁶⁹ The client's statement shall not be admissible as a substitute for any unavailable evidence, even if obtaining such evidence is impossible, except where the client is ordered by the authority with a view to establishing the relevant facts of the case to make a statement in substitution for unavailable evidence.

¹⁶³ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁶⁴ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁶⁵ Established by Subsection (4) of Section 235 of Act L of 2017, effective as of 1 January 2018.

¹⁶⁶ Amended by Point 39 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹⁶⁷ Established by Subsection (5) of Section 235 of Act L of 2017, effective as of 1 January 2018.

¹⁶⁸ Amended by Paragraph *e*) of Section 236 of Act L of 2017.

¹⁶⁹ Enacted by Subsection (6) of Section 235 of Act L of 2017, effective as of 1 January 2018.

(9)¹⁷⁰ In establishing the relevant facts of the case, the Authority may order the client to make available to the Authority the original document or a certified copy made thereof.

Administrative Penalty¹⁷¹

Section 19/F¹⁷²

(1) In case of obstruction of the proceedings, the Authority shall have the right to impose an administrative penalty upon the client, and any other party to the proceedings, and any person who is required to cooperate in the process of establishing the relevant facts of the case if, during the course of the proceedings, such parties act or behave in such a manner as to prolong or obstruct the proceedings or to prevent the actual facts of the case from being established.

(2) The maximum amount of the administrative penalty shall be five hundred thousand forints, one hundred thousand forints in the case of natural persons.

(3) In addition to what is contained in Subsections (1)–(2), the Authority shall have powers – and in case of repeated offence, shall be obliged – to impose a fine upon the infringer’s executive officer for any case of obstruction of the proceedings or for breaching or non-compliance with the obligation of data disclosure in an amount not exceeding three million forints.

(4) When setting the amount of the administrative penalty, the Authority shall take into account the infringer’s net turnover from the previous year and whether the offense was committed on one or more occasions.

Disclosure of Data¹⁷³

Section 19/G¹⁷⁴

(1) The Office shall issue and forward official certificates on data pertaining to the Hungarian motion picture industry shown in its registers as requested by the European Audiovisual Observatory and other European and international organizations.

(2) The Office shall have powers to request persons and organizations to disclose any and all data that are indispensable for the Office to perform the duties falling within its scope of responsibilities assigned by this Act, also in duly justified cases where such data is qualified as statutory secrets, other than classified information. No remedy shall lie against this request, it may be challenged in an appeal against the official decision issued in cases defined under Subsection (3).

(3) Where the party required to disclose data fails to meet the request under Subsection (4), or does so improperly, the Office may adopt an administrative decision to order the party in question to supply the data specified in the request.

(4) The Office shall have powers to order persons and organizations covered by this Act to disclose data on a temporary or continuous basis by way of an administrative decision.

(5) The Office shall have powers to include a clause in its administrative decision to order persons and organizations covered by this Act to supply data by means of remote data transmission from an audit system installed on-site, attached to an administrative register or embedded in the

¹⁷⁰ Enacted by Subsection (6) of Section 235 of Act L of 2017, effective as of 1 January 2018.

¹⁷¹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁷² Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁷³ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁷⁴ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

process.

(6)¹⁷⁵ The client may challenge the decision adopted by the Office in accordance with Subsections (3)–(5) within fifteen days following the communication of that decision, in an administrative action. The filing of the statement of claim shall have suspensive effect.

(7) Where the party required to disclose data fails to comply with the obligation of data disclosure defined under Subsections (3)–(5), or does so improperly, the Office shall impose a fine – taking into account the infringer’s net turnover from the previous year and whether the offense was committed on one or more occasions – in an amount up to five hundred thousand forints.

(8)¹⁷⁶ In respect of the disclosure of data according to this Section, the data provider shall be held responsible for the appropriateness, timeliness, authenticity, correctness, verifiability and validity of the content of such data.

Legal Consequences¹⁷⁷

Section 19/H¹⁷⁸

(1) The Office may apply legal consequences, in accordance with this Act, for any infringement of the provisions of this Act or any legislation adopted by authorization of this Act.

(2) In applying the necessary legal measures, the Office – under the principle of equal treatment – shall act in accordance with the principles of progressivity and proportionality; it shall apply the legal consequence proportionately in line with the gravity and rate of re-occurrence of the infringement, taking into account all circumstances of the case and the purpose of the sanction.

(3) Where the infringement is considered insignificant and no re-occurrence is established, the Office shall establish the infringement and issue a warning, and, furthermore, it may order the infringer to discontinue the unlawful conduct within a time limit of up to thirty days, and to refrain from any further infringement in the future and act in a law-abiding manner, and may also set the conditions thereof.

(4) As regards the request made under Subsection (3), the discretionary criteria defined in Subsection (7) shall not apply.

(5) Where, taking into consideration all circumstances of the case, the request may not be applied or would prove inefficient to ensure compliance with the obligation to bring the infringement to an end, the Office shall prohibit the unlawful conduct without stating the reasons for dispensing with making a request, and/or may set obligations to enforce compliance with the provisions of this Act and/or may apply the legal consequences laid down in Subsection (8).

(6) In the event of repeated infringement, the Office shall have power to impose a fine upon the executive officer of the infringing entity consistent with the gravity and nature of the infringement and the circumstances of the case.

(7) The Office shall apply the legal consequence, depending on the nature of the infringement, taking into account the gravity of the infringement, its re-occurrence, continuity, and duration, the financial advantage gained as a result of the infringement, the harm caused by the infringement, the number of persons aggrieved or jeopardized by the infringement, the damage caused and the impact of the infringement on the market, and other considerations that may be taken into account

¹⁷⁵ Established by Subsection (7) of Section 235 of Act L of 2017, effective as of 1 January 2018.

¹⁷⁶ Enacted by Section 11 of Act CCXII of 2015, effective as of 31 December 2015.

¹⁷⁷ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁷⁸ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

in the particular case.

(8) The Office shall have the right to apply the following legal consequences:

a) if the film distributor distributes the cinematographic works or the trailer without the age classification by the Office, or if, despite the Office's decision the age classification is not or not properly displayed, as well as in the event of the unlawful distribution of a film not listed in the register of distributed cinematographic works, the Office may impose a fine ranging from ten thousand forints to three million forints upon the film distributor, and/or the person or body responsible for the unlawful situation, including the person or entity placing the cinematographic works into commercial circulation;

b) it may order the infringer to publish a notice on the home page of its website, in a press product or in another specified manner, in the manner and for the duration specified in the decision;

*c)*¹⁷⁹ if a person or entity subject to the obligation to disclose data or make a notification under this Act or other legislation adopted by authorization of this Act fails to comply with the data disclosure or notification obligation, or does so belatedly, the Office may impose a fine between thirty thousand forints to five hundred thousand forints;

*d)*¹⁸⁰ in the event of any breach of the provision of this Act or other legislation adopted by authorization of this Act, other than those covered in Paragraphs *a)* and *c)*, and in the event of breaching the Authority's administrative decision in another manner not regulated in this Act, the Office may impose a fine between three thousand forints and one million forints;

e) it may apply other legal consequences provided for in this Act.

(9)¹⁸¹ For the purposes of Subsections (6) and (8) repeated infringement shall mean when the infringer committed the unlawful conduct established in the definitive administrative decision on the same legal basis and in breach of the same provisions of legislation, in the same subject.

(10) The legal consequences defined in Subsection (8) may be imposed collectively as well.

(11) Unpaid fines shall be construed as outstanding public dues enforced as taxes. Any fine paid shall be spent on pursuing the objectives set out in this Act.

(12) In view of the immediate enforceability under Subsection (6) of Section 21/A, the Office shall ensure, at the expense of the obliged entity, that the age limit for the film set out in the administrative decision is displayed, where the client fails to display it or inappropriately displays it despite a notice containing a time limit.

Requests, Initiation of Criminal Proceedings¹⁸²

Section 19/I¹⁸³

(1)¹⁸⁴ Where the Authority detects a circumstance that suggests a reasonable suspicion of an infringement by a beneficiary in connection with the use of any support granted under this Act that may lead to defrauding the central budget, the Authority shall notify the tax administration vested with competence and jurisdiction, or shall file a notification or report to the competent body.

¹⁷⁹ Amended by Point 40 of Subsection (1) of Section 28 of Act CXCIX of 2012, Paragraph *c)* of Section 20 of Act CCXII of 2015, Paragraph *c)* of Section 23 of Act CLXIII of 2016.

¹⁸⁰ Amended by Point 41 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹⁸¹ Amended by Paragraph *c)* of Section 236 of Act L of 2017.

¹⁸² Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁸³ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁸⁴ Amended by Points 42, 43 of Subsection (1) of Section 28 of Act CXCIX of 2012, Paragraph *f)* of Section 236 of Act L of 2017.

Pending the definitive conclusion of the proceedings initiated on the basis of said request or notification or report, the Authority shall suspend the procedure in progress with regard to the relevant beneficiary.

(2)¹⁸⁵ Where in the procedure under Subsection (1) the court establishes a criminal offense in its final decision, manifested in defrauding the central budget, the beneficiary affected may not be awarded any support under this Act, or an entity whose any executive officer or owner held an executive office at the sponsored organization affected by the criminal offense at the time when the criminal offense had been committed.

(3)¹⁸⁶ Where in the proceedings under Subsection (1) an infringement not qualifying as a criminal offense is established by final decision, manifested in defrauding the central budget, the beneficiary affected may not be awarded any support under this Act, or an entity whose any executive officer or owner held an executive office at the sponsored organization affected by the infringement at the time when the criminal offense had been committed.

(4) The Authority shall proceed in accordance with Subsections (1)–(3) if the proceedings referred to in Subsection (1) were initiated by others, but based on the available data and in the absence of a pending procedure a request, notification or report referred to in Subsection (1) would be warranted.

General Administrative Supervision¹⁸⁷

Section 19/J¹⁸⁸

(1) Upon request or ex officio, the Authority – within the context of its scope of responsibilities and competence – shall have the right to monitor compliance with the provisions laid down in this Act and other legislation adopted by authorization of this Act, as well as fulfillment of the terms and conditions set out in its official decisions, in support agreements.

(2)¹⁸⁹ If in the process of monitoring compliance with its official decision the Office detects any violation of the decision based on the findings of such proceedings, it shall assess – on the basis of all circumstances of the case, the facts revealed by the inspection, the gravity of the infringement and effective enforcement of rights – whether to open enforcement proceedings provided for in the Administrative Procedure Act, or administrative proceedings to apply the legal consequences set out in this Act, alleging violation of the said decision.

(3) The Office shall have power to apply the legal consequences under Section 19/H in cases of infringements revealed in the course of general administrative supervision.

Title 2/A¹⁹⁰

Entitlement for Film Distribution in Hungary¹⁹¹

¹⁸⁵ Amended by Points 43 and 44 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹⁸⁶ Amended by Points 43 and 44 of Subsection (1) of Section 28 of Act CXCIX of 2012.

¹⁸⁷ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁸⁸ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

¹⁸⁹ Amended by Paragraph *a*) of Section 236 of Act L of 2017.

¹⁹⁰ Established by Section 2 of Act CLXIII of 2016, effective as of 16 December 2016.

¹⁹¹ Established by Section 2 of Act CLXIII of 2016, effective as of 16 December 2016.

Section 19/K¹⁹²

(1) Distribution activity under Paragraph *a*) of Point 15 of Section 2 and cinema operation activity under Paragraph *b*) of Point 15 of Section 2 by any film distributor falling within the scope of this Act and established in Hungary may be pursued following a notification and registration by the Authority.

(2) Any natural or legal person shall be entitled, within the framework of this Act, to initiate the registration proceedings.

(3) In the procedure related to this notification the Authority shall register the film distributor ex officio within eight days following the receipt of the notification under Subsection (1).

(4) If a film distributor is engaged both in film distribution and cinema operation activities, it shall be required to notify separately the distribution and cinema operation activities.

(5) The Authority shall maintain a register on:

- a*) service providers engaged in distribution activity, and
- b*) service providers engaged cinema operation activity.

(6) From the registers referred to in Subsection (5) the particulars on the name, contacts of the distributors and a cinema operators, and the name, address and phone number of the cinemas shall be considered public information and accessible on the Authority's website. The Authority shall process the personal data of natural persons engaged in distribution and cinema operation activity for the purpose of monitoring the distribution, and/or cinema operation activity, until their deregistration.

(7) The registers under Subsection (5) shall be construed as official public registers with regard to the data referred to in Subsection (6) apart from the natural personal identification and address identification data.

Title 2/B¹⁹³

Notification of the Cinema Operation Activity¹⁹⁴

Section 19/L¹⁹⁵

(1) The cinema operator shall notify to the Authority, at least thirty days before the commencement of the cinema operation, its activity for cinema operation.

(2) This notification shall include:

- a*) the cinema operator's
 - aa*) name,
 - ab*) home address, or for an entity its registered address,
 - ac*) telephone number and electronic mail address,
 - ad*) for entities other than natural persons, name, telephone number, postal and electronic mail address of its representative, and of the person designated to liaise with the Authority,
 - ae*) registered number, and/or register number, and tax number;
- b*) name, address of the cinema operated;
- c*) the number of screens available in the cinema, the capacity of each screen; and
- d*) the envisaged start date of the cinema operation.

¹⁹² Established by Section 2 of Act CLXIII of 2016, effective as of 16 December 2016.

¹⁹³ Established by Section 3 of Act CLXIII of 2016, effective as of 16 December 2016.

¹⁹⁴ Established by Section 3 of Act CLXIII of 2016, effective as of 16 December 2016.

¹⁹⁵ Established by Section 3 of Act CLXIII of 2016, effective as of 16 December 2016.

(3) Unless otherwise provided by the law, entities other than natural persons shall enclose the copy of the deed certifying the right of representation with its notification.

(4)¹⁹⁶ If the notifying entity is a company listed in the register of companies, and it has submitted the signature registration certificate of its representative, witnessed and executed by a notary public, or the specimen signature countersigned by an attorney to the court of registry, and the register of companies contains an indication thereof, the Authority shall obtain such document electronically from the register of companies, by way of a direct request.

(5) After the receipt of the notification the Authority shall verify immediately whether the notification complies with the requirements set out in Subsections (2) and (3). If the notification complies with the requirements set out in Subsections (2) and (3), and the administrative service fee has been paid, the Authority shall notify the notifying entity of this fact within eight days following the receipt of the notification.

(6) If a cinema operator fails to commence its cinema operation activity within two years following its registration or interrupts it for longer than five years, the Authority may apply the legal consequences set out in Section 19/H.

(7) The Authority shall ex officio deregister the data specified in Paragraphs *b*) and *c*) of Subsection (2) if a cinema operator fails to commence the cinema operation within two years following its registration or interrupts it for longer than five years, and the legal consequences set out in Subsection (6) may not be applied.

(8) The cinema operation activity must be deregistered if:

- a*) the cinema operator requested its deregistration, or
- b*) the legal person terminated without successor.

(9) In the event of a change in the cinema operator's person, the cinema operator having submitted the original notification shall request to have the relevant records updated as appropriate.

Title 2/C¹⁹⁷

Notification of the Film Distribution Activity¹⁹⁸

Section 19/M¹⁹⁹

(1) The film distributor shall notify to the Authority, at least thirty days before the commencement of the film distribution activity, its activity for film distribution. The Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities shall be applied to this notification.

(2) This notification shall include, in addition to the data set out in the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities:

- a*) the film distributor's
 - aa*) telephone number and electronic mail address,
 - ab*) for entities other than natural persons, name, telephone number, postal and electronic mail address of its representative, and of the person designated to liaise with the Authority,
 - ac*) registered number, and/or register number, and tax number, and

¹⁹⁶ Amended by Section 51 of Act CXXXVI of 2017.

¹⁹⁷ Enacted by Section 4 of Act CLXIII of 2016, effective as of 16 December 2016.

¹⁹⁸ Enacted by Section 4 of Act CLXIII of 2016, effective as of 16 December 2016.

¹⁹⁹ Enacted by Section 4 of Act CLXIII of 2016, effective as of 16 December 2016.

b) an indication to show whether the notifying entity deals with the distribution of motion pictures in cinemas and/or films on a medium in the framework of its film distribution activity.

(3) Unless otherwise provided by the law, entities other than natural persons shall enclose the copy of the deed certifying the right of representation with its notification.

(4)²⁰⁰ If the notifying entity is a company listed in the register of companies, and it has submitted the signature registration certificate of its representative, witnessed and executed by a notary public, or the specimen signature countersigned by an attorney to the court of registry, and the register of companies contains an indication thereof, the Authority shall obtain such document electronically from the register of companies, by way of a direct request.

(5) The Authority shall deregister the film distributor, in addition to the cases set out in the Act on the General Provisions Relating to the Taking Up and Pursuit of the Business of Service Activities, if the film distributor other than a natural person terminates without successor.

Title 2/D²⁰¹

Registration of Films²⁰²

Section 19/N²⁰³

(1) Cinematographic works to be presented in a cinema registered in accordance with Subsection (1) of Section 19/L of this Act shall be registered by the film's distributor, for the purposes of producing motion picture industry statistical data, within thirty days following the conclusion of the contract for the film's distribution in Hungary, through the online platform set up by the Authority for this purpose.

(2) Subsection (1) shall not apply to cinematographic works not entering the distribution network which are presented throughout the country in film festivals organized under international agreements or by professional organizations for not more than ten times over any one year.

(3) This registration shall include, with regard to the film intended for presentation to the public,

a) the title in Hungarian and in the original language;

b) the domestic distributor and registration number;

c) the original distributor;

d) the name of its director;

e) place of production and the coproduction countries if any;

f) the year of production; and

g) the planned domestic presentation date.

(4) In addition to the data specified in Subsection (3), the film distributor shall provide the following data:

a) alternative (English and Hungarian) title;

b) name of the production entity, producer, scriptwriter, composer, photographer and main characters;

c) genre;

d) running time;

e) appearance of the copy (black and white, colored); and

²⁰⁰ Amended by Section 51 of Act CXXXVI of 2017.

²⁰¹ Enacted by Section 5 of Act CLXIII of 2016, effective as of 1 April 2017.

²⁰² Enacted by Section 5 of Act CLXIII of 2016, effective as of 1 April 2017.

²⁰³ Enacted by Section 5 of Act CLXIII of 2016, effective as of 1 April 2017.

f) concise content.

(5) If the data specified in Subsections (3) and (4) are not fully available upon the commencement of the registration or a change occurred in them, the film distributor shall be required to complement the registration, apart from those in Paragraphs *a)–c)* of Subsection (3), immediately after it becomes aware of the missing or changed data, at the latest fifteen days before the presentation of the film, or if necessary, to amend the earlier registration.

(6) The statistical code assigned during the film's registration may be used in the proceedings of the Authority.

(7) Any other data required for the achievement of the objectives set out in this Act, during the registration the Authority may request other data set out in legislation adopted by authorization of an act, and the film distributor shall be required to notify the Authority of such data.

(8)²⁰⁴ The Authority shall maintain a non-authentic unofficial register of registrations under this Section and the data and identifiers referred to in Subsections (3)–(6).

Title 2/E²⁰⁵

ADMINISTRATIVE AGREEMENT²⁰⁶

Section 19/O²⁰⁷

(1) The Authority shall have power to conclude an administrative agreement with a client with a view to a settlement in cases within its competence that is best suitable for the public and for the client alike, in accordance with the provisions of the Administrative Procedure Act, subject to the derogations and additional provisions set out in this Act.

(2) The administrative agreement may be concluded with effect irrespective of the approval of third parties, whose rights and lawful interests are affected by the contract, regarding the contractual terms and conditions that could be imposed on the contractual party by way of the official decision under the relevant legislation.

(3) The Authority shall verify compliance with the provisions of the public contract in the course of an official audit. When under the official audit the Authority finds any infringement of the administrative agreement by the client, it shall assess – on the basis of the findings of the audit, the gravity of the breach, effective enforcement of rights, the social, economic and legal environment and the relevant principles and objectives under this Act, as well as effective enforcement of public interest underlying the agreement – whether to open enforcement proceedings as defined in the Administrative Procedure Act or institute administrative proceedings to apply the legal consequences hereunder, in connection with any violation of the decision.

(4) In the administrative proceedings opened on the basis of the findings of the official audit – on account of breach of contract by the client – the Authority may apply the legal consequences defined in this Act and in the administrative agreement.

(5) As regards the amendment of the administrative agreement, an action brought before the court shall not affect the fulfillment and enforcement of the said agreement and shall not have a suspensory effect on the fulfillment and enforcement of the said administrative agreement.

²⁰⁴ Enacted by Subsection (8) of Section 235 of Act L of 2017, effective as of 1 January 2018.

²⁰⁵ Enacted by Subsection (9) of Section 235 of Act L of 2017, effective as of 1 January 2018.

²⁰⁶ Enacted by Subsection (9) of Section 235 of Act L of 2017, effective as of 1 January 2018.

²⁰⁷ Enacted by Subsection (9) of Section 235 of Act L of 2017, effective as of 1 January 2018.

Title 3²⁰⁸

Classification Proceedings, Classification of Films With a View to Protecting Minors²⁰⁹

Section 20²¹⁰

(1) In order to ensure the healthy intellectual and mental development of minors, films to be marketed in Hungary must be classified into the categories set out in Section 21 and this classification must be published in accordance with the provisions of this Act.

(2)²¹¹ Subsection (1) shall not apply to cinematographic works not entering the distribution network which are presented throughout the country in film festivals organized under international agreements or by professional organizations for not more than ten times over any one year, as well as to cinematographic works that are presented in a cinema or movie theater referred to in Subsection (2) of Section 25, for not more than three times in any one year.

Section 21²¹²

Classification categories for cinematographic works shall be as follows:

a) Category I shall include films that may be viewed without any age restriction.

b) Category II shall include films that may trigger fear in a viewer under the age of six or may not be comprehended or may be misunderstood by such viewer owing to his/her age. These films shall be rated as “Not recommended for audiences under the age of six”.

c) Category III shall include films that may trigger fear in a viewer under the age of twelve or may not be comprehended or may be misunderstood by such viewer owing to his/her age. These films shall be rated as “Not recommended for audiences under the age of twelve”.

d) Category IV shall include films which might impair the physical, mental or moral development of minors under the age of sixteen, in particular those that involve gratuitous violence or sexual content, or are dominated by conflict situations resolved by violence. These films shall be rated as “Not recommended for audiences under the age of sixteen”.

e) Category V shall include the films which might impair the physical, mental or moral development of minors, in particular those that are dominated by graphic scenes of violence and/or sexual content. These films shall be rated as “Not recommended for audiences under the age of eighteen”.

(7) Category VI shall include films which may seriously impair the physical, mental or moral development of minors, particularly those that involve pornography or extreme and/or scenes of gratuitous violence. These films shall be rated as “Recommended for adults only”. These films can be presented to the public either in a special distribution network, accessible only for adults, or between 10:00 and 5:00 hours in a cinema or other public screening location (such as film club).

Section 21/A²¹³

(1)²¹⁴ The film distributor shall apply for the classification at the Office at least thirty days before

²⁰⁸ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁰⁹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²¹⁰ Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²¹¹ Established by Section 10 of Act CXCIX of 2012, effective as of 16 December 2012.

²¹² Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²¹³ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²¹⁴ Established by Section 11 of Act CXCIX of 2012, effective as of 16 December 2012.

the envisaged start date of the distribution. This application shall contain:

a) with regard to the film the distributor intends to distribute:

aa) the title in Hungarian and in the original language,

ab) concise content,

ac) name of the production entity, producer, scriptwriter, composer, photographer and main characters,

*ad)*²¹⁵ running time;

b) the film distributor's proposal for the classification of the film, based on the categories set out in Section 21; and

c) the planned starting date of distribution.

(1a)²¹⁶ If the data specified in Subsection (1) are not available due to a reason not attributable to or beyond the film distributor's control, the film distributor shall be required to submit such data to the Office as soon as they become available. Upon the submission of the application the film distributor shall demonstrate that those data are not available due to a reason not attributable to or beyond the film distributor's control.

(1b)²¹⁷ In the event of failure to comply with the obligation under Subsection (1a) the Office may apply the legal consequences set out in Paragraph *d)* of Subsection (8) of Section 19/H.

(2)²¹⁸ A copy of the film suitable for viewing must be submitted together with the application

(3) For films produced in a foreign language, if no dubbed or subtitled version of the film is available, a list of dialogues in the Hungarian language must also be submitted.

(4) The Office shall decide on the age limit classification category of the film within fifteen days from the notification, on the basis of recommendation made by the Content Rating Committee.

(5) Unless otherwise provided for in this Act, in the absence of an age limit classification established in an administrative decision no advertising activity may be initiated, in particular by using a trailer without age limit classification.

(6) The decision made by the Office in the first instance proceedings shall be immediately enforceable notwithstanding any appeal.

(7) After the adoption of the decision closing the administrative proceeding in the subject of age limit classification, the Office shall immediately register, in own motion proceedings, the film as well as any data and/or facts the administrative decision is based on in the official register of cinematographic works approved for distribution.

(8) Films not registered in the official register of cinematographic works approved for distribution cannot be distributed.

Section 21/B²¹⁹

(1) Where the film distributor intends to start advertising activity earlier than at least thirty days before the distribution start date (premier), and the copy of the film suitable for the submission under Section 21/A is not yet available, it may request the Office to classify the trailer in advance on the basis of the categories set out in Section 21 (standalone classification of a trailer). No advertising activity may be initiated by using a trailer without age limit classification.

²¹⁵ Enacted by Subsection (5) of Section 51 of Act LXXXVI of 2013, effective as of 1 July 2013.

²¹⁶ Enacted by Section 13 of Act CCXII of 2015, effective as of 31 December 2015.

²¹⁷ Enacted by Section 13 of Act CCXII of 2015, effective as of 31 December 2015.

²¹⁸ Established by Section 11 of Act CXCIX of 2012, effective as of 16 December 2012.

²¹⁹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

(2)²²⁰ The film distributor shall submit an application for the standalone classification of a trailer at the Office at least thirty days before the envisaged date of commencement of the advertising activity. Any available data from the data specified in Section 21/A, as well as a copy of the trailer in a medium suitable for viewing shall be enclosed with the application. The film distributor may specify, in its reasoned request having regard to the content and foreseeable rating of the cinematographic work in production, the classification category set out in Section 21 it requests as the lowest classification for that trailer, independently from its content.

(3)²²¹ The provisions in Subsections (4) and (6) of Section 21/A shall apply accordingly to the standalone classification of a trailer, with the proviso that a standalone classification of a trailer shall not alter the category set out in the decision of first instance made on the age limit classification under Section 21/A, but following the decision of first instance made on the age limit classification the trailer must bear the marking corresponding to the film's age limit classification, in accordance with the decree of the President.

(4) Where the film distributor applies for a the standalone classification of a trailer, it shall be required to submit the cinematographic work referred to in Subsection (2) of Section 21/A to the Office as set out in Section 21/A for classification, immediately as it becomes available and/or obtaining possession thereof, at the latest by the deadline prescribed under Subsection (1) of Section 21/A.

Section 21/C²²²

(1) In a cinema only a trailer can be presented before a film whose classification category is not higher than the classification category of the film it is followed by. With the view to ensure as wide of an advertising platform as possible the film distributor may apply for the classification of the trailer even where the film has already been classified.

(1a)²²³ Only trailers and/or advertisement may be published on a data storage device whose classification category is not higher than the classification category published on that data storage device. If a data storage device contains several films, the film classified in the highest category shall be governing for the publication of the trailer and/or advertisement.

(2) The Office shall specify the classification category lower than that of the film, into which the trailer belongs based on its content and to be taken into account for the advertisement activity under Subsection (1), with the proviso that the trailer must bear the mark corresponding to the age limit classification of the film, in accordance with the decree of the President.

(3) A copy of the trailer in a medium suitable for viewing shall be enclosed with the application.

(4) If the trailer's classification category is not lower than that of the film, the Office shall reject the application.

(5) The provisions in Subsections (4) and (6) of Section 21/A shall apply accordingly to the classification of a trailer under this Section.

Content Rating Committee²²⁴

²²⁰ Established by Subsection (6) of Section 51 of Act LXXXIV of 2013. Amended under Paragraph *a*) of Section 21 Act CCXII of 2015.

²²¹ Established by Section 12 of Act CXCIX of 2012.

²²² Enacted by Section 13 of Act CXCIX of 2012, effective as of 16 December 2012.

²²³ Enacted by Section 14 of Act CCXII of 2015, effective as of 31 December 2015.

²²⁴ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

Section 22²²⁵

The Office shall set up and operate the Content Rating Committee, which will make recommendations to the Office for the classification of cinematographic works into categories.

Section 23²²⁶

(1) The Content Rating Committee shall consist of not less than fourteen and not more than twenty-eight members. With the view to operating the Content Rating Committee the Office shall enter into cooperation agreements with the following civil society organizations of its choice:

- a)* civil society organization(s) dealing with the effect of media on the development of children;
- b)* teacher' association(s) also engaged in media and/or motion picture education'
- c)* a body or association(s) of child psychologists;
- d)* the professional association of film distributors.

(2)²²⁷ Through the cooperation agreements referred to in Subsection (1) the Office shall ascertain that civil society organizations delegate a sufficient number of members to the Content Rating Committee. The Office may delegate to the Content Rating Committee any NMHH public official with appropriate qualification and experience with regard to the effects of the media on the development of children.

(3) The acting Content Rating Committee shall be appointed and convened by the Office out of the members of the Content Rating Committee. The acting Content Rating Committee shall consist of at least seven members. The acting Content Rating Committee shall be compiled in a manner to ensure the presence of at least:

- a)* two persons with psychologist qualification having professional experience in the impact of the media on the development of children,
- b)* two persons with teacher qualification, having professional experience in the field of film distribution or media or motion picture education,
- c)* two persons with tertiary level qualification having professional experience in the impact of the media on the development of children,
- d)* one representative of film distributors.

(4) The members of the Content Rating Committee shall receive remuneration set by the President; members of the acting Content Rating Committee shall receive the reimbursement of expenses as set out by the President.

(5)²²⁸ A delegate from each of the Minister, the minister in charge of education, the minister responsible for the protection of children and the youth, the Media Council and the MNF with experience in the field of protecting children and young people may attend the meetings of the Content Rating Committee as an expert.

Publication of Film Classifications²²⁹

Section 24²³⁰

Film distributors must display in a prominent way the marking corresponding to the category determined by the Office on the cinematographic works, on the trailer, on any public presentation

²²⁵ Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²²⁶ Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²²⁷ Established by Section 14 of Act CXCIX of 2012, effective as of 16 December 2012.

²²⁸ Established by Section 6 of Act CLXIII of 2016, effective as of 16 December 2016.

²²⁹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²³⁰ Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

thereof, and on the packaging and cover of all data media marketed by them as well as in all communications and advertisements related to the cinematographic works in accordance with the decree of the President.

Classification of Films With the View to Promoting the Distribution of Films²³¹

Section 25²³²

(1)²³³ With the view to promoting the distribution of cinematographic works of artistic value or worthy of support due to their cultural significance, upon the request from the film producer or distributor the Office may grant “art” classification to cinematographic works in an administrative decision.

(2)²³⁴ Upon the request from the cinema operator, the Office shall grant “art” classification to any cinema whose operator undertakes to comply with the conditions defined in the decree of the President. For cinemas with more than one screen “art” classification may be awarded to a certain screen of the cinema if the operator undertakes to comply with the conditions applicable to “art” cinemas in respect of that screen.

(3) The conditions for classification as “art” cinema shall be specified by the Minister in a decree.

Section 25/A²³⁵

(1) In the application for classification as “art” cinema the cinema operator must specify the name and address of the cinema to be classified, the name, registered address, and registered number of the operator, and make a statement that the operator undertakes compliance with the conditions for “art” cinema and/or “art” screen for the relevant year.

(2) If, after the submission of the application for classification, any change occurs in the data set out in Subsection (1), the operator shall be required to notify the Office of this change in writing, within fifteen days after the change.

(3)²³⁶ The notification regarding the data referred to in Subsection (2) that are also included in other registers may be performed in a manner that the body keeping the official register notifies the Office, if requested by the operator, within the time limit specified in Subsection (2).

Section 25/B²³⁷

(1) The Office shall on audit cinemas classified as “art” cinemas on an ongoing basis for compliance with the statutory conditions of “art” cinema classification.

(2)²³⁸ The cinema operator shall be required to report to the Office, by the 20th day of the month following each calendar quarter, broken down by “art” cinemas, and/or movie theaters operated by it, in the manner set out by the Office the title of cinematographic works presented, their classification category under Annex 1, their “art” classification category, the date and location of the presentation, the number of spectators and the revenue.

(3) The Office shall oblige the cinema operator to report by its decision under Subsection (3) of Section 19/H if the cinema operator fails to comply or inappropriately complies with its obligation

²³¹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²³² Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²³³ Established by Section 7 of Act CLXIII of 2016, effective as of 1 January 2017.

²³⁴ Amended by Point 6 of Subsection (1) of Section 29 of Act CXCIX of 2012.

²³⁵ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²³⁶ Enacted by Section 17 of Act XXXII of 2016, effective as of 1 July 2016.

²³⁷ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²³⁸ Established by Section 295 of Act XCIX of 2014, effective as of 30 December 2014.

under Subsection (1).

Section 25/C²³⁹

(1) The Office shall withdraw the “art” classification of the relevant cinema (movie theater) if:

a)²⁴⁰ the statutory requirements for “art” cinemas are not complied with, or

b) the cinema operator fails to comply with the data disclosure obligation set out in Subsection (2) of Section 25/B, despite the order for data disclosure under Subsection (3) of Section 25/B.

(2)²⁴¹ The Office shall immediately notify the sponsors of “art” cinemas, and/or movie theater if it withdraws the “art” classification of the relevant cinema (movie theater).

(3) In the case under Subsection (1), a repeated application for “art” classification may only be submitted in the quarter following the withdrawal.

Section 25/D²⁴²

If cinemas or movie theaters are granted “art” classification the Office shall enter, in an ex officio procedure, the cinema or movie theater classified as “art” in its official register of “art” cinemas and movie theaters, immediately after the decision adopted in this subject becomes final. The register maintained on “art” cinemas and movie theater shall contain the data set out in Section 25/A, as well as any additional data prescribed in the decree of the President. Detailed rules for this registration shall be specified in the decree of the President.

Section 26²⁴³

(1) The Art Committee set up and operated by the Office shall make recommendations for classifying cinematographic works as “art” films.

(2) Six members of the Art Committee shall be appointed by the President, on a recommendation by the Director of the National Film Office, for three years.

(3) The members of the Art Committee shall be:

a) one person delegated by the President of the Magyar Művészeti Akadémia (*Hungarian Academy of Arts*), as representative of the motion picture art;

b) one person with tertiary qualification and experienced in the field of motion picture art, delegated by the Office from the public officials of the NMHH;

c) one person, with experience in the motion picture art, delegated by the Minister;

d) three persons with qualification and/or practice in the field of motion picture art, motion picture science or motion picture education.

(4) The member under Paragraph b) of Subsection (3) shall perform the tasks related to the coordination of the Art Committee, and chairs the Committee’s meetings as President.

(5) Upon the recommendation by the Art Committee the Office shall grant “art” classification to all cinematographic works to be distributed that:

a) contribute to the development of the Hungarian, the European or universal audiovisual culture by its artistic value, or

b) is considered as significant in terms of educational or cultural aspects and representing high cultural standards.

(6) Upon the request from the film’s producer or distributor the Office shall grant “art” classification to cinematographic works to be distributed that has been awarded a prize at an

²³⁹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁴⁰ Amended by Point 6 of Subsection (1) of Section 29 of Act CXCIX of 2012.

²⁴¹ Amended by Point 47 of Subsection (1) of Section 28 of Act CXCIX of 2012.

²⁴² Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁴³ Established by Section 8 of Act CLXIII of 2016, effective as of 1 January 2017.

internationally recognized film festival, as set out in the list published by the Office on an annual basis.

Section 26/A²⁴⁴

(1) The film producer or film distributor may apply to the Office for the classification of the cinematographic works to be distributed as “art” film at least thirty days before the start of the distribution. This application shall contain the title of the film, the name of its production entity, producer, scriptwriter, composer, photographer and main characters.

(2)²⁴⁵ A copy of the cinematographic works suitable for viewing must be submitted together with the application referred to in Subsection (1). For foreign language films, if no dubbed to Hungarian or subtitled to Hungarian version of the film is available, a list of dialogues in the Hungarian language must also be submitted.

(3) This application shall contain the description of the film and a proposal for the “art” classification of the film. For cinematographic works that have been awarded a prize at an internationally recognized film festival, the applicant shall specify the film festival and the category in which the film has been awarded a prize.

(4)²⁴⁶

(5)²⁴⁷

(5a)²⁴⁸

(6) If cinematographic works are granted “art” classification the Office shall enter, in an ex officio procedure, the cinematographic works classified as “art” in its official register of “art” films, immediately after the decision adopted in this subject becomes final.

Classification of Cinematographic Works Based on the Ratio of Hungarian Participation²⁴⁹

Section 26/B²⁵⁰

(1)²⁵¹ Upon the film producer’s request the Office shall classify films for the production of which a direct support was applied for, into the following categories with the view to establishing their eligibility for support:

- a) Hungarian film,
- b) film with Hungarian participation,
- c) other film with Hungarian participation,
- d) other film.

²⁴⁴ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁴⁵ Established by Section 9 of Act CLXIII of 2016, effective as of 16 December 2016.

²⁴⁶ Repealed by Paragraph *b*) of Section 25 of Act CLXIII of 2016, effective as of 16 December 2016.

²⁴⁷ Repealed by Point 4 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁴⁸ Repealed by Paragraph *b*) of Section 25 of Act CLXIII of 2016, effective as of 16 December 2016.

²⁴⁹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁵⁰ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁵¹ Established by Subsection (1) of Section 16 of Act CXCIX of 2012. Amended by Subsection (1) of Section 296 of Act XCIX of 2014.

(1a)²⁵² Feature films, short feature films, animation films, documentaries and scientific documentaries shall be classified on the basis of the score achieved based on the table set out in Annex 1.

(1b)²⁵³ For experimental films and other genres not covered in this Act, the criteria for the classification of documentaries and scientific documentaries shown in Annex 1 shall be applied with the derogation that if the highest score that can be achieved by the film to be classified, based on the actual creative participation and the conditions that can be evaluated based on the table, is less than 100 points, classification into one of the categories set out in Point 7 of Section 2 shall be conditional upon that the relevant cinematographic works achieves the percentage corresponding to the film types set out in Point 7 of Section 2, by taking the score that may be achieved as 100 per cent.

(1c)²⁵⁴ When calculating the scores under Subsections (1a) and (1b) the individual scores that can be given to the film's Hungarian elements must be aligned, within each element, to the ratio of Hungarian participation. If a Hungarian filmmaker or producer is involved in the film, they shall be awarded the highest possible score, irrespective of the Hungarian contribution ratio.

(2)²⁵⁵ Direct support grants shall be conditional upon the classification of film according to the Hungarian participation ratios. After the decision closing the administrative proceeding referred to in Subsection (1) becomes final, the Office shall immediately register, in an ex officio procedure, the classified cinematographic works as well as any data and/or facts the administrative decision is based on in the official register of films eligible for support. If the film is already in the register, the Office shall add the data and facts established in the final decision closing the classification procedure referred to in Subsection (1) to the data already registered.

(3)²⁵⁶ The Office shall perform the classification referred to in Subsection (1) on the basis of the documents set out in Subsections (4) and (5) as submitted by the film producer to the Office.

(4)²⁵⁷ If the film budget does not exceed 50 million forints, the application for classification shall be submitted before the application for a direct support. In cases of exceptional circumstances this application may be submitted by the conclusion of the grant agreement. The application shall be accompanied by:

- a) the list of authors, artistic and technical staff involved in the film production;
- b) the budget of the film;
- c) the timetable for the film production;
- d) the funding plan for the film production.

(5)²⁵⁸ If the film budget exceeds 50 million forints, the application for classification shall be submitted forty days before the application for direct support at the latest. In cases of exceptional

²⁵² Enacted by Section 10 of Act CLXIII of 2016, effective as of 16 December 2016.

²⁵³ Enacted by Section 10 of Act CLXIII of 2016, effective as of 16 December 2016.

²⁵⁴ Enacted by Section 10 of Act CLXIII of 2016, effective as of 16 December 2016.

²⁵⁵ Amended by Point 46 of Subsection (1) of Section 28 of Act CXCIX of 2012, Paragraph c) of Section 236 of Act L of 2017.

²⁵⁶ Established by Subsection (2) of Section 16 of Act CXCIX of 2012. Amended by Paragraph b) of Section 21 of Act CCXII of 2015.

²⁵⁷ Established by Subsection (2) of Section 16 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁵⁸ Established by Subsection (2) of Section 16 of Act CXCIX of 2012, effective as of 16 December 2012.

circumstances this application may be submitted by the conclusion of the grant agreement. The application shall be accompanied by:

- a) the license agreements or other documents setting out the contribution of the authors the film is based on to the production of the film;
- b) the script of the film;
- c) the list of creators, and artistic and technical staff, furthermore the location of production works, on the basis of the table set out in Annex 1, by specifying the technical and artistic contribution of foreign countries involved in the production;
- d) the film budget and detailed financial plan;
- e) the timetable for the film production;
- f) for coproduction films, the coproduction agreement of film producers, in the absence of this the agreement of the parties on the distribution of revenues from licensing, and the territorial allocation of distribution;
- g) the funding plan for the film production.

(6)²⁵⁹ Any grant agreement concluded in the absence of a final decision on the classification based on the Hungarian participation ratios or by disregarding the excluded eligibility for support shall be null and void with the exception specified in Subsection (7).

(7)²⁶⁰ For any grant agreement concluded in the absence of a definitive decision this procedure may be completed, in cases of exceptional circumstances, upon a request submitted within one year following the conclusion of the agreement with the view to achieving the support objective, the time limits set out in Subsections (4) and (5) notwithstanding.

(8)²⁶¹ In the procedure referred to in Subsection (7) the Office shall invite the sponsor to make a statement on the existence of its intention for the achievement of the support objective. The Office shall decide on the application by considering the sponsor's statement and all circumstances of the case.

(9)²⁶² For the purposes of Subsections (4), (5) and (7), cases of exceptional circumstances shall mean where the gravity of the infringement in any individual case is disproportionately minor relative to the social usefulness of the objectives set out in this Act.

Section 26/C²⁶³

(1)²⁶⁴ The film producer shall be required to notify the Office of any change in the data that the classification according to Hungarian participation ratios within fifteen days after they become known. The Office shall initiate a procedure *ex officio* on the basis of this notification or when the Office becomes aware of this change in the data, if it can be assumed that the change will lead to a change in the classification category established in that decision.

²⁵⁹ Enacted by Subsection (3) of Section 16 of Act CXCIX of 2012. Amended by Paragraph *c*) of Section 236 of Act L of 2017.

²⁶⁰ Enacted by Subsection (3) of Section 16 of Act CXCIX of 2012. Amended by Paragraph *c*) of Section 236 of Act L of 2017.

²⁶¹ Enacted by Subsection (3) of Section 16 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁶² Enacted by Subsection (3) of Section 16 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁶³ Established by Section 17 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁶⁴ Amended by Paragraph *c*) of Section 21 of Act CCXII of 2015.

(2)²⁶⁵ In the event of failure to comply the notification obligation referred to in Subsection (1), the Office may order the film producer to pay the fine under Paragraph *c*) of Subsection (8) of Section 19/H and deregister it from the register referred to in Section 28.

Section 27²⁶⁶

Title 4²⁶⁷

Records and Registers of the Office, Register of Motion Picture Organizations and Natural Persons²⁶⁸

Section 28²⁶⁹

(1)²⁷⁰ Any Hungarian citizen and persons holding the right to free movement and residence as set out in specific other act, legal persons established in the territory of Hungary or in any EEA Member State may apply for registration if they intend to apply for support under this Act. The registration procedure for motion picture organizations and natural persons shall be initiated exclusively upon request. Granting support under this Act shall be conditional upon registration. Registration shall not be a condition for granting support in the case of economic operators and institutions that perform film distribution activities only for the purposes of their education, library, or public collection tasks, except for public collections explicitly related to the motion picture industry. When applying for support, these economic operators must declare that the grounds for exclusion set out in Subsection (7) Section 28 do not apply to them.

(2)²⁷¹ If registration is requested by a motion picture organization, its application for registration shall contain the name, registered address, registered number or court registration number, tax number, name and address of its representative, and shareholder or founder of the applicant for support.

(3) If registration is requested by a natural person, the application for registration shall contain the name, address, date and place of birth, tax number or tax identification code of the applicant for support.

(4)²⁷² The natural person applying for registration shall state whether he requests distributor registration as film distributor, cinema operator or in other capacity. The motion picture organization applying for registration shall state whether he requests registration as film producer, film producer business, film releaser (more precisely as film distributor, cinema operator or in other capacity).

(5) In the event the data set out by the law are communicated, the Office shall register the applicant provided none of the refusal grounds set out in Subsection (9) apply. The applicant for

²⁶⁵ Amended by Paragraph *d*) of Section 21 of Act CCXII of 2015.

²⁶⁶ Repealed by Point 5 of Subsection (2) of Section 29 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁶⁷ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁶⁸ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁶⁹ Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁷⁰ Amended by Point 48 of Subsection (1) of Section 28 of Act CLXIX of 2012, Subsection (3) of Section 19 of Act CCLII of 2013.

²⁷¹ Amended by Point 49 of Subsection (1) of Section 28 of Act CXCIX of 2012.

²⁷² Established by Section 15 of Act CCXII of 2015, effective as of 31 December 2015.

support shall be required to notify the Office in writing of any change in the registered data, within fifteen days following the effective date of the change.

(6)²⁷³ The Office shall request the MNF, the Minister, and the other sponsor within fifteen days following the registration referred to in Subsection (5) for the purposes set out in this Subsection. These requested entities shall declare, within fifteen days following the request, whether:

a) the natural person or entity registered, the owner or founder of the entity, or any other economic operator owned or founded by the entity's owner or founder has any past due unpaid payment or settlement obligation against it, and

b) there is any person amongst the executive officers, owners or founders of the registered entity who has been the executive officer of any economic operator during the three years preceding the submission date of the application for support that failed to account for the use of direct support during his term in office as executive officer to the sponsor or its account has not been accepted by the sponsor.

(7)²⁷⁴ In the declaration under Subsection (6) the amount of the direct support received by the registered entity and the supported activity, and/or cinematographic works shall be indicated. If the MNF, the Minister or other sponsor declares that:

a) the natural person or entity registered, the owner and founder of the entity, or any other economic operator owned or founded by the entity's owner or founder has any past due unpaid payment or settlement obligation subject to this Act against the sponsor, or

b) there is any person amongst the executive officers, owners and founders of the registered entity who has been a executive officer of any economic operator during the three years preceding the submission date of the application for support that failed to account for the use of direct support during his term in office as executive officer to the sponsor or its account has not been accepted by the sponsor,

the Office shall deregister the natural person or entity registered and notify the MNF, the Minister and the other sponsor thereof.

(8) The Office shall dispense with the request referred to in Subsection (6) in the event of registration of new entities established without a predecessor whose founders (owners) and executive officers are exclusively entities or natural persons already registered.

(9)²⁷⁵ Applicants undergoing bankruptcy, liquidation or dissolution proceedings may not be registered. Applicants who failed to give account of the proper use of direct support they received by the deadline and according to the conditions defined by the sponsor, or whose statement of account has not been accepted by the sponsor or have outstanding past due payment obligations towards the sponsor may not be registered pending the clearance of their payment obligations towards the sponsor. In this case re-registration may only take place after the applicant satisfied its payment obligations towards the sponsor.

(10)²⁷⁶ The register shall clearly display if the Office has made a notification or filed a report to

²⁷³ Established by Subsection (2) of Section 18 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁷⁴ Established by Subsection (2) of Section 18 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁷⁵ Amended by Point 50 of Subsection (1) of Section 28, Point 3 of Subsection (1) of Section 29 of Act CXCIX of 2012.

²⁷⁶ Amended by Point 3 of Subsection (1) of Section 29 of Act CXCIX of 2012, Paragraph c) of Section 236 of Act L of 2017.

the investigating authority under Subsection (1) of Section 19/I against any registered person or entity in the context of procedures for obtaining indirect support. In this case the rights and obligations of the registered person or entity arising from the registration shall be suspended pending submission of the definitive decision terminating the initiated procedure.

(11)²⁷⁷ The Office shall deregister, ex officio or upon the request from the registered person/entity, any registered natural person and entity in the cases set out in this Act. Ex officio deregistration shall apply:

*a)*²⁷⁸ in the cases referred to in Subsection (7) hereof, Subsections (2) and (3) of Section 19/I, Subsection (2) of Section 26/C, and

b) if the registration should have been refused, however, the Office became aware of the grounds for refusal only after the registration, or this ground occurs after the registration.

(12)²⁷⁹ The Office shall notify the MNF, the Minister and the other sponsor of any deregistration.

(13)²⁸⁰ Major sponsors shall be requested by the Office quarterly for the purpose of data disclosure in accordance with Subsection (6).

(14)²⁸¹ Other entities granting subsidies under this Act and the MTVA shall notify the Office of any motion picture support it has granted and the past due outstanding payment obligations of its beneficiaries upon granting any support and the emergence of any payment obligation.

Section 29²⁸²

(1) The register of motion picture organizations and natural persons shall display for all applicants for support:

a) the details set out in Section 28;

*b)*²⁸³ the amount of direct support received by the applicant, specifying the supported activity and/or film;

*c)*²⁸⁴ the fact whether the applicant has settled the proper use of any direct support he has received by the deadline and according to the conditions set by the sponsor, or in the absence of this, the amount of the applicant's outstanding payment obligations towards the sponsor;

*d)*²⁸⁵ data set out in this Act and provided for by other legislation, required to achieve the objectives of this Act.

(2)²⁸⁶ The beneficiary and the entity granting support under this Act shall be required to notify the Office of any data listed in Subsection (1), within fifteen days after it became aware of those

²⁷⁷ Established by Subsection (3) of Section 18 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁷⁸ Established by Section 11 of Act CLXIII of 2016, effective as of 16 December 2016.

²⁷⁹ Established by Subsection (3) of Section 18 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁸⁰ Established by Subsection (3) of Section 18 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁸¹ Established by Subsection (3) of Section 18 of Act CXCIX of 2012, effective as of 16 December 2012.

²⁸² Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁸³ Amended by Points 3 and 8 of Subsection (1) of Section 29 of Act CXCIX of 2012.

²⁸⁴ Amended by Point 3 of Subsection (1) of Section 29 of Act CXCIX of 2012.

²⁸⁵ Amended by Point 51 of Subsection (1) of Section 28 of Act CXCIX of 2012.

²⁸⁶ Amended by Point 52 of Subsection (1) of Section 28 of Act CXCIX of 2012.

data or their change.

Register of Films Eligible for Support²⁸⁷

Section 30²⁸⁸

(1)²⁸⁹ The Office shall register all cinematographic works, for the preparation or production of which any support under this Act is availed of.

(2)²⁹⁰ The register referred to in Subsection (1) shall include the title of the cinematographic works, the name of the film producer, the outcome of the qualification specified in the procedure referred to in Section 26/B as well as any other data required for achieving the objectives specified by this Act and any legislation adopted by authorization of an act. The applicant for support shall be required to notify the Office in writing of any change in the registered data, within fifteen days following the effective date of the change.

Register of Films Approved for Distribution²⁹¹

Article 31²⁹²

(1) The Office shall register all cinematographic works approved for distribution, other than the ones referred to in Subsection (2) of Section 20.

(2)²⁹³ The register referred to in Subsection (1) shall include the title of the cinematographic works to be distributed, the name of the film producer and the distributor, the outcome of the qualifications according to the procedures referred to in Sections 20 and 25, as well as any other data required for achieving the objectives specified by an act and any legislation adopted by authorization of an act. The film distributor shall be required to notify the Office of these data.

Common Rules for Registration²⁹⁴

Section 31/A²⁹⁵

(1) Any data in the registers kept by the Office shall be construed as information of public interest. The Office shall make its registers available on its website, free of charge, accessible for all, with a search option, without any restriction. When designing its registers the Office shall promote and give priority to the establishment and use of international standards in the field of audio-visual data collection (international audio-visual identification number, ISAN).

(2)²⁹⁶ Motion picture registers maintained by the Office shall comply with the provisions set out in this Act and specific other legislation, and the definitive decisions adopted by the Office, in

²⁸⁷ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁸⁸ Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁸⁹ Amended by Point 53 of Subsection (1) of Section 28 of Act CXCIX of 2012.

²⁹⁰ Amended by Point 54 of Subsection (1) of Section 28 of Act CXCIX of 2012.

²⁹¹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁹² Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁹³ Amended by Point 54 of Subsection (1) of Section 28 of Act CXCIX of 2012.

²⁹⁴ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁹⁵ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁹⁶ Amended by Point 55 of Subsection (1) of Section 28 of Act CXCIX of 2012, Paragraph c) of Section 236 of Act L of 2017.

particular rights and material facts provided for in this Act in relation to cinematographic works. Any data on natural persons included in the registers of the Office shall be considered information of public interest. The Office shall process any personal data referred to in this Act until their deregistration.

(3) Unless otherwise provided for by this Act, motion picture registers shall attest the existence of any registered rights and facts in an authentic manner.

(4) Detailed rules for the registers maintained by the Office under this Act, detailed rules for the registration procedures, and provision of information from these registers shall be decreed by the President.

Title 5²⁹⁷

Grant Procedure²⁹⁸

Establishing eligibility for support²⁹⁹

Section 31/B³⁰⁰

(1) The Office shall establish, in accordance with Subsection (1) of Section 12/A, on the basis of Paragraph *e*) of Subsection (1) of Section 19,

a) the eligibility for support for the purpose of film production under this Act (hereinafter referred to as “eligibility for support”), upon the request from the film producer or film production company,

b) eligibility for support for film distribution purposes under this Act, upon the request from the film distributor.

(2) The following documents shall be enclosed with the application under Subsection (1):

a) the complete script of the film in Hungarian or a copy of the film suitable for viewing;

b)³⁰¹ the statements from the film producer or film production company or film distributor on compliance with the cultural requirements set out in Annex 2, on the basis of the table in that Annex;

c)³⁰² proof of payment of administration fees; and

d)³⁰³ the notification from the film producer or the film production company concerning the name, citizenship, place and date of birth, mother’s name and address abroad of crew members,

²⁹⁷ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁹⁸ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

²⁹⁹ Enacted by Section 11 of Act CLXIX of 2011. Amended by Point 56 of Subsection (1) of Section 28 of Act CXCIX of 2012.

³⁰⁰ Established by Subsection (1) of Section 19 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁰¹ Established by Subsection (1) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁰² Established by Subsection (1) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁰³ Enacted by Subsection (1) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

both performing artist and others, directly contributing to the film production, specifying whether they contribute as performing artists or otherwise.

(2a)³⁰⁴ Simultaneously with or before the submission of the application the film producer and/or the film production company shall notify the starting date of the production period (preparation) by the starting date at the latest, and the starting date of shooting (including pre-shooting), at least thirty days in advance. At least thirty days before the starting date of shooting, if only post-production is carried out in Hungary from the production process, at least thirty days before the starting of post-production, the following documents shall be submitted simultaneously with the application:

a) the final production plan of the film, including the preparations, shooting and post-production;
b) for any film produced on order, the contract between the Hungarian company participating in the production and the foreign film producer (client), and for coproduction, or international coproduction or other international coproduction film the coproduction contract;

c) for films not produced on order, documents certifying the coverage for the direct costs of film production and the film's entire budget;

*d)*³⁰⁵ the film's budget for the direct costs of film production (countersigned by all co-producers and the sponsor), financial plan and funding plan;

*e)*³⁰⁶ a statement from the film producer and/or the film production company on the schedule they request the issuing of the support certificate or a decision on the closure of the cost control procedure; and

*f)*³⁰⁷ a statement from the film producer or the film production company undertaking, during the film production, to employ

fa) for films with direct cost of film production reaching or exceeding ten million forints but not exceeding one hundred million forints, at least one,

fb) for films with direct cost of film production exceeding one hundred million forints but not exceeding five hundred million forints, at least two,

fc) for films with direct cost of film production exceeding five hundred million forints, at least five

trainees, participating in motion picture training, with prior experience gained during the production of at least one feature film, for a duration of at least five weeks in any production department, where the professional supervision for the trainees can be ensured. If the section of the film's production in Hungary where the trainee can be employed is shorter than five weeks, this employment obligation covers the entire production section in Hungary.

(2b)³⁰⁸ The obligation under Paragraph *f)* of Subsection (2a) shall not apply for the production of films produced in the framework of state tertiary motion picture art training.

³⁰⁴ Enacted by Subsection (2) of Section 19 of Act CXCIX of 2012, effective as of 13 February 2013.

³⁰⁵ Established by Subsection (1) of Section 77 of Act LXVII of 2016, effective as of 17 July 2016.

³⁰⁶ Established by Subsection (1) of Section 77 of Act LXVII of 2016, effective as of 17 July 2016.

³⁰⁷ Established by Subsection (2) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁰⁸ Enacted by Subsection (3) of Section 77 of Act LXVII of 2016, effective as of 17 July 2016.

(2c)³⁰⁹ Any film producer or film production company receiving indirect support under this Act shall pay 0.5 per cent of the direct cost of film production as set out in the decision made by the Office on eligibility, not exceeding fifteen million forints per film as motion picture training contribution to the MNF, by way of the means specified in this Act.

(2d)³¹⁰ This motion picture training contribution shall be paid to the account of the MNF maintained by the Magyar Államkincstár (*Hungarian State Treasury*) (hereinafter referred to as “Treasury”) for this purpose, within sixty days following the decision establishing the eligibility becoming definitive.

(2e)³¹¹ In the event of failure to meet the deadline for paying the motion picture training contribution, the Office shall, as legal consequence, amend its decision establishing eligibility in an ex officio procedure by rejecting the eligibility. In this ex officio procedure the Office shall call upon the defaulting film producer or film production company, by setting a fifteen day deadline, to pay the motion picture training contribution referred to in Subsection (2c). If before the effective closure of the administrative procedure the film producer or the film production company pays the motion picture training contribution referred to in Subsection (2c), the Office may apply the legal consequence set out in Paragraph *d*) of Subsection (8) of Section 19/H.

(2f)³¹² No motion picture training contribution shall be payable for films where the direct cost of production does not reach ten million forints.

(2g)³¹³ The MNF shall keep records on the amounts paid for individual films under the title of motion picture training contribution, and of the Office’s decisions establishing eligibility for support, including the amount of the motion picture training contribution. It shall send electronically any decision that becomes definitive to the MNF; the MNF shall inform the Office where the Office needs to initiate a procedure ex officio for the amendment of a decision establishing eligibility for support.

(3) The application referred to in Subsection (1) hereof may be submitted together with the application for the registration of films to be released, and the applications submitted in the procedures referred to in Sections 26/A and 26/B. In this case the Office shall decide on the application in a single procedure.

(4) No application for the eligibility for distribution purposes under this Act needs to be submitted if the film has previously complied with the conditions set out in this Act for eligibility for support for film production purposes. In this case the Office shall reject the submitted application without substantive examination.

(5) When establishing eligibility for support, the Office shall:

a) examine the planned budget of the film, and on this basis it shall establish and certify, if all of the conditions set out in this Act are complied with, the amount of direct costs of film production

³⁰⁹ Enacted by Subsection (3) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

³¹⁰ Enacted by Subsection (3) of Section 12 of Act CLXIII of 2016. Amended by Paragraph *g*) of Section 236 of Act L of 2017.

³¹¹ Enacted by Subsection (3) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

³¹² Enacted by Subsection (3) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

³¹³ Enacted by Subsection (3) of Section 12 of Act CLXIII of 2016. Amended by Paragraph *h*) of Section 236 of Act L of 2017.

and the direct Hungarian costs of film production serving as a basis of the support;

b) examines the value of the service affected by the support under this Act if it has been set at a price higher than the usual market price;

c) verifies compliance with the aid intensities set out in Section 13; and

d) verifies the film's compliance with the cultural requirements set out in Annex 2.

(6) No cost can be recognized as direct cost of film production, arising at a time in terms of the circumstances of its emergence, where the Office was not in the position to exercise its audit rights due the client's default, in particular in the event of a failure to comply with the notification obligation or its improper performance.

(7)³¹⁴ With regard to compliance with the requirements set out in Subsections (2a) and (6), in particular on the fixed production time and budget, the Office may grant derogation upon request and in cases of exceptional circumstances. For the purposes of this Subsection, cases of exceptional circumstances shall mean where the gravity of the infringement in any individual case is disproportionately small relative to the social usefulness of achieving the objectives set out in this Act.

(8) In the case referred to in Paragraph *b)* of Subsection (5) the Office may also appoint an expert witness. The costs involved in the appointment of the expert witness shall be advanced by the beneficiary. The Office shall decide on the cost on the basis of the testimony of the expert witness.

(9) In connection with Paragraphs *m)* and *n)* of the set of cultural criteria set out in Annex 2:

a) 1 point can be given if

aa) the shooting in Hungary is at least one day, but it fails to reach, if calculated in days, 25 per cent of the entire duration of the film shooting, or

ab) the costs of the film production preparation or post-production incur partly in Hungary, but fail to reach 25 per cent of the total film production preparation or post-production costs;

b) 2 points can be given if

ba) the shooting in Hungary, if calculated in days, reaches 25 per cent of the entire duration of the film shooting but fails to reach 50 per cent of the entire duration of the film shooting, or

bb) the costs of the film production preparation or post-production incurred in Hungary reach 25 per cent of the total film production preparation or post-production costs but fail to reach 50 per cent of the film's production preparation or post-production costs;

c) 3 points can be given if the values referred to in Paragraphs *a)* and *b)* are at least 50 per cent.

(10) The Office shall communicate its decision related to eligibility for support, apart from the film producer and/or the film production company, to the sponsor if necessary, if the film is supported by the MTVA, to the MTVA, and also to the state tax authority if necessary.

(11) If the eligibility for support is established, after the decision adopted in the administrative proceeding on this matter becomes final, the Office shall immediately register, in an ex officio procedure, the film as well as any data and/or facts the administrative decision is based on in the official register of films eligible for support. Where the film is already in the register, the Office shall add the data and facts established in the administrative proceedings to the data already registered. Granting support under this Act shall be conditional upon the establishment of eligibility.

(12)³¹⁵ The Office shall issue a certificate on the data notified in Paragraph *d)* of Subsection (2),

³¹⁴ Amended by Subsection (2) of Section 28 of Act CXCIX of 2012.

³¹⁵ Enacted by Subsection (4) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

upon the request from the film producer or film production company.

(13)³¹⁶ The film producer or film production company shall be required to notify the Office of any change in the data notified under Paragraph *d*) of Subsection (2).

(14)³¹⁷ The Office shall process the data referred to in Paragraph *d*) of Subsection (2) for the purposes of its tasks to establish subsidies and the maintenance of the related register, for five years after the decision on the application. The Office may not disclose any data it became aware of in this manner to third parties, unless it aims compliance with requests for information to the procedures of other authorities.

The Support Certificate³¹⁸

Section 31/C³¹⁹

(1)³²⁰ The Office shall verify, under Paragraph *f*) of Subsection (1) of Section 19, upon the request from the film producer, and/or the film production company, in a cost verification procedure the costs to be accounted by the film producer and/or the film production company as direct costs of film production, and identifies the direct costs of film production and the amount of the indirect support that gives entitlement for a tax relief under Subsection (3) of Section 22 of the Corporate Tax Act, that can be offered in accordance with Paragraph *a*) of Subsection (3) of Section 24/A, in a decision.

(2) The following documents shall be enclosed with the application under Subsection (1):

a) the ledger with cost centers, and subledgers containing the accounting entries by the film producer and/or producer of the relevant film related to the cinematographic works in question;

b) a cost statement on the basis of the budget adopted during the establishment of eligibility for support, broken down by item codes of that budget, containing the actual costs as included in the application and for the preceding period; and

c) an irrevocable legal statement by the film producer that it complies with the obligation referred to in Subsection (4).

(2a)³²¹ The film producer or film production company shall be entitled to submit its application for a cost verification procedure in calendar month or calendar quarter schedule, if the production of the film will not be completed in nine months or the direct costs of production of the cinematographic works exceed 150 million forints.

(2b)³²² In the event of the application of Subsection (2a) the amount specified in the decision adopted in the cost verification procedure may be up to 25 per cent of the direct costs of film production incurred by the issue of the decision closing the cost verification procedure.

³¹⁶ Enacted by Subsection (4) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

³¹⁷ Enacted by Subsection (4) of Section 12 of Act CLXIII of 2016, effective as of 16 December 2016.

³¹⁸ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

³¹⁹ Established by Section 20 of Act CXCIX of 2012, effective as of 16 December 2012.

³²⁰ Amended by Paragraph *e*) of Section 332 of Act L of 2014.

³²¹ Enacted by Subsection (7) of Section 51 of Act LXXXVI of 2013, effective as of 1 July 2013.

³²² Enacted by Subsection (1) of Section 329 of Act LXXIV of 2014, effective as of 1 January 2015.

(3)³²³ The Office shall issue a certificate granting entitlement to access the indirect support upon the request from:

- a)* the film producer and/or the film production company, either individually or jointly;
- b)* the MNF, for a support giving entitlement to a tax relief under Subsection (3) of Section 22 of the Corporate Tax Act; or
- c)*³²⁴ the entity providing the source for the indirect support under Subsection (3) of Section 22 of the Corporate Tax Act, and/or Paragraph *a)* of Subsection (3) of Section 24/A of the Corporate Tax Act, if the decision referred to in Subsection (1) hereof became definitive and the film producer and/or the film production company or the MNF has not requested it, except for any offer to the MNF.

Where the entity providing the source of the indirect support provides the indirect support in the form of an offer to MNF under Paragraph *a)* of Subsection (3) of Section 24/A of the Corporate Tax Act, the Office shall not issue a support certificate granting entitlement to receive indirect subsidies. The Office shall issue the certificate referred to in Paragraph *a)* of Subsection (16) of Section 24/A of the Corporate Tax Act upon the joint request from the entity providing the source of the indirect support and the film producer or film production company entitled to receive that offer.

(4)³²⁵ The decision on closing the cost verification procedure and the issuance of the support certificate shall be conditional upon the film producer's and/or producer's commitment to display the State as sponsor in the film's closing credits, in the manner specified in the decree of the President.

(5) In the application for the issuance of the support certificate:

- a)* if the entity providing the source for the indirect support enters into a contract with the film producer, and/or film production company for supporting the film and the applicant is the entity providing the source for the indirect support or the MNF, the name, registered address, tax number of the entity providing the source for the indirect support must be provided and the contract for supporting the film must be annexed upon the submission of the application for the issuance of the support certificate, in other cases within thirty days following the submission of the application;
- b)* to that application, if it is issued by the Office upon the request from the MNF, the agreement concluded between the MNF and the entity providing the source for the indirect support, furthermore the document issued by the Treasury certifying the deposit of the source for the indirect support to a deposit account kept by the Treasury for this purpose (hereinafter referred to as "deposit account");
- c)*³²⁶ any documents set out in Subsection (2) must be annexed to the application;
- d)*³²⁷ if the application had been preceded by a cost verification procedure, the document certifying the payment of the contribution referred to in Subsection (2c) of Section 31/B must be

³²³ Established by Subsection (2) of Section 329 of Act LXXIV of 2014. Amended by Paragraph *e)* of Section 21 of Act CCXII of 2015.

³²⁴ Amended by Paragraph *i)* of Section 236 of Act L of 2017.

³²⁵ Established by Subsection (1) of Section 78 of Act LXVII of 2016, effective as of 17 July 2016.

³²⁶ Enacted by Subsection (8) of Section 51 of Act LXXXVI of 2013, effective as of 1 July 2013.

³²⁷ Enacted by Subsection (2) of Section 78 of Act LXVII of 2016, effective as of 17 July 2016. Amended by Paragraph *d)* of Section 23 of Act CLXIII of 2016.

annexed to the application.

(6) The support certificate shall contain:

a) the name, the registered address, and the tax number of the entity providing the source for the indirect support;

b) the title and registration number of the film;

c) the period indicated in the application and the part of direct costs of film production falling to that period;

*d)*³²⁸ the amount of the indirect support granting entitlement for the tax relief under Subsection (3) of Section 22 of the Corporate Tax Act, and Paragraph *a)* of Subsection (3) of Section 24/A of the Corporate Tax Act.

(6a)³²⁹

(6b)³³⁰

(7) A support certificate issued upon the request from the MNF shall contain only the data set out in Paragraphs *a)* and *d)* of Subsection (6).

(8)³³¹ For a film produced on order, on the basis of the application from the film production company, excluding support certificates issued on the basis of an application referred to in Subsection (7), the film producer may be identified in the support certificate and in the decision adopted in the cost verification procedure.

(9)³³² The Office shall keep all documents obtained in the context of the issued support certificates and decisions adopted in cost verification procedures for ten years following the year of the certificate's issuance.

(10)³³³ The Office shall communicate its decision related to the issued support certificates and decisions adopted in cost verification procedures, apart from the film producer and/or the film production company, to the state tax authority if necessary.

Section 31/D³³⁴

(1)³³⁵ The Office shall issue the support certificate and the decision closing the cost verification procedure after the closure of the film's production for the total direct costs of film production, with the exceptions set out in Subsection (2) hereof and in Subsection (2a) and Paragraph *b)* of Subsection (3) of Section 31/C. The issuance of the support certificate for the film and the decision closing the cost verification procedure shall be conditional upon the establishment by the Office, in its final administrative decision, the eligibility for the indirect support for the film.

(2)³³⁶ The film producer or film production company shall be entitled to submit its application

³²⁸ Amended by Paragraph *f)* of Section 332 of Act L of 2014.

³²⁹ Repealed by Paragraph *c)* of Section 25 of Act CLXIII of 2016, effective as of 16 December 2016.

³³⁰ Repealed by Paragraph *c)* of Section 25 of Act CLXIII of 2016, effective as of 16 December 2016.

³³¹ Amended by Paragraph *g)* of Section 332 of Act L of 2014.

³³² Amended by Paragraph *h)* of Section 332 of Act L of 2014.

³³³ Enacted by Subsection (3) of Section 329 of Act LXXIV of 2014. Amended by Paragraph *f)* of Section 21 of Act CCXII of 2015.

³³⁴ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

³³⁵ Established by Subsection (1) of Section 330 of Act LXXIV of 2014. Amended by Paragraph *c)* of Section 236 of Act L of 2017.

³³⁶ Established by Subsection (2) of Section 330 of Act LXXIV of 2014, effective as of 1

for the issuance of the support certificate in calendar month or quarter schedule, if the production of the film will not be completed in nine months or the film's direct costs of production exceed 150 million forints.

(3)³³⁷ If Subsection (2) applies, the amount on any certificate – in the event of issuing a certificate for several entities providing the source for the indirect support – the aggregate amount of each certificate may be up to 25 per cent of the direct costs of film production incurred by the issue date of the certificate.

(4)³³⁸ For the purposes of complying with the ratio set out in Subsection (10) of Section 12 the Office shall prepare a closing settlement in the cases referred to in Subsection (2), upon the request from the film producer and/or the film production company, after the last period settled in financial terms, where it takes into account the enforceability of the ratios set out in Subsection (10) of Section 12 in view of all costs accounted for, and the correction of the applicable settlement limits with regard to royalties, producer's fee and eligible advertisement costs related to the production, and under Subsection (2) of Section 31/E financially cleared costs not taken into account in the period indicated in the application, furthermore its complementation to 25 per cent of the indirect support set under Subsection (3) of Section 31/D, where it complies with the other conditions for eligibility.

(5)³³⁹ When issuing the support certificate or the decision closing the cost verification procedure the Office shall verify compliance with the aid intensities set out in Section 13, and if these intensities are exceeded, it shall deduct any unlawfully paid excess support from the amount set in the support certificate or in the decision adopted in the cost verification procedure.

(6)³⁴⁰ Upon a reasoned request, and in cases of exceptional circumstances, the Office shall issue the support certificates under Subsection (2) of Section 31/D or decisions closing the cost verification procedures in view of all costs of film production accounted for and certified up to that point in time, with the view to correct the ratios set out in Subsection (10) of Section 12, and the applicable settlement limits with regard to royalties, producer's fee and eligible advertisement costs related to the production, and for the enforceability of financially cleared costs not taken into account under Subsection (2) of Section 31/E in the period indicated in the application, furthermore its complementation to 25 per cent of the indirect support set under Subsection (3) of Section 31/D, where it complies with the other conditions for eligibility. For the purposes of this Subsection, cases of exceptional circumstances shall mean where the gravity of the infringement in any individual case is disproportionately small relative to the social usefulness of achieving the objectives set out in this Act.

(7)³⁴¹ In the case of support provided in accordance with Subsection (3) of Section 22 of the Corporate Tax Act the entity providing the source for the indirect support shall transfer the source

January 2015.

³³⁷ Amended by Point 57 of Subsection (1) of Section 28 of Act CXCIX of 2012, Paragraph *i*) of Section 332 of Act LXXIV of 2014.

³³⁸ Established by Subsection (3) of Section 330 of Act LXXIV of 2014, effective as of 1 January 2015.

³³⁹ Established by Subsection (4) of Section 330 of Act LXXIV of 2014, effective as of 1 January 2015.

³⁴⁰ Established by Subsection (5) of Section 330 of Act LXXIV of 2014, effective as of 1 January 2015.

³⁴¹ Established by Section 13 of Act CLXIII of 2016, effective as of 2 January 2017.

for the indirect support to the deposit account under the agreement concluded with the MNF. For an indirect support provided in accordance with Paragraph *a*) of Subsection (3) of Section 24/A of the Corporate Tax Act the tax authority shall transfer the amount offered for the specific supported objective as indirect support. The amount deposited to the deposit account may not exceed, without the supplementary support referred to in Paragraph *a*) of Subsection (8) of Section 22, the amount set in the Government decree adopted by authorization of this Act.

(8)³⁴² This deposit account shall be opened by the minister in charge of coordinating social policies. Financial transactions affecting the funds credited to the deposit account may be carried out in the cases and in the manner specified in this Act, on the basis of the instruction from the MNF.

(9)³⁴³ The film producer and/or the film production company may apply for the payment of the indirect support to the MNF if the decision adopted by the Office with regard to the relevant production period of the film under Subsection (1) of Section 31/C became definitive and no grant agreement has been concluded. The Office shall keep record of the dates when a decision referred to in Subsection (1) of Section 31/C became definitive. Any payment from the deposit account may take place in the order of the decisions referred to in Subsection (1) of Section 31/C becoming definitive.

(10)³⁴⁴ The MNF shall initiate the payment of indirect support with the Treasury, up to the balance of the deposit account, in the order specified in Subsection (9) to the film producer or film production company eligible under Subsection (9), within fifteen business days after the submission of the application for the payment of support. The MNF shall be entitled to charge an administrative fee for its activity related to the collection and payment of subsidies, corresponding to a maximum of 2.5 per cent of the support, to the film producer or the film production company.

(11)³⁴⁵ To the debit of the amount held in the deposit account the MNF may set aside provisions for the indirect support of cinematographic works also in receipt of direct support under this Act or a support provided by the MTVA, up to the amount of eligibility for indirect support that can be received by the film producer or the film production company for the relevant cinematographic works, as set out in the decision adopted by the Office in the administrative proceeding initiated upon the request referred to in Subsection (1) of Section 31.

(12)³⁴⁶ If the balance of the deposit account has been fully depleted, apart from the provision referred to in Subsection (11), the administrative time limit referred to in Subsection (10) shall be interrupted, and the MNF shall resume the payment of subsidies after the receipt of any additionally deposited support.

(12a)³⁴⁷ The MNF shall inform the state tax authority by the fifth day of the month following

³⁴² Enacted by Subsection (3) of Section 21 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁴³ Established by Subsection (1) of Section 140 of Act CLXXXVII of 2015. Amended by Paragraphs *j*) and *i*) of Section 236 of Act L of 2017.

³⁴⁴ Established by Subsection (10) of Section 51 of Act LXXXIV of 2013. Amended by Paragraph *d*) of Section 20 of Act CCXII of 2015.

³⁴⁵ Enacted by Subsection (3) of Section 21 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁴⁶ Enacted by Subsection (3) of Section 21 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁴⁷ Enacted by Section 16 of Act CCXII of 2015, effective as of 31 December 2015.

the calendar quarter of the amount of indirect subsidies deposited under Subsection (3) of Section 22 of the Corporate Tax Act to the deposit account in the relevant quarter.

(13)³⁴⁸ The state tax authority shall pay to the MNF quarterly, by the fifteenth day of the month following the calendar quarter, the positive difference between one-fourth of the statutory allocation and the indirect support collected during that quarter in the deposit account under Subsection (3) of Section 22 of the Corporate Tax Act and Paragraph *a*) of Subsection (3) of Section 24/A of the Corporate Tax Act. Where in any quarter the MNF collects more indirect support than the pro rata temporis statutory allocation for that year, the negative difference arising shall be taken into account by the state tax authority within the relevant year for the similar settlement for the next quarter.

Section 31/E³⁴⁹

(1)³⁵⁰ Film production and film production-preparation costs can be recognized as direct costs of film production incurred in Hungary or abroad in connection with production after the submission of the application for admission into the register of motion picture organizations and professionals as set out in this Act, and comply with the conditions set out in Subsections (2)–(9).

(2)³⁵¹ The Office shall take into account costs as amounts for the relevant stage of the production schedule that were entered in the cost centered ledger of the production between the starting and the end date of the period indicated in the application.

(3) Only costs can be recognized as direct costs of film production, for which the document certifying their performance incurred in the production period corresponding to the final production plan, and/or within three months after the completion date set out in the production plan.

(4) The amounts of royalties and rights related to copyright in connection with the filming of the work the film is based on can be recognized as direct costs of film production that do not exceed 4 per cent of the sum of account groups 5 and 8 in the cost centered ledger for the relevant cinematographic works.

(5) The eligible amount of producer fees may not exceed 4 per cent of the sum of account groups 5 and 8 in the cost centered ledger for the relevant cinematographic works.

(6)³⁵² As regards advertisement and promotion costs only advertising costs related to the production shall be eligible that do not exceed 2 per cent of the sum of account groups 5 and 8 in the cost centered ledger for the relevant cinematographic works, not exceeding ten million forints. Production related advertisement cost shall not cover the purchase of advertisement space for advertising the film, more precisely advertisements published in the printed press, in public spaces or on vehicles or in radio or television.

(7) Travel costs related to the film production shall be eligible as direct cost of film production only if at least the departure or arrival point of that journey is located in Hungary.

³⁴⁸ Enacted by Subsection (2) of Section 140 of Act CLXXXVII of 2015. Amended by Section 24 of Act CLXIII of 2016.

³⁴⁹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

³⁵⁰ Established by Subsection (1) of Section 22 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁵¹ Established by Subsection (1) of Section 22 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁵² Established by Subsection (2) of Section 22 of Act CXCIX of 2012. Amended by Paragraph *e*) of Section 20, Paragraph *g*) of Section 21 of Act CCXII of 2015.

(8) For cinematographic works made at an event only costs directly related to the film production shall be eligible that are not related to the creation of that event. If the costs related to the creation of the event and to the film production cannot be clearly distinguished, they shall not be considered eligible as direct costs of film production.

(9)³⁵³ Costs for which the financial performance is settled by issuing a bill of exchange or offsetting products and services shall not be eligible as direct cost of film production, except for the consideration provided by the MNF for the supply of goods and services, that are withheld by the MNF from the support it has disbursed or made available as part of the support.

(10)³⁵⁴ The motion picture training contribution referred to in Subsection (2c) of Section 31/B shall be eligible as direct cost of film production.

Section 31/F³⁵⁵

(1) Film production and film production/preparation costs or expenditure qualifying as direct cost of film production shall be eligible as direct Hungarian costs of film production that:

*a)*³⁵⁶ are settled on the accounts specified in Subsections (3a) and (3b) of Section 160 of the Accounting Act;

*b)*³⁵⁷ that

ba) incurred by performing an obligation subject to tax or public dues payment obligation under the Act on Personal Income Tax (hereinafter referred to as “PIA”), the Act on Simplified Entrepreneurial Taxation, the Corporate Tax Act, the Act on the Fixed-Rate Tax of Low Tax-Bracket Enterprises and on Small Business Tax, the Act on Simplified Employment or the Act on Simplified Contribution to Public Revenues, and/or that leads to a revenue at a budgetary authority,

bb) incurred in the context of the performance of contribution payment obligations related to personal benefits granted in connection with film production, or

bc) incurred by performing tax liabilities accounted for against the pre-tax profit, including any tax payment included in an invoice, payable by the issuer of that invoice, in particular non-deductible value added tax or other non-deductible consumption taxes included in the invoice; and

*c)*³⁵⁸ complies with the conditions set out in Subsections (2)–(10) of Section 31/E.

(2)³⁵⁹ In addition to what is contained in Subsection (1), 50 per cent of the cost of the remuneration for foreign performing artists and crew members notified in accordance with Paragraph *d)* of Subsection (2) of Section 31/B shall also be eligible as direct Hungarian cost of film production, even if the cost of that remuneration is not shown in the books of the film producer or the film production company. Eligibility as direct Hungarian cost of film production shall be conditional upon the resulting income being subject to a tax liability under the PIA in Hungary, and the tax (pre-payment) on the income calculated from the total amount of the remuneration is deducted and paid by the paying agent to the state tax authority in accordance with the relevant

³⁵³ Enacted by Section 7 of Act CCLI of 2013, effective as of 1 January 2014.

³⁵⁴ Enacted by Section 14 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁵⁵ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

³⁵⁶ Established by Subsection (1) of Section 15 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁵⁷ Established by Section 17 of Act CCXII of 2015, effective as of 31 December 2015.

³⁵⁸ Established by Subsection (2) of Section 15 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁵⁹ Established by Subsection (3) of Section 15 of Act CLXIII of 2016, effective as of 15 January 2017.

legislation, or in the absence of such paying agency the private individual has paid the tax (pre-payment) on the income calculated from the total amount of the remuneration to the state tax authority. The film producer or film production company shall be required to credibly demonstrate the payment of that tax.

(3) In the event of acquisition of fixed assets, only the depreciation within the meaning of Section 52 of the Accounting Act of fixed assets acquired directly for the purposes of the film shall be eligible, for the period between the commencement and the completion of the production. If that asset is used for several films at the same time, then eligible costs shall be allocated pro rata amongst the productions, in line with the allocation set out in the accounting policy of the film production company.

(4) From the expenditure containing mediated services set out in Point 1 of Subsection (4) of Section 3 of the Accounting Act, the value of services purchased by the supplier from abroad shall not be eligible as direct Hungarian cost of film production. The film production company shall declare the value of the mediated services purchased from abroad.

(5)³⁶⁰ Invoices issued by a domestic supplier and other domestic expenses shall qualify as Hungarian cost of film production, and shall be eligible only under this Section.

(6) In justified cases the Office may extend the scope of the administrative audit to intermediate contracting parties, and/or subcontractors and their affected legal relationships in order to enable the inclusion of the actual supplier of a service under the administrative audit.

Section 31/G³⁶¹

(1)³⁶² In the case of support provided by the MNF, the MNF shall monitor the use of such support, and the financial settlement of the film, and the MNF shall issue a report on it in accordance with the Decree of the President. The MNF shall send this report to the Office without delay. The Office shall be bound by the support certificate referred to in Subsection (1) of Section 31/C, and by the content of the report submitted by the MNF for the part of the administrative decision on the cost verification procedure audited by the MNF and it may not depart in its administrative decision from the content of that report, except as set out in Subsection (2).

(2) Where the content of that report fails to comply with the statutory conditions, the Office shall invite the MNF to amend the report with the view to ensuring its compliance with legislation within the prescribed deadline. If, despite this invitation, the report fails to comply with the legislative provisions, the Office shall disregard that report and its content in its administrative procedure and administrative decision.

(3) The Office may conduct on-site audits from the commencement of the film production until the date of its release, having regard to Subsection (1).

(4)³⁶³ Subsections (1)–(3) shall be applied where the entity providing direct support issues a report in accordance with the decree of the President, for the purposes of this provision also including the MTVA.

Section 31/H³⁶⁴

If the eligibility for support is issued, after the decision closing the administrative proceeding on

³⁶⁰ Amended by Point 59 of Subsection (1) of Section 28 of Act CXCIX of 2012.

³⁶¹ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

³⁶² Amended by Paragraph *j*) of Section 332 of Act L of 2014.

³⁶³ Amended by Point 60 of Subsection (1) of Section 28 of Act CXCIX of 2012.

³⁶⁴ Enacted by Section 11 of Act CLXIX of 2011. Amended by Paragraph *k*) of Section 332 of Act LXXIV of 2014, Paragraph *c*) of Section 236 of Act L of 2017.

this matter becomes final, the Office shall immediately register, in an ex officio procedure, the film as well as any data and/or facts the administrative decision is based on in the register of cinematographic works eligible for support. Where the film is already in the register, the Office shall add the data and facts established in the definitive decision closing the procedure for the issuance of the support certificate or the cost verification procedure to the data already registered.

Title 6³⁶⁵

Other Tasks of the Office³⁶⁶

Section 32³⁶⁷

(1)³⁶⁸ The Office shall perform the tasks necessary for the operation of the information system for the motion picture industry by the National Statistical Data Collection Program.

(2) The Office shall arrange its register under this Act into a database manageable electronically, in the manner set out by the President in a decree.

(3)³⁶⁹ The Office shall certify on the basis of this Act and the data in its register the eligibility of natural persons and entities, and cinematographic works, its level, and in particular the fact that direct support have been accounted for.

(4)³⁷⁰ The Office shall register, in an ex officio procedure, all cinematographic works, for the preparation or production of which no support under this Act was provided. Detailed rules for the registration of such cinematographic works shall be laid down in the decree of the President.

(5)³⁷¹ The Office shall provide information, upon request, from the motion picture statistical database it maintains.

(6)³⁷² The data contained in the register referred to in Subsection (2) shall be made available free of charge to the Központi Statisztikai Hivatal (*Central Statistics Office*) in accordance with Section 28 of Act CLV of 2016 on Official Statistics (hereinafter referred to as “Statistics Act”) for statistical purposes to the extent necessary, in a form enabling individual identification, provided that the statistical objective is verified in advance. The data thus received may be used by the Központi Statisztikai Hivatal for statistical purposes. The type of data to be disclosed and the detailed rules of disclosure shall be laid down in a cooperation agreement provided for in Section 28 of the Statistics Act.

Section 33³⁷³

(1) The Office shall assist film producers, film distributors and motion picture organizations in establishing international coproduction relations. It shall promote the awareness of the provisions set out in this Act to facilitate the development of the motion picture industry by international

³⁶⁵ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

³⁶⁶ Enacted by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

³⁶⁷ Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

³⁶⁸ Established by Subsection (1) of Section 23 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁶⁹ Amended by Point 3 of Subsection (1) of Section 29 of Act CXCIX of 2012.

³⁷⁰ Amended by Point 61 of Subsection (1) of Section 28 of Act CXCIX of 2012.

³⁷¹ Enacted by Subsection (2) of Section 23 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁷² Enacted by Subsection (1) of Section 29 of Act XLIV of 2017, effective as of 2 June 2017.

³⁷³ Established by Section 11 of Act CLXIX of 2011, effective as of 1 January 2012.

market players, and take part in the work of European and international motion picture organizations.

(2) The Office shall perform any task laid down in bilateral and multilateral international coproduction agreements, in particular it shall issue the coproduction certificate provided for in any international agreement, in accordance with the procedure laid down in that agreement.

(3) The Office may make professional proposals to the Minister for the development of the Government's policy related to the domestic and international strategic issues of the motion picture industry and Hungarian participation in the European Union's audiovisual programs; it may make recommendations to conclude international coproduction agreements and on their content.

Section 33/A³⁷⁴

The Office shall represent Hungary in the European Audiovisual Observatory.

Chapter IV³⁷⁵

USE OF PUBLIC AREAS AND OTHER STATE-OWNED PROPERTY FOR SHOOTING FILMS³⁷⁶

Section 34³⁷⁷

(1)³⁷⁸ This Chapter shall apply to the use of any public area owned by a municipal government, and any real estate property under the management of the person entitled to exercise ownership rights under the Act on National Assets (hereinafter referred to as "Act on National Assets") for shooting, except for major national monuments. For the purposes of this Chapter:

a) an advertisement spot subject to the Act on the Basic Requirements and Certain Restrictions of Commercial Advertising Activities shall also qualify as cinematographic works,

b)³⁷⁹ the use of public areas shall qualify as use of public areas for film shooting even if it is required for technical activities related to the shooting, and/or crew parking, evacuation and providing for an area closed for the traffic.

(2) An application may be submitted by the film producer or the film production company (hereinafter referred to collectively as "applicant").

(3)³⁸⁰ The municipal government may permit the use of public areas for film shooting for a fee charged in accordance with Annex 3. For night shooting exceeding a calendar day by a maximum of six hours, for this fraction day the fees provided for in Annex 3 shall be applied. Any fee set for the use of a public area shall be due to the person exercising ownership rights. The highest fees

³⁷⁴ Enacted by Section 24 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁷⁵ Established by Subsection (11) of Section 51 of Act LXXXIV of 2013, effective as of 1 July 2013.

³⁷⁶ Established by Section 80 of Act LXVII of 2016, effective as of 1 October 2016.

³⁷⁷ Established by Subsection (11) of Section 51 of Act LXXXIV of 2013, effective as of 1 July 2013.

³⁷⁸ Established by Subsection (1) of Section 81 of Act LXVII of 2016, effective as of 1 October 2016.

³⁷⁹ Established by Subsection (1) of Section 16 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁸⁰ Established by Subsection (2) of Section 81 of Act LXVII of 2016, effective as of 1 October 2016.

under Annex 3 shall be increased annually by the product of the annual consumer price indices published for the second year preceding the year in question. Any fees under Annex 3 modified in accordance with this Subsection shall be published by the MNF and the municipal government holding a website, on their websites at the beginning of the relevant year.

(4) Any use of public areas for film shooting may be permitted to limit the use of private properties adjacent to the public area only to the extent absolutely necessary, and this limitation shall not impose a disproportionate burden upon the owner.

(5) Individual terms and conditions for the use of public areas owned by the municipal government for film shooting shall be regulated by the council of representatives of the municipal government in a decree. In this context it shall set special conditions for events preventing shooting but not attributable to the applicant, and for extraordinary natural events, in particular how many days after such events the use of the area must be ensured again. The council of representatives of the municipal government may grant an exemption or discount for the fee for the use of public areas below a certain duration or space, or required for the purposes of shooting films in the public interest (such as educational, scientific or awareness raising topics, or films produced in the state tertiary motion picture training). Municipal governments having their own website shall publish the terms and conditions for the use of public areas on the website.³⁸¹

(6)³⁸² Any exemption or discount granted under Subsection (5) shall qualify as de minimis aid, to be provided exclusively in accordance with the rules set out in Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. De minimis aid shall not be cumulated with State aid in respect of the same eligible costs if such accumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption Regulations or Decision adopted by the European Commission.

Section 35³⁸³

(1)³⁸⁴ The MNF and the applicant shall agree on the use of public areas in an administrative agreement. This administrative agreement shall become valid upon approval by the council of representatives. Any activity related to film shooting, subject to an administrative permit and/or notification under legislation, other than those set out in Subsection (3) and (4) may be exercised on the basis of a notification, subject to specifying the data provided for in that legislation as the content of that application and/or notification, and submitting its annexes. If unlawfulness is established on the basis of the content of a report or administrative audit the MNF may ban the activity, conduct, and/or the maintenance of the situation affected by said unlawfulness.

(2)³⁸⁵ Any application under this Chapter for the use of public areas for film shooting, as well as administrative notifications related to the film shooting shall be submitted to the MNF at least five working days, in expedited procedures at least two working days before the planned starting

³⁸¹ See Section 98 of Act LXXXIV of 2013.

³⁸² Established by Subsection (2) of Section 16 of Act CLXIII of 2016, effective as of 16 December 2016.

³⁸³ Established by Subsection (11) of Section 51 of Act LXXXIV of 2013, effective as of 1 July 2013.

³⁸⁴ Established by Section 17 of Act CLXIII of 2016. Amended by Paragraph *b*) of Section 237 of Act L of 2017.

³⁸⁵ Established by Subsection (1) of Section 82 of Act LXVII 2016. Amended by Paragraph *c*) of Section 237, Paragraph *k*) of Section 236 of Act L of 2017.

date of shooting. The time limits set out in this Subsection shall apply to any amendment of an administrative agreement. Any application related to the use of public areas affecting the competences of a separate institution of a municipal government may be submitted directly to the institution specified in the government decree implementing this Act. An application for the use of any real estate property under the management of the person entitled to exercise ownership rights under the Act on National Assets may be submitted with the MNF; for the purposes of this provision the MNF shall qualify as participating authority. The MNF shall forward the application without delay, at the latest on the working day following its submission to the person entitled to exercise ownership rights for that property or to its asset manager.

(3)³⁸⁶ If a police permit is required for any theatrical guns used for the film, this application shall be submitted to the MNF at least ten working days, in expedited procedures at least five working days before the planned starting date for shooting the film. The decision must be communicated to the applicant by the planned starting date for shooting the film. No appeal may be lodged in this procedure.

(4)³⁸⁷ In any nature protection licensing procedure related to a film shooting at a site of local importance the administrative time limit shall be fifteen days. This application shall be submitted fifteen days before the planned starting date of shooting, to be provided by the MNF without delay, at the latest on the working day following the submission, to the authority competent for that procedure, for further dealing. The decision must be communicated to the applicant by the planned starting date for shooting the film. If the authority fails to make a statement by the prescribed time limit, its license shall be deemed granted. No appeal may be lodged in this procedure.

(5)³⁸⁸ In the course of any procedure under this Chapter the applicant, the MNF, the Police, the municipal government, the person exercising ownership rights, the authorities affected by the shooting, specialist authorities, and any other affected institutions shall maintain communication with each other electronically.

(6) The administrative agreement on the use of public areas approved by the municipal government shall be concluded at a time to allow the start of the film shooting at the time indicated in the application. Detailed rules for the authorizations for the use of public areas and the submission of administrative notifications, and applications shall be laid down in the government decree implementing this Act. If any authority involved in the licensing of the use of public areas, the municipal government, and/or any other body or institution fails to make a statement by the deadline prescribed in the government decree implementing this Act, its consent shall be deemed granted, with the content and subject to the terms and conditions therein specified.

(7)³⁸⁹ In connection with any application and notification related to film shooting under this Act, the authority of competence, specialist authority shall be entitled to an amount under the title of administrative service fee, one and half times, in expedited procedure fifteen times the amount that would be otherwise due to the authority or to the specialist authority in connection with that procedure. The MNF shall be eligible for 10,000 forints, for expedited procedure 50,000 forints

³⁸⁶ Amended by Section 87 of Act LXVII 2016.

³⁸⁷ Established by Subsection (2) of Section 82 of Act LXVII of 2016, effective as of 1 October 2016.

³⁸⁸ Established by Subsection (2) of Section 82 of Act LXVII of 2016, effective as of 1 October 2016.

³⁸⁹ Established by Subsection (3) of Section 82 of Act LXVII of 2016, effective as of 1 October 2016.

administrative service fee for any procedure related to an administrative agreement. The MNF shall be required to repay the administrative service fee if it fails to comply with any of the time limits prescribed in the government decree implementing this Act, and for expedited procedure it fails to perform the relevant procedural action within one working day at the latest.

(8)³⁹⁰ The manager of a public road shall allow entry of the applicant's vehicles subject to a permission to restricted traffic zones proportionately with the use of public spaces in a manner by examining, on the basis of a separately submitted application for an entry permit whether the size of the requested public space is sufficient and/or there are any obstacle to the entry of the requested vehicles (excess weight, excess size). Where the requested public space is available to a sufficient level and other obstacles exist, the entry permit shall be issued for the applicant's vehicles by the starting date of shooting. If the authority fails to make a statement in due time, its permission shall be deemed granted.

(9)³⁹¹ Under this Act, the organizational unit of the MNF designated for this purpose shall be entitled to exercise administrative powers with regard to the matters set out in this Chapter; it shall be competent to act in the territory of the entire country.

Chapter IV/A³⁹²

Sections 35/A–35/B³⁹³

Chapter V

CLOSING PROVISIONS

Title 1³⁹⁴

Enacting and Transitional Provisions³⁹⁵

Section 36

(1) This Act shall enter into force on 1 April 2004. Paragraph *e*) of Point 15 of Section 2 shall enter into force upon the promulgation of the international treaty on the accession to the European Union.

(2)³⁹⁶ The payment terms and conditions for the fees payable for the Office's procedure under

³⁹⁰ Established by Subsection (4) of Section 82 of Act LXVII of 2016, effective as of 1 October 2016.

³⁹¹ Established by Subsection (4) of Section 82 of Act LXVII of 2016, effective as of 1 October 2016.

³⁹² Repealed by Paragraph *d*) of Subsection (16) of Section 51 of Act LXXXIV of 2013, effective as of 1 July 2013.

³⁹³ Repealed by Paragraph *d*) of Subsection (16) of Section 51 of Act LXXXIV of 2013, effective as of 1 July 2013.

³⁹⁴ Enacted by Subsection (1) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁹⁵ Enacted by Subsection (1) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

³⁹⁶ Established by Subsection (1) of Section 14 of Act CLXIX of 2011. Amended by Point 62 of

this Act, as well as the amount of the fees and their pricing rules shall be decreed by the President.

(3)³⁹⁷ Cinematographic works already under distribution at the time when this act comes into force need not be reclassified according to the provisions of this Act in respect of the “art” classification and they may continue to apply the earlier “art” classifications recognized by the Magyar Mozgóképek Közalapítvány (*Motion Picture Foundation of Hungary*).

(4)³⁹⁸ As of 1 January 2012, the budgetary appropriations (financial envelope) of the Kulturális Örökségvédelmi Hivatal (*National Office of Cultural Heritage*) (hereinafter referred to as “KÖH”) ensuring the operation of the motion picture authority, as well as the assets of the Nemzeti Filmiroda (*National Film Office*) taken over by the KÖH as of 1 January 2007 shall be transferred to the NMHH, subject to itemized settlement.

(5)³⁹⁹ As of 1 January 2012 the NMHH shall be the successor of KÖH with regard to motion picture regulatory functions. Any document generated before 1 January 2012 in the course of carrying out motion picture industry tasks, as well as any electronically stored data must be transferred to the NMHH, which shall store and process them.

(7)⁴⁰⁰ Films classified before 1 January 2012 with the view to protecting minors:

- a) in category II, shall be deemed to be classified into category III as of 1 January 2012,
- b) in category III, shall be deemed to be classified into category IV as of 1 January 2012,
- c) in category IV, shall be deemed to be classified into category V as of 1 January 2012,
- d) in category V, shall be deemed to be classified into category VI as of 1 January 2012, by virtue of this Act.

(8)⁴⁰¹ As of 1 January 2012, for cinematographic works classified before that date the new classification rules set out in Subsection (7) shall apply.

(9)⁴⁰² In any case pending on 1 January 2012 the new categories referred to in Subsection (7) shall be applied.

Section 36/A⁴⁰³

(1) Subsection (5) of Section 14, Subsection (10) of Section 19/A, and Subsections (4) to (9) of Section 26/B of this Act, as established by Act CXCIX of 2012 on the Amendment of Act II of 2004 on Motion Pictures shall apply in procedures pending upon the entry into force of Act CXCIX of 2012 on the Amendment of Act II of 2004 on Motion Pictures.

(2) Any tasks laid down in Subsection (1) of Section 32, as established by Act CXCIX of 2012 on the Amendment of Act II of 2004 on Motion Pictures, shall be performed by the Office starting

Subsection (1) of Section 28 of Act CXCIX of 2012.

³⁹⁷ Amended by Subsection (2) of Section 296 of Act XCIX of 2014.

³⁹⁸ Enacted by Subsection (2) of Section 14 of Act CLXIX of 2011, effective as of 1 January 2012.

³⁹⁹ Enacted by Subsection (2) of Section 14 of Act CLXIX of 2011, effective as of 1 January 2012.

⁴⁰⁰ Enacted by Subsection (3) of Section 14 of Act CLXIX of 2011, effective as of 1 January 2012.

⁴⁰¹ Enacted by Subsection (3) of Section 14 of Act CLXIX of 2011, effective as of 1 January 2012.

⁴⁰² Enacted by Subsection (3) of Section 14 of Act CLXIX of 2011, effective as of 1 January 2012.

⁴⁰³ Enacted by Subsection (2) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

with the tasks related to data collection for the year 2013.

(3) Any motion picture industry entity registered exclusively as a workshop may apply for its registration in the capacity under Subsection (4) of Section 28 by 31 December 2012. If the registered motion picture organization fails to submit a request by that deadline or the Office rejects its application, the Office shall deregister the motion picture organization registered exclusively as a workshop. If a motion picture organization is registered in any capacity other than workshop, the Office shall deregister the workshop capacity only.

Section 36/B⁴⁰⁴

(1) The rights and obligations related to the National Digital Repository, the Newsreel Online and Gramophone Online applications shall accrued upon the State as of 1 January 2013.

(2) Upon the entry into force of Act CXCIX of 2012 on the Amendment of Act II of 2004 on Motion Pictures any movables owned by the Neumann János Digital Library and Multimedia Center Kft. (hereinafter referred to as “Company”) serving the operation of the National Digital Depository shall be transferred to the State in its entirety without consideration on 1 January 2013.

(3) Any right and obligation related to the applications referred to in Subsection (1) arising from the contractual relations in existence upon the entry into force of Act CXCIX of 2012 on the Amendment of Act II of 2004 on Motion Pictures shall be transferred in their entirety and subject to unchanged terms to the State, this assignment shall not affect the rights and obligations of the contracting parties. For the assignment that takes place in contractual relationships the rules set out in the Act on Public Procurement for the amendment of contracts shall not be applied.

(4)⁴⁰⁵ In legal relationships directly related to the maintenance and operation of the applications referred to in Subsection (1) the Magyar Nemzeti Digitális Archívum és Filmintézet (*Hungarian National Digital Archive and the Film Institution*) (hereinafter referred to as “MaNDA”) shall be the successor of the Company.

(5) With regard to the assets referred to in Subsections (1) and (2) asset management rights shall be exercised by the MaNDA.

(6) The cost of these assets under the Accounting Act shall be identical with the book value of the assets in the Company’s books upon the transfer.

(7) Any transfer of assets under this Section shall be exempt from taxes and duties.

Section 36/C⁴⁰⁶

Chapter IV of this Act, as established by Section 51 of Act LXXXIV of 2013 on the Amendment of Regulations Relating to Administrative Proceedings and Official Public Registers, and on the Amendment of Other Acts, shall be applied in procedures initiated and/or repeated after the entry into force of that provision.

Section 36/D⁴⁰⁷

Subsection (2) of Section 31/F, as established by Act CCLI of 2013 on the Amendment of Certain Acts in Connection with Development Policies, shall be applied to any income acquired by private individuals after 1 January 2013.

⁴⁰⁴ Enacted by Subsection (2) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁰⁵ Amended by Paragraph *c*) of Subsection (8) of Section 60 of Act CIV of 2016.

⁴⁰⁶ Enacted by Subsection (12) of Section 51 of Act LXXXVI of 2013, effective as of 1 July 2013.

⁴⁰⁷ Enacted by Section 9 of Act CCLI of 2013, effective as of 1 January 2014.

Section 36/E⁴⁰⁸

(1) When verifying the aid intensities set out in Section 13 under Paragraph *c*) of Subsection (5) of Section 31/B and Subsection (5) of Section 31/D, the Office shall verify compliance with the aid intensities effective at the time of receipt of the application for the establishment of the film's eligibility by the Office.

(2) Subsection (3) of Section 13 of this Act, as amended by the Amending Act, shall also be applied in procedures for establishing the eligibility of films supported by the MNF, as initiated by an application submitted to the motion picture authority after 15 March 2014.

(3) Subsection (3) of Section 31/D of this Act, as amended by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall be also applied in cost verification procedures and support certification procedures pending upon the entry into force of Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal.

(4) Subsection (4) of Section 31/D and Subsection (6) of Section 31/D of this Act, as amended by Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal, shall be also applied in closing settlements pending upon the entry into force of Act LXXIV of 2014 on the Amendment of Tax Laws and Other Related Regulations, and on the Amendment of Act CXXII of 2010 on the Nemzeti Adó- és Vámhivatal.

Section 36/F⁴⁰⁹

Based on the Government's decision to this end, the central budget may pay in 2015 the amount corresponding to the positive difference between the statutory allocation set out in Paragraph *c*) of Subsection (7) of Section 31/D and the indirect support collected during the year 2015 in the deposit account under Subsection (3) of Section 22 and Paragraph *a*) of Subsection (3) of Section 24/A of the Corporate Tax Act to the deposit account. This difference reimbursed based on the Government's decision may be paid in excess of the limit referred to in Paragraph *c*) of Subsection (7) of Section 31/D.

Section 36/G⁴¹⁰

Any natural or legal person engaged in the operation of cinemas upon the entry into force of Act CCXII of 2015 on the Amendment of Certain Acts in Connection with Economic Growth (hereinafter referred to as "Act CCXII/2015") shall be required to notify the Authority of the cinema operation activity in accordance with Section 19/L within sixty days following the entry into force of Act CCXII/2015.

Section 36/H⁴¹¹

Subsections (7) and (8) of Section 14, Paragraph *f*) of Subsection (2a) and Subsection (2b) of Section 31/B, Subsection (4) and Paragraph *d*) of Subsection (5) of Section 31/C of this Act, as established Act LXVII of 2016 on Establishing the Foundations for the 2017 Budget of Hungary, shall be applied in procedures, in which the application for the establishment of eligibility was submitted after 17 July 2016.

⁴⁰⁸ Enacted by Section 331 of Act LXXIV of 2014, effective as of 27 November 2014.

⁴⁰⁹ Enacted by Section 18 of Act CCXII of 2015, effective as of 17 December 2015.

⁴¹⁰ Enacted by Section 19 of Act CCXII of 2015, effective as of 31 December 2015.

⁴¹¹ Established by Section 18 of Act CLXIII of 2016, effective as of 16 December 2016.

Section 36/I⁴¹²

The MNF and any municipal government having its own company website shall be required to publish the schedule of fees provided for in Subsection (3) of Section 34, as established by Act LXVII of 2016 on Establishing the Foundations for the 2017 Budget of Hungary, by 30 September 2016 on its website, in addition to the publication obligations set out in this Act. Municipal governments shall be required by 30 September 2016 to harmonize their decrees under Subsection (5) of Section 34 with the provision of this Act as amended by Act LXVII of 2016 on Establishing the Foundations for the 2017 Budget of Hungary.

Section 36/J⁴¹³

(1) The MaNDA shall cease to exist on 31 December 2016. In the context of the tasks referred to in Chapter 1/A, use and other rights related national film assets, including the exercise of the rights and obligations under Subsections (4) and (5) of Section 36/B, the successor of the MaNDA in the asset management contracts shall be the MNF with regard to the assets and rights of a productive character required for the performance of asset management tasks, furthermore to properties managed by MaNDA or its predecessor before 31 December 2013, in particular the property located at 1021 Budapest, Budakeszi út 51/E. (lot number: 10937/26) and 1021 Budapest, Budakeszi út 51/C. (lot number: 10937/18), as well as to any assets and rights of a productive character required for the performance of asset management tasks.

(2) In addition to what is contained in Subsection (1), all legal relationships related to the performance of the transferred tasks shall be the subject of succession and the transfer of tasks, including pecuniary rights and obligations, fixed asset portfolio related to the transferred tasks, in particular assets related to archiving and digitization tasks, and the employment relations of employees further employed by the MNF for the performance of tasks under this Act after the transfer, as well as the exercise of any related employer's right.

(3) Transfer of assets under Subsection (1) and (2) shall be exempt from taxes and duties; and it shall be deemed for the purposes of Act CXXVII of 2007 on Value Added Tax (hereinafter referred to as "VAT Act") as dissolution by succession compliant with the condition set out in Paragraph *h*) of Subsection (3) of Section 17 of the Vat Act, and shall be otherwise exempt from taxes.

(4) The transfer of the rights and obligations referred to in Subsections (1) and (2) arising from the termination of the MaNDA shall not make any claim outstanding against the MaNDA due and payable; breach of contract or enforcement of a claim for a security may not be alleged on this ground; this transfer shall not give rise to any royalty claim.

(5) On the basis of the succession under Subsection (1) the asset management right of the successor shall be registered in the real estate register on the basis of the unilateral statement by the MNF, under the title of succession, with regard to any property where the registered asset manager has been the MaNDA or its predecessor.

(6) The MaNDA and the MNF shall enter into a transition agreement on the re-allocation of assets and staff related to this succession and the tasks and commitments of the MaNDA. In the course of said transition procedure any document generated in the course of carrying out the tasks, as well as any electronically stored data must be transferred to the NMHH by 31 December 2016 at the latest, which shall store and process them.

Section 36/K⁴¹⁴

⁴¹² Enacted by Subsection (2) of Section 83 of Act LXVII of 2016, effective as of 17 July 2016.

⁴¹³ Enacted by Subsection (6) of Section 60 of Act CIV of 2016, effective as of 21 October 2016.

⁴¹⁴ Enacted by Section 19 of Act CLXIII of 2016, effective as of 16 December 2016.

(1) Subsections (2c) to (2e) of Section 31/B of this Act, as established by Act CLXIII of 2016 on the Amendment of Act II of 2004 on Motion Pictures (hereinafter referred to as “Act CLXIII/2016”) shall be applied in procedures initiated by an application for the establishment of eligibility submitted after the entry into force of Act CLXIII/2016.

(2) Subsection (2) of Section 31/F of this Act, as established by Act CLXIII/2016, shall be applied for the first time for cinematographic works, with regard of which the film producer or the film production company submitted its application for the establishment of eligibility to the Authority after 31 December 2016. Subsection (2) of Section 31/F of this Act, as established by Act CLXIII/2016, shall be applied in procedures for the issue of a support certificate or cost verification procedure with regard to remuneration paid to foreign performing artists and crew members directly participating in the film production after 31 December 2017, even if the application for the establishment of eligibility for that film took place before 1 January 2017.

(3) Subsection (10) of Section 31/E and Paragraph *c*) of Subsection (1) of Section 31/F of this Act, as established by Act CLXIII/2016, shall be applied in procedures for the establishment of eligibility initiated by an application submitted to the Authority after 17 July 2016, and pending upon the entry into force of Act CLXIII/2016.

(4) Any natural or legal person engaged in film distribution activities upon the entry into force of Act CLXIII/2016 shall be required to notify the Authority of the film distribution activity in accordance with Section 19/M within thirty days following the entry into force of Act CLXIII/2016.

(5) Any natural or legal person engaged in distribution activity and holding a contract for the distribution of a film in Hungary upon the entry into force of Section 19/N, as established by Act CLXIII/2016, shall be required, within thirty days after the entry into force of Section 19/N, as established by Act CLXIII/2016, to register the film on the dedicated online platform set up by the Authority for this purpose.

(6) The mandate of five members of the Motion Picture Board acting as specialist authority in the procedure for the “art” classification of films shall be terminated from 1 January 2017.

(7) The amount of direct subsidies collected on the deposit account in the fourth quarter of 2016 may exceed the pro rata temporis part of the allocation set out in Paragraph *d*) of Subsection (7) of Section 31/D, under Subsection (3) of Section 22 and Paragraph *a*) of Subsection (3) of Section 24/A of the Corporate Tax Act. Where the amount deposited to the deposit account exceeds, in annual aggregate, the allocation set out in Paragraph *d*) of Subsection (7) of Section 31/D, the state tax authority shall have no payment obligation under Subsection (13) of Section 31/D for the fourth quarter of 2016.

Section 36/L⁴¹⁵

The provisions of this Act laid down by Act L of 2017 on Amendments Relating to the Implementation of the Act on General Public Administration Procedures and the Act on the Code of Administrative Procedure (hereinafter referred to as “Administrative Amendments Act”) shall be applied in procedures initiated and repeated after the entry into force of the Administrative Amendments Act.

Title 2⁴¹⁶

⁴¹⁵ Enacted by Subsection (10) of Section 235 of Act L of 2017, effective as of 1 January 2018.

⁴¹⁶ Enacted by Subsection (3) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

Authorizations⁴¹⁷

Section 37⁴¹⁸

(1)⁴¹⁹ The Government is hereby authorized to decree the detailed provisions relating to the procedures for the use of public land owned by municipal governments, and by the State for film shooting, as well as for the transmission of administrative notifications, applications, furthermore detailed rules for the registers related to the MNF's procedure.

(1a)⁴²⁰ The Government is hereby authorized to decree the amount that can be deposited in the relevant year in the deposit account, without the additional support.⁴²¹

(2)⁴²² The Minister is hereby authorized to decree:

a) the rules for the support of motion picture industry activities other than film production under this Act,⁴²³

b) the conditions required for classification as "art" cinema according to Subsection (2) of Section 25 and the conditions for the accessibility of cinemas for people with disabilities,⁴²⁴

c)⁴²⁵ in agreement with the minister in charge of taxation, detailed rules for the administrative service fee payable to the MNF for the procedure related to the use of public land owned by the municipal government for film shooting.

(3)⁴²⁶

(3a)⁴²⁷

(4)⁴²⁸ Municipal governments are hereby authorized to decree the detailed provisions for the fee to be charged for the use of public land appertaining to them for film shooting, complementing the rules set out in this Act, any applicable exemptions and discounts, spatial and temporal limitation of the use as well as its other conditions, and the public areas of priority for tourism purposes.

(5)⁴²⁹

Section 38⁴³⁰

⁴¹⁷ Enacted by Subsection (3) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴¹⁸ Established by Section 15 of Act CLXIX of 2011, effective as of 1 January 2012.

⁴¹⁹ Established by Subsection (7) of Section 60 of Act CIV of 2016, effective as of 21 October 2016.

⁴²⁰ Enacted by Section 20 of Act CLXIII of 2016, effective as of 2 January 2017.

⁴²¹ See Government Decree 439/2016 (XII. 16.).

⁴²² Established by Subsection (5) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴²³ See Decree No. 67/2013 (X. 17.) EMMI.

⁴²⁴ See Decree No. 78/2013 (XII. 16.) EMMI.

⁴²⁵ Established by Subsection (2) of Section 84 of Act LXVII of 2016, effective as of 1 October 2016.

⁴²⁶ Repealed by Section 88 of Act LXVII of 2016, effective as of 1 October 2016.

⁴²⁷ Repealed by Section 88 of Act LXVII of 2016, effective as of 1 October 2016.

⁴²⁸ Established by Subsection (15) of Section 51 of Act LXXXIV of 2013, effective as of 1 July 2013.

⁴²⁹ Repealed by Section 88 of Act LXVII of 2016, effective as of 1 October 2016.

⁴³⁰ Established by Section 16 of Act CLXIX of 2011, effective as of 1 January 2012.

The President is hereby authorized to decree:

*a)*⁴³¹ the set of data that can be registered in the register maintained by the Office under this Act, the persons subject to data disclosure obligation, the manner of reporting to the Office and requests for information from the register,⁴³²

b) the manner of displaying the marking corresponding to the category determined by the Office on the film, on the trailer, on any public presentation thereof, and on the packaging and cover of all data media marketed, as well as in all communications and advertisements related to the film,⁴³³

c) the conditions for marking film according to their age limits,⁴³⁴

*d)*⁴³⁵ for support provided by the MNF and other sponsors in an indirect support procedure, detailed rules for the report issued by the MNF and other sponsors with regard to monitoring the use of support and the film's financial settlements,

e) the order of issuing coproduction certificates set out in international agreements, as well as other certificates required for the international cooperation by the Hungarian motion picture industry,⁴³⁶

*f)*⁴³⁷ the costs of film production laid down by the Office, serving as a basis for receiving support under this Act,⁴³⁸

*g)*⁴³⁹ the set of procedures or non-administrative motion picture industry statistical tasks where electronic communication is mandatory or exclusive,

h) the manner of and conditions for arranging the registers referred to in this Act into a database that can be managed electronically,⁴⁴⁰

*i)*⁴⁴¹ the payment and handling method and conditions for the fees payable for the Authority's procedure under this Act, as well as the amount of the fees and the pricing rules, and the order for keeping record and reimbursement of the fees,

*j)*⁴⁴² the obligation to provide motion picture industry statistical data, the set of data to be reported, the persons subject to data disclosure obligation, the manner and timing of reporting, and the manner of the provision of information from the motion picture industry statistical database,

*k)*⁴⁴³ the manner of displaying the State as sponsor in the closing credits of the film.

⁴³¹ Established by Subsection (8) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴³² See Decree No. 11/2012 (VIII. 9.) NMHH.

⁴³³ See Decree No. 10/2012 (III. 28.) NMHH.

⁴³⁴ See Decree No. 10/2012 (III. 28.) NMHH.

⁴³⁵ Amended by Point 63 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁴³⁶ See Decree No. 11/2012 (VIII. 9.) NMHH.

⁴³⁷ Amended by Point 64 of Subsection (1) of Section 28 of Act CXCIX of 2012.

⁴³⁸ See Decree No. 10/2012 (III. 28.) NMHH.

⁴³⁹ Established by Subsection (9) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁴⁰ See Decree No. 11/2012 (VIII. 9.) NMHH.

⁴⁴¹ Established by Subsection (10) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁴² Enacted by Subsection (11) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁴³ Enacted by Section 85 of Act LXVII of 2016, effective as of 17 July 2016.

Title 3⁴⁴⁴

Compliance with the Acquis⁴⁴⁵

Section 38/A⁴⁴⁶

(1) This Act contains regulations that serves the purpose of compliance with Article 24 of Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States amending Regulation (EEC) No. 1612/68 and repealing Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC.

(2) This Act contains provisions for the implementation of Regulation (EC) No. 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No. 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No. 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programs of the European Communities.

Title 4⁴⁴⁷

Compliance with the Majority Requirement Set Out in the Fundamental Law⁴⁴⁸

Section 38/B⁴⁴⁹

Chapter III of this Act shall be considered cardinal pursuant to Article IX(3) of the Fundamental Law.

Title 5⁴⁵⁰

Compliance with the State Aid Rules of European Union Legislation⁴⁵¹

Section 38/C⁴⁵²

⁴⁴⁴ Enacted by Subsection (12) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁴⁵ Established by Subsection (12) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁴⁶ Enacted by Subsection (2) of Section 29 of Act XLIV of 2017, effective as of 2 June 2017.

⁴⁴⁷ Enacted by Subsection (13) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁴⁸ Enacted by Subsection (13) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁴⁹ Enacted by Subsection (13) of Section 26 of Act CXCIX of 2012, effective as of 16 December 2012.

⁴⁵⁰ Enacted by Section 21 of Act CLXIII of 2016, effective as of 16 December 2016.

⁴⁵¹ Enacted by Section 21 of Act CLXIII of 2016, effective as of 16 December 2016.

⁴⁵² Enacted by Section 21 of Act CLXIII of 2016, effective as of 16 December 2016.

This Act contains a state aid covered by:

a) Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid; and

b) State aid decision No. N 202/2008 on the Hungarian film support scheme (prolonged by the decision No. SA.36579 and its amending decision of No. SA.38425 by the European Commission.

*Chapter VI*⁴⁵³

Sections 39–40⁴⁵⁴

*Annex 1 to Act II of 2004*⁴⁵⁵

Rating categories

A) Feature films

	A	B
1	Hungarian element	Maximum score
2	1. Authors:	
3	Director	12
4	Script writer	8
5	Composer	4
6	Total	24
7	2. Film producer	
8	Motion picture company	10
9	Producer	5
10	Total	15
11	3. Cinematographic works originally produced in Hungarian	
12	4. Actors (appearing in picture or sound):	
13	Featured actors	10
14	Supporting actors	5
15	Total	15
16	5. a) Creative staff members:	
17	Director of photography	3
18	Editor	2
19	Production designer	2
20	Costume designer	2
21	Master make-up artist	1
22	b) Technical staff members:	
23	Sound engineer	2
24	Specialist staff	2
25	Workers	1
26	Total	15

⁴⁵³ Repealed by Point 657 of Section 2 of Act LXXXII of 2007, effective as of 1 July 2007.

⁴⁵⁴ Repealed by Point 657 of Section 2 of Act LXXXII of 2007, effective as of 1 July 2007.

⁴⁵⁵ Enacted by Paragraph a) of Section 27 of, and Annex 1 to Act CXCIX of 2012, effective as of 16 December 2012.

27	6. Shooting and post-production:	
28	a) Location of making the film	
29	Filming locations	3
30	Shooting laboratory (negative development and master preparation)	2
31	b) Technology used for filming	
32	Picture	2
33	Lighting	1
34	Technical structures	1
35	c) Sound post-production (mixing)	3
36	d) Laboratory work and electronic post-production editing	4
37	Total	16

B) Animations, and films appearing in computer programs and games

	A	B
	Hungarian element	Maximum score
1	1. Authors:	
2	Author of literary book	6
3	Character designer	4
4	Storyboard writer	7
5	Director	10
6	Composer	3
7	Total	30
8	2. Film producer	
9	Motion picture company	10
10	Producer	5
11	Total	15
12	3. Cinematographic works originally produced in Hungarian	10
13	4. Actors (voices of characters)	3
14	5. Creative and technical staff members:	
15	Picture designer and senior picture designer	10
16	Background designer	4
17	Animators	10
18	Painters	7
19	Composite designer	3
20	Total	34
21	6. Post-production	
22	Editor	4
23	Sound engineer	4
24	Total	8

C) Documentary and scientific documentary films

	A	B
	Hungarian element	Maximum score
1	1. Authors:	
2	Director	12
3	Script-writer, editor or screenplay author	8
4	Composer	4
5	Total	24
6	2. Film producer	
7	Motion picture company	10
8	Producer	5

10	Total	15
11	3. Cinematographic works originally produced in Hungarian	13
12	4. Actors (appearing in picture or sound):	15
13	5. Creative and technical staff members:	
14	Director of photography	10
15	Sound engineer	4
16	Editor	3
17	Total	17
18	6. Shooting and post-production:	
19	a) Filming locations	6
20	b) Technology used for filming	2
21	c) Sound post-production (mixing)	4
22	d) Laboratory work (special effects, lighting) and electronic post-production editing	4
23	Total	16

Annex 2 to Act II of 2004⁴⁵⁶

Cultural conditions required of cinematographic works

	A	B
1		Score that can be awarded
2	Cultural content	
3	a) the topic of the film or the work it is based on is based on a historic story (event) that is part of the Hungarian or European culture, and/or is related to the presentation and/or processing of a story (event) important from the historic, mythological, religious point of view	1
4	b) people or characters are featured in the film's topic or in the work it is based on that are related to the Hungarian or European culture, and/or history, and they are considered significant due to their relationship with the society or religion	1
5	c) the film features Hungarian or European customs and way of living or promotes certain elements of it	1
	d) the film is set in a Hungarian or other European location and/or in a cultural environment that can be linked to it and displays Hungarian or	

⁴⁵⁶ Enacted by Paragraph *b*) of Section 27 of, and Annex 2 to Act CXCIX of 2012, effective as of 16 December 2012.

6	f) other European settlements (town, country, rural area), and/or a characteristic Hungarian or European cultural feature	1
7	g) the film's script or the work it is based on is based on the adaptation of a literary work or other work of cultural value (fine arts or applied arts, musical work, etc.)	1
8	h) the film's topic or the material it is based on focuses on an issue relevant for the Hungarian society or the society of another European country or from sociological or political perspective	1
9	the film reflect or displays an important Hungarian or European value, in particular cultural diversity, respect for cultural traditions or the family, solidarity, equality, protection for minorities, human rights, tolerance, protection of the environment	1
10	the film serves the better knowledge of the Hungarian or the European culture and identity	1
11	Production conditions	
12	i) the film is a cinematographic work of cultural value on the basis of its genre;	4 1 point for all 2 complied categories; a maximum of 6 points
13	j) there are Hungarian citizens or citizens of another EEA Member State, and/or citizens from non-EEA Member States awarded a prize at an international film festival as:	
14	ja) director	
15	jb) producer	
16	jc) director of photography	
17	jd) script-writer	
18	je) lead and supporting cast	
19	jf) composer	
20	kg) visual effects designer	
21	kh) costume designer	
22	ki) editor	4
23	kj) master make-up artist	
24	kl) line producer/production manager or	4
25	km) post-production manager (sound/image/digital)	
26	l) the final version of the film is produced in the language of an EEA Member State	3
27	at least 51 per cent of the contributors to the film other than those	
28	m) awarded score under Paragraph j) are citizens of an EEA Member State	3
29	n) or the film is coproduction not qualifying as European film coproduction	
	the filming location is in Hungary	
	the preparation of film production or post-production takes place in Hungary	

Annex 3 to Act II of 2004⁴⁵⁷

Fees for the use of public areas owned by the municipal government for film shooting according to the purpose of use

	A	B	C	D	E	F
1	Classification of the public land	Filming area	Technical area	Parking for the staff	Evacuation area	Area closed from traffic

⁴⁵⁷ Established by Section 22 of, and Annex 1 to Act CLXIII of 2016, effective as of 16 December 2016.

		(F)	(T)	(P)	(K)	(E)
		Ft/m2/day	Ft/m2/day	Ft/m2/day	Ft/m2/day	Ft/m2/day
2	World heritage sites listed in Annex 1 to Act LXXVII of 2011 on World Heritage	2,084	1,042	521	521	100
		<i>For fraction days the following fees shall apply*</i>				
		1042*	521*	261*	261*	50*
3	Key Budapest tourist areas	833	416	208	208	40
		<i>For fraction days the following fees shall apply*</i>				
		416*	208*	104*	104*	20*
4	Areas within the administrative limits of Budapest outside categories 1 and 2	312	156	104	104	10
		<i>For fraction days the following fees shall apply*</i>				
		156*	78*	52*	52*	5*
5	Key tourist areas of cities, county level towns, district capitals and villages	521	208	208	208	20
		<i>For fraction days the following fees shall apply*</i>				
		261*	104*	104*	104*	10*
6	Non-key tourist areas of cities, county level towns, district capitals and villages	208	156	104	104	10
		<i>For fraction days the following fees shall apply*</i>				
		104*	78*	52*	52*	5*

For the purposes of this Annex:

a) Area closed to traffic: any areas not used for film production but closed to traffic for the purposes of the filming to pedestrian and vehicle traffic. The area of this safety zone must be proportionate to the size of the shooting area. The level of proportionality shall be determined on the basis of the traffic technology plan adopted by the manager of the public road.

b) filming area: the area occupied by the cast recorded on screen, other contributors, elements of decoration, fixtures, accessories, and vehicles.

c) evacuation area: areas used in the areas within the categories under Paragraphs b), d) and e) on the day preceding the shooting day expressly for the purpose of evacuating the shooting, technical and staff parking areas, where no activity other than the one listed in Paragraph d) takes place in this area.

d) staff parking area: an area occupied by the service units and vehicles, separable from the filming location other than areas within the categories under Paragraphs b) and e).

e) technical area: the area occupied by the assets taken to the direct environment of the filming location facilitating the technical implementation of the film (such as cameras, lighting and sound recording devices), and the staff operating them, as well as other units and vehicles directly serving the shooting.