

Effective from: 01.01.2018 -

Act LXXV of 2014

on the European grouping of territorial cooperation¹

In order to strengthen economic, social and territorial cohesion and to facilitate cross-border, transnational and interregional cooperation, in conformity with the legal acts of the Union, the Hungarian Parliament adopts the following Act:

CHAPTER I

GENERAL PROVISIONS

1. Scope

Section 1. (1) The Hungarian equivalent for ‘European grouping of territorial cooperation’ (EGTC, európai területi együttműködési csoportosulás) shall be ‘európai területi társulás’ (abbreviated name in Hungarian: ETT).

(2) Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (hereinafter: ‘the Regulation’), and Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings as well as the rules laid down in this Act shall apply to the establishment, organisation, operation and dissolution of the EGTC based in Hungary.

(3) The rules set forth in this Act shall be applied to the procedure aimed at the approval of the participation of a member under the laws of Hungary in an EGTC based abroad.

2. Membership

Section 2.² For the purposes of Article 3(1) of the Regulation, with respect to Hungary, organisations with legal personality referred to in Section 5(1) of Act CXLIII of 2015 on public procurement (hereinafter: ‘Act CXLIII’) may be members of an EGTC.

3. Activity

Section 3. (1) An EGTC may not be established for the primary purpose of pursuing economic activities. Nor may it be engaged in public authority activities.

(2) The EGTC may carry out a business activity in accordance with its statute with the aim of facilitating the competitiveness of the region concerned, unless such activity jeopardises its own

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² Established by Section 14(1) of Act CCXXVI of 2015. Effective from 24.12.2015.

objectives.

(3) If the activities and operation of the EGTC comply with the terms and conditions for obtaining a public benefit status laid down in Act CLXXV of 2011 on the right of association, on public benefit status, and on the activities of and support for civil society organisations (hereinafter: ‘Act CLXXV’), the EGTC may be granted public benefit status.

(4) The liability of the local government, the associations of local governments and the budgetary body of the local government in the EGTC may not exceed the extent of their financial contributions (limited liability).

CHAPTER II

ESTABLISHMENT OF THE EUROPEAN GROUPING OF TERRITORIAL COOPERATION

4. Establishment

Section 4. The name of the EGTC shall include the designation ‘európai területi társulás’ (in English: ‘European grouping of territorial cooperation’). If any one of the members of the EGTC has limited liability, the name of the EGTC shall include the designation ‘korlátolt felelősségű európai területi társulás’ (in English: ‘limited liability European grouping of territorial cooperation’).

5. Approval

Section 5. (1) The minister for foreign affairs (hereinafter: ‘the Authority’) shall decide on the approval and the registration set forth in Article 4 of the Regulation.

(2) In addition to the cases regulated in Section 4(3), the approval may be withheld if

a)³ the applicant under Section 5(1)(*a*) to (*c*) of Act CXLIII, excluding the state and the applicant specified in point (*b*) and (*c*) of this paragraph, has not obtained from the competent superior body an approval to the effect that it may participate in the EGTC under the draft convention;

b) the applicant is the budgetary body of a national minority government, the budgetary body of a local government, the budgetary body of a local minority government and it has not obtained from the municipal council or assembly an approval to the effect that it may participate in the EGTC under the draft convention; or

c) the applicant is a local or minority government and it has not obtained a decision of the municipal council or assembly on the participation in the EGTC under the draft convention.

(3) The granting of the approval specified in paragraph (2)(*b*) to (*c*) shall be a non-transferable competence of the municipal council or assembly.

(4) The Authority shall keep records of the details of the organisations holding the approval under paragraph (1). Such records shall include the following data:

a) the name and registered office of the applicant holding the approval;

b) the name and registered office of the EGTC;

c) the objectives and tasks of the EGTC;

³ Established by Section 14(2) of Act CCXXVI of 2015. Effective from 24.12.2015.

d) the date when the decision on the granting of the approval became final.

(5) The Authority shall provide unlimited public access to the data in the records under paragraph (4) on its website.

6. Records

Section 6. (1) If the registered office of the EGTC is in Hungary and the conditions for registration exist, the Authority shall take action to register the EGTC upon request.

(2) An EGTC shall be established upon registration and may commence its activities after the decision on the registration of its activities becomes final.

Section 7. (1) The Authority shall keep electronic records of the details of the EGTCs with a registered seat in Hungary (hereinafter: 'EGTC records').

(2) EGTC records shall include the following data:

a) the name and registered office of the EGTC;

b) the name and registered office of the member participating in the EGTC;

c) the objectives and tasks of the EGTC;

d) the fact that the public benefit status has been acquired, modified or cancelled, the number of the decision on such acquisition, modification or cancellation and the date when such decision became final;

e) the term of the operation of the EGTC;

f) the name and place of residence of the director of the EGTC and the manner of exercising the right of representation (alone or jointly with others);

g) the adopted convention and statute of the EGTC;

h) the date of registration of the EGTC;

i) the registration number of the EGTC;

j) the starting date of the winding up, bankruptcy or liquidation proceeding launched against the EGTC;

k) the date of the dissolution of the EGTC.

(3) The Authority shall be notified of any modification to the data entered into the EGTC records within thirty days from the date of modification, and the rules governing the registration procedure shall apply to the notification and the entry of the modification into the EGTC records appropriately.

(4) All the data entered into the EGTC records, whether existing or deleted, and the statute and the convention are public and shall be made fully accessible by the Authority on its website.

(5) EGTC records shall be considered a public register.

CHAPTER III.

ECONOMIC OPERATION OF THE EUROPEAN GROUPING OF TERRITORIAL COOPERATION

Section 8. The EGTC shall carry out its economic activities independently in order to accomplish the objectives stated in its convention.

Section 9. (1) The accounts preparation, book-keeping and accounting obligations of the EGTC defined by the applicable statutory regulations as 'other organisation' qualifying as a legal entity shall be governed by the Accounting Act and the provisions prescribed in the statutory regulations

issued under its authorisation.

(2)⁴ The EGTC shall publish its accounts on its website in the manner specified in paragraph (1) within 150 days from the balance sheet date of the business year in question, of which it also notifies the Authority.

(3) The EGTC with a public benefit status shall send its accounts and the related public benefit status-related attachment to the Authority concurrently with their publication according to paragraph (2). By sending its accounts and the related public benefit status-related attachment to the Authority and the publication thereof under paragraph (2), the EGTC also fulfils its publication and depositing obligation.

CHAPTER IV

SUPERVISION AND CONTROL

Section 10. (1) The legality of the operation of the EGTC shall be supervised by the Authority in accordance with the applicable statutory regulations governing official control.

(2) If the EGTC operates in contravention of any statutory regulations, the adopted convention or the statute, the Authority calls upon the EGTC to restore the legality of its operation with an appropriate deadline specified.

(3) If the EGTC fails to restore the legality of its operation by the given deadline, the Authority shall order the association to be dissolved.

Section 11. (1) Unless provided otherwise by law or a government decree, the Government Control Office shall be the competent authority for the purposes of Article 6 of the Regulation.

(2) The Government Control Office shall be entitled to control the legality of the economic operation of the EGTC.

Section 12. In order to conduct a control procedure, the Government Control Office may contact the competent authority of the Member State of establishment if a member under the laws of Hungary participates in an EGTC based abroad.

Section 13. If the Government Control Office finds that an EGTC carries out its activities in contravention of the applicable law, it calls upon it to restore the legality of its operation. In the event that the operation is in a more serious breach of law, the adopted convention or statute or if the EGTC fails to comply with the call, the president of the Government Control Office may contact the Authority so as to initiate a proceeding for the dissolution of the EGTC.

Section 14. (1) For the purposes of Article 13 of the Regulation, the body with powers to carry out the official control of the activity in question may prohibit the activity of an EGTC.

(2) If, despite the prohibition of the authority under paragraph (1), the EGTC fails to cease the activity pursued in contravention of law, the Authority shall, at the request of the authority under paragraph (1) or the superior body of the EGTC, terminate the membership of its member under the laws of Hungary by adopting a decision.

(3) In the case of an EGTC registered in Hungary, concurrently with the becoming final of the decision under paragraph (2) of the Authority, the membership of the member shall also be terminated.

(4) If an EGTC has been registered in a country other than Hungary, within fifteen days from the date when the decision referred to in paragraph (2) becomes final, the Authority shall notify the

⁴Amended by Section 14 of Act XLV of 2017.

body authorised to register the EGTC by sending the decision to it.

CHAPTER V

DISSOLUTION OF A EUROPEAN GROUPING OF TERRITORIAL COOPERATION

Section 15. The EGTC may only be dissolved without legal succession.

Section 16. The EGTC shall cease to exist if the period specified in the convention expires or any other condition for dissolution set forth in the convention applies or the EGTC decides on dissolution without legal succession.

Section 17. The Authority may initiate the dissolution of the EGTC entered into the EGTC records before the Budapest-Capital Regional Court if

- a)* the case under Article 14 of the Regulation applies;
- b)* the conditions of the approval under Section 5 no longer exist;
- c)* it establishes in a procedure initiated by another authority that the conditions of dissolution exist; or
- d)* the EGTC has failed to comply with its reporting obligation.

Section 18. (1) In the event the EGTC dissolves or is dissolved, except the case when a liquidation proceeding is launched, it shall be wound up.

(2) If the EGTC becomes insolvent, it shall be liquidated.

(3) The provisions of Sections 9-9/I, 9/M-9/N and 10 of Act CLXXV shall apply, with the differences stated in this Section, to winding up and liquidation proceedings. The conduct of winding up, bankruptcy or liquidation proceedings shall fall under the competence of the Budapest-Capital Regional Court.

(4) Where Act CLXXV refers to a civil society organisation or association, such shall be construed as an EGTC for the purposes of this Act.

(5) Where the Act on Bankruptcy and Liquidation Proceedings or other acts refer to a company register, such shall be construed as the EGTC records kept by the Authority for the purposes of this Act, and where reference is made to the company registration number of the debtor, such shall be construed as the EGTC registration number.

(6) All the publication obligations related to the proceedings shall be fulfilled on the website of the Authority.

(7) The Budapest-Capital Regional Court shall, without delay, send its decision made in the course of the proceedings and requiring publication or registration, along with the order on their becoming final, electronically to the Authority, which shall enter them into the EGTC records and publish them ex officio.

(8) The Authority shall, immediately after the court decision on the dissolution becomes final, deregister the EGTC from the EGTC records.

Section 19. (1) The EGTC shall cease to exist at its removal from the EGTC records.

(2) The Authority shall, without delay, notify all the Member States under whose law the members were formed of deregistration from the EGTC records.

CHAPTER VI

CLOSING PROVISIONS

7. Authorising provisions

Section 20.⁵ The Government shall be authorised to lay down – by way of decrees – the detailed rules of the issues related to the approval and registration procedures and the dissolution of EGTC.⁶

8. Provisions giving effect and transitional provisions

Section 21. This Act shall enter into force on the fifteenth day following its promulgation.

Section 22. The Budapest-Capital Regional Court shall hand over the registration data of the EGTCs registered by it and their documents deposited at the Court in a paper-based format to the Authority on the effective date of this Act.

Section 23. The Authority shall register the data of the EGTCs registered by the Budapest-Capital Regional Court in the EGTC records.

Section 24. This Act shall be applied to the approval and (modification) registration proceedings launched by applications filed on or subsequent to the effective date.

Section 25. If, at the effective date of this Act, a (modification) registration proceeding is in progress at the Budapest-Capital Regional Court, the Court shall hand over registration data and documents of the EGTC in a paper-based format to the Authority within 8 days from the completion of the proceeding.

Section 26. Notwithstanding Section 4, the name of an EGTC registered in Hungary before the entry into force of this Act may continue to include the designation ‘európai területi együttműködési csoportosulás’ instead of ‘európai területi társulás’.

9. Compliance with the European Union law

Section 27. This Act establishes provisions required for the implementation of:

a) Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation,

b) Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings.

10-11.⁷

Sections 28-37.⁸

⁵ Established by Section 22 of Act CLXXIX of 2017. Effective from 01.01.2018

⁶ See Government Decree No 485/2017 of 29 December 2017

⁷ Repealed pursuant to Section 12 of Act CXXX of 2010. Ineffective from 21.12.2014.

⁸ Repealed pursuant to Section 12 of Act CXXX of 2010. Ineffective from 21.12.2014.