

Act LXXVI of 2014
on Scientific Research, Development and Innovation¹

With a view to establishing the specific statutory and financial preconditions for the autonomy of scientific research enshrined in the Fundamental Law of Hungary, the knowledge-based society required for ensuring the competitiveness and income generating capacity of the Hungarian economy, as well as development- and innovation-based growth, promoting sustainable social and economic development and job creation, and with a view to

creating a stable institutional framework for the Government coordination and predictable funding of research, development and innovation in Hungary, ensuring the efficient and transparent use of available resources;

setting up an institutional framework for adequately supporting basic (exploratory) scientific research;

supporting applied research and experimental development based on fundamental research results, thereby laying the foundations of subsequent development and innovation processes;

promoting the sustainable development of the Hungarian economy by supporting the creation and exploitation of research, development and innovation results;

contributing to increase the competitiveness of enterprises based on research, development and innovation;

encouraging the creation of high added-value producing jobs;

contributing to improve professional expertise and social recognition of those working in the areas of research, development and innovation;

contributing to the utilization of advanced technologies necessary for strengthening the defence and security capabilities of Hungary and

contributing to build an economy based on knowledge and innovation and therefore helping to start and maintain smart growth,

the National Assembly has adopted the following Act:

¹ *Promulgated on: 5/12/2014*

CHAPTER I

GENERAL PROVISIONS

1 Scope

Section 1 (1) The scope of this Act shall extend to research, development and innovation activities carried out in Hungary using public funds, and to services provided in Hungary in relation to such activities.

(2) Furthermore, the scope of this Act shall also extend to:

a) the use of services provided abroad and equipment purchases made abroad that are directly related to research, development and innovation activities carried out in Hungary or to services covered by (1), and

b) the Hungarian financial accounting of

ba) activities defined in (1) carried out abroad in European Union cooperation or other international cooperation with Hungarian participation, and

bb) services defined in (1) provided abroad in European Union cooperation or other international cooperation with Hungarian participation.

2 Basic principles

Section 2 The present Act – in accordance with the basic principles laid down in the Europe 2020 Strategy ‘Innovation Union’ document – is aimed at establishing the following principles and rules regarding the State, businesses and the parties involved in research, development and innovation:

a) the State shall fund scientific research expected to uncover new scientific laws, generate new knowledge or produce new methods and procedures, and it shall also fund the establishing of the conditions necessary for carrying out such activities and publishing the results, including research infrastructure;

b) distribution of public funds available for research, development and innovation shall be based on tendering – unless otherwise required by a law, a Government decree or a Government decision;

c) the State shall fund the research, development and innovation activities of Hungarian budgetary organisations and non-profit organisations, as well as the research, development and innovation activities of businesses and enterprises operating in Hungary (without distorting the market competition) and cooperation between such parties;

d) the State shall carry out regular audits and independent evaluations of the use of public funds, and ensure the continuity of the operation of audit and evaluation bodies;

e) funds provided to enterprises shall be used to encourage and complement the use of own

resources for research, development and innovation;

f) in publicly funded research, development and innovation programmes, conditions favourable for micro, small and medium-sized enterprises may be introduced;

g) the State shall cooperate with enterprises in the financing of the development of the research, development and innovation infrastructure and the institutional system.

3 Definitions

Section 3 For the purposes of this Act the following definitions shall apply

1. *basic research*: experimental or theoretical work aimed at new discoveries, carried out with the primary aim of obtaining new knowledge necessary for understanding phenomena, experiences and observations, without envisaging its practical use or application;

2. *applied research*: planned research or targeted study aimed at obtaining new knowledge or expertise with the aim of developing new products, processes, technologies or services or contributing to the significant development of existing products, processes or services;

3. *paid-for research and development*: research and development carried out by one party and financed by another, financing party, where the financing party itself does not engage in research and development activities;

4. *spin-off enterprise*: a company set up in the name of and representing the State, or with State participation / partial State ownership, with the purpose of the economic exploitation of intellectual creations produced at budgetary research organisations;

5. *Hungarian (domestic) public fund*: all public funds except European Union funds;

6. *innovation*: scientific, technological, organisational, economic and commercial activities aimed at improving the effectiveness and profitability of economic activities or achieving social or environmental benefits that result in the creation of new or significantly modified products, processes or services or the marketing of such products, processes or services, including changes that are only novel within the context of a specific industry or organisation;

7. *experimental development*: obtaining, aggregating, sharing, applying and utilizing existing scientific, technological, business and other knowledge and expertise with the aim of creating or designing new, modified or improved products, processes or services. The following may qualify as experimental development:

a) activities aimed at the conceptual definition, design and documentation of new products, processes and services;

b) activities that include the creation of drafts, design drawings, plans and other forms of documentation not intended for commercial use;

c) the making of prototypes not for commercial use;

d) the development of commercially usable prototypes and experimental projects if the prototype itself is by necessity the commercial end product as well, and its manufacturing is too costly to be done for demonstration and certification purposes only;

e) the experimental manufacturing and testing of products, processes and services, provided that they cannot be used for industrial or commercial purposes, or be modified for such use.

Experimental development shall not include normal, periodical or routine changes carried out with regard to products, production lines, manufacturing processes, existing services or other ongoing operations even if such changes are considered development, or if they result in the improvement of the given product, process, operation or service;

8. *consortium*: a cooperation based on the division of duties between various parties regulated by a civil contract, aimed at joint research, development or innovation activities or a joint research and development or innovation project;

9. *budgetary research organisation*: a budgetary organisation carrying out research and development activity as its core or main activity or in connection with its core or main activity;

10. *public fund*: budgetary fund as defined by the Act on Public Finances, including European Union funds, as well as foreign funds received in accordance with international agreements concluded with state participation;

11. *research and development*: includes basic research, applied research and experimental development;

12. *exploitation of research, development and innovation results*: exploitation carried out within the framework of a commercial undertaking, with the goal of economic gain, as well as community-oriented exploitation aimed at improving the quality of life of the population, improving the quality of public services, protecting the natural and built environment, promoting the sustainable development of Hungary or improving its defence capabilities and security;

13. *research, development and innovation programme*: a call for tender or a series of calls for tender issued with a view to funding the implementation of research and development or innovation projects aimed at achieving the goal set by the entity managing the public funds or related to a specific theme;

14. *research and development agreement*: an agreement concluded between two or more enterprises or enterprises and research organisations (hereinafter in this entry: parties), regarding:

a) joint research and development regarding the product, process or service named in the agreement and the joint exploitation of the results of such research and development;

b) the joint exploitation of the results of joint research and development carried out based on a prior agreement concluded between the same parties regarding the product, process or service named in the agreement;

- c) joint research and development regarding the product, process or service named in the agreement, without any joint exploitation of the results;
- d) paid-for research and development regarding the product, process or service named in the agreement and the joint exploitation of the results of such research and development;
- e) the joint exploitation of the results of paid-for research and development carried out based on a prior agreement concluded between the same parties regarding the product, process or service named in the agreement;
- f) paid-for research and development regarding the product, process or service named in the agreement, without any joint exploitation of the results;
15. *researcher/developer*: a natural person who is involved in creating or developing new knowledge, intellectual creations, products, services, processes, methods or systems or in managing projects with such aims;
16. *research organisation*: an institution, organisational unit or enterprise carrying out research and development activities as its core or main activity or in connection with its core or main activity;
17. *micro, small and medium-sized enterprises*: micro, small and medium-sized enterprises as defined by Section 3 of Act XXXIV of 2004 (hereinafter: SME Act) on Small and Medium-sized Enterprises and the Funds Provided to Such Enterprises;
18. *non-profit research organisations*: research organisations that qualify as public benefit organisations pursuant to the Act on the right of association, the public benefit status and the operation and funding of civil society organisations;
19. *project*: activities aimed at carrying out a specific research and development task or innovation process based on the plan drawn up by interested parties;
- 19.a *group of projects*: the totality of projects or project parts being implemented in the same fiscal year and indicated by the applicant in the request, that shall be considered as a single unit for the purpose of the certification;
20. *intellectual property*: legal protection of intellectual creations, certain achievements, product markings (trademarks and geographical indications) and knowledge that has not yet been published, provided by the relevant laws, the European Union's directly applicable legal acts and international conventions;
21. *intellectual creation*: a creation or technological solution that may be the object of industrial property rights protection (patent, utility model, plant variety protection, design protection, topography protection) or that are under intellectual property protection by statute, including cases where, considering the exploitation goals and possibilities, keeping the solution secret is more expedient than obtaining the appropriate legal protection;
22. *enterprise*: an enterprise as defined in Section 19 (5) of the SME Act.

CHAPTER II

THE GOVERNMENT'S TASKS RELATED TO RESEARCH, DEVELOPMENT AND INNOVATION

Section 4 (1) The Government

a) shall create a medium-term scientific Research, Development and Innovation Strategy (hereinafter: RDI Strategy);

b) shall make proposals to the National Assembly regarding the funds necessary for achieving the goals laid down in the RDI Strategy;

c) may set up research organisations compatible with the goals of the RDI Strategy with a view to implementing the RDI Strategy, and may fund them from the national budget;

d) shall promote Hungary's participation in the European Union's programmes and other international research, development and innovation cooperation;

e) shall encourage enterprises to engage in productive research, development and innovation and to exploit the results of Hungarian and foreign research, development and innovation;

f) shall promote – in accordance with national interests – the foreign exploitation of Hungarian research, development and innovation results through the diplomacy of science and business;

g) shall initiate programmes and measures aimed at establishing a Hungarian research, development and innovation infrastructure and handling research, development and innovation issues of importance for the national economy;

h) shall ensure that appropriate planning, utilisation and financial reporting rules are put in place and applied, ensuring the comprehensive and uniform coordination, tracking and transparency of all funds used as public funds for programmes and projects, so that the public receives adequate information and Hungary's international data supply obligations are met.

(2) The Government shall primarily entrust tasks related to the public funding of research, development and innovation to the National Research, Development and Innovation Office (hereinafter: NKFI Hivatal (Office)), thus ensuring the supervision of research, development and innovation based on a uniform legal practice and the effective use of the funds available for research, development and innovation.

(3) The Government shall primarily ensure the public funding of research, development and innovation from the National Research, Development and Innovation Fund (hereinafter: NKFI Alap (Fund)). The funds provided by the Government from the NKFI Alap (Fund) to individual researchers through the centralised tendering procedure are separate from the state scholarships provided to persons pursuing their studies in the doctoral schools of Hungarian higher education

institutions.

Section 5 (1) As part of their duties, ministers and the President of the Hungarian Academy of Sciences (hereinafter: MTA) shall participate, with the coordination of the President of the NKFI Hivatal (Office), in drawing up the Government's RDI strategy, selecting the tools to be used as part of the strategy, and in implementing the strategy.

(2) Ministers, the President of the NKFI Hivatal (Office) and the President of MTA shall, as part of their duties, cooperate in carrying out the following tasks:

- a) directing and overseeing the budgetary research organisations belonging to the budget chapter under their control;
- b) arranging for the evaluation of the research, development and innovation programmes funded from appropriations belonging to the budget chapter under their control;
- c) carrying out research, development and innovation tasks assigned to them based on international agreements;
- d) facilitating the exploitation of research, development and innovation results and the setting up and operation of professional cooperation and innovation networks aimed at research and development activities;
- e) participating in establishing content requirements, funding conditions and evaluation indicators with regard to the funded research, development and innovation programmes within their areas of specialisation.

(3) As part of their duties, the ministers and the President of the MTA shall, in cooperation, after consulting the President of the NKFI Hivatal (Office), arrange for the planning, making available, management and use of the funds necessary for carrying out the research, development and innovation tasks falling within their scope of responsibility.

(4) In the course of drawing up the RDI Strategy, the NKFI Hivatal (Office) may – with the consent of the ministers involved – consult the rectors of the universities carrying out research, development and innovation activities in the field concerned.

CHAPTER III

THE NATIONAL RESEARCH, DEVELOPMENT AND INNOVATION OFFICE

4 The legal status of the NKFI Hivatal (Office)

Section 6 The NKFI Hivatal (Office) shall be a central budgetary organisation operating as a government office.

Section 7 (1) The budget of the NKFI Hivatal (Office) shall constitute a separate budget chapter in the Act on the Central Budget.

(2) The budget of the NKFI Hivatal (Office) shall be determined and managed separately from the budget of the NKFI Alap (Fund).

5 The structure and operation of the NKFI Hivatal (Office)

Section 8 (1) The NKFI Hivatal (Office) shall be run by a President, who shall represent the NKFI Hivatal (Office) in matters of research, development and innovation in front of the Government and the National Assembly and represent the Government in matters of research, development and innovation in international organisations. The President's work shall be assisted by Vice Presidents.

(2) The President of the NKFI Hivatal (Office) shall be appointed and dismissed by the Prime Minister, and its Vice Presidents shall be appointed for a term of five years and dismissed by the Prime Minister on the recommendation of the President of the NKFI Hivatal (Office). No person may serve more than two terms as President or Vice President of the NKFI Hivatal (Office).

(3) The preconditions for being appointed President of the NKFI Hivatal (Office) shall be the following:

a) a college or university degree;

b) an academic degree;

c) at least five years of professional experience obtained at a research organisation and

d) at least three years of professional experience obtained as the manager or assistant manager of a research organisation.

(4) The NKFI Hivatal (Office) shall set up specialised colleges, an Innovation Board and expert groups pursuant to this Act with a view to drawing up the general concept of research and development programmes and tenders and the evaluation of the programmes, tenders and reports.

Section 9 (1) Tasks may only be assigned to the NKFI Hivatal (Office) by laws, Government decrees and legal acts issued pursuant to laws.

(2) The President of the NKFI Hivatal (Office) shall report to the National Assembly on the activities of the NKFI Hivatal (Office) and the use of the NKFI Alap's (Fund) appropriation by 15 June the year following the year in question. On specific request, the President of the NKFI Hivatal (Office) shall also inform the relevant parliamentary committee.

6 The tasks of the NKFI Hivatal (Office)

Section 10 (1) The NKFI Hivatal (Office) shall:

a) prepare the Government's decisions on the RDI Strategy and participate in their implementation;

b) be responsible for the NKFI Alap (Fund);

c) as part of its responsibilities as the body managing the research, development and innovation tenders financed from the NKFI Alap (Fund):

ca) issue calls for tender, organise and carry out the assessment of applications and the decision-making in accordance with the call for tender, and decide on awarding funds;

cb) issue subsidy deeds and sign subsidy contracts;

cc) monitor and carry out controls over winning applications;

d) make decisions on awarding Hungarian public fund from the NKFI Alap (Fund) based on laws, Government decrees, Government decisions, international agreements and individual requests;

e) participate in the work of the monitoring committee of the Economic Development Operational Programme being carried out with EU co-financing in the 2007-2013 programming period, with special regard to the funds available for research, development and innovation within the framework of priority no. 4 of the Economic Development Operational Programme;

f) as set out in the agreement signed with the relevant managing authority, cooperate in carrying out certain tasks related to budgetary funds provided within the framework of the Economic Development and Innovation Operational Programme and the Competitive Central Hungary Operational Programme with a view to achieving goal no. 1 of the Partnership Agreement, especially with regard to:

fa) preparing, issuing, amending and suspending calls for tender;

fb) assessing funding claims with regard to form and content;

fc) preparing funding decisions;

fd) issuing, amending and retracting subsidy deeds; signing, amending and terminating subsidy contracts and other tasks related to the termination of such contracts;

fe) evaluation and monitoring following the achievement of the funded goal;

ff) assessing whether payments based on reports and partial reports are justified;

fg) carrying out tasks related to auditing;

fh) investigating irregularities;

fi) managing and keeping records of claims;

g) participate in international and EU collaboration regarding research, development and innovation;

h) participate in the use of foreign funds provided to Hungary for research, development and innovation and the coordination of the use of such funds, collaborate in promoting investment in research and development in Hungary with the organisation set up for this purpose;

i) participate in the implementation of the Europe 2020 Strategy 'Innovation Union' programme;

j) based on legal acts or international agreements, carry out tasks related to international scientific and technological cooperation;

k) fund the activities of micro, small and medium-sized enterprises with a view to increasing their competitiveness;

l) prepare analyses, assessments and overarching plans to be used when drawing up the programme strategies and plans of national research, development and innovation funding programmes (including the NKFI Alap (Fund)), and monitor and assess funding programmes;

m) fund the organisation of conferences and fairs, the creation of publications, the development of electronic information databases and libraries directly related to research, development and innovation, as well as the awarding of research and development and innovation prizes.

(2) With regard to domestic public funds, the NKFI Hivatal (Office) may contract out to bodies identified by legal acts or to other bodies chosen through public procurement any tasks related to the following:

a) reception of applications;

b) data services related to the evaluation of applications;

c) preparing and concluding subsidy deeds and subsidy contracts based on templates;

d) monitoring project implementation;

e) receiving reports and checking their compliance with formal requirements;

f) recording tender data and ensuring that the related database is up-to-date and reliable.

(3) The NKFI Hivatal (Office) shall, as part of its information activities aimed at supporting the Government's research, development and innovation policy:

a) provide methodological assistance for the collection of statistical data on research, development and innovation and for establishing indicators to be used for evaluation, participate in their processing, analysis and utilisation and in supplying information to Hungarian and international institutions;

b) provide for the publication of data considered as data of public interest pursuant to the Act on informational self-determination and freedom of information regarding the evaluation and funded applicants of research, development and innovation programmes and tenders falling within its purview;

c) operate the database and records system associated with its activities.

(4) The NKFI Hivatal (Office) shall, within the framework of establishing and strengthening international and European integration cooperation in the area of research, development and innovation policy, in agreement with the minister responsible for foreign policy:

a) provide technical support to the Government's international science and technology policy activities;

b) in cooperation with the relevant bodies, take initiatives regarding the signing of intergovernmental science and technology agreements, participate in their preparation and

coordinate their execution;

c) participate in directing the activities related to the diplomacy of science and technology;

d) participate in the Hungarian Government's activities related to the development of the European Research Area;

e) within the framework of the rights and obligations arising from European Union membership, exercise powers regarding Government tasks related to research, development and innovation;

f) act as a representative in international scientific and technological organisations and initiatives;

g) as part of its duties, cooperate with the foreign representations of Hungary and maintain contact with foreign representations and partner institutions operating in Hungary and abroad, especially the official bodies of the European Union.

(5) The President of the NKFI Hivatal (Office) may regulate the specific rules on the implementation of the tasks listed in (4) in an agreement signed with the minister responsible for foreign policy.

(6) Regarding sectoral research, development and innovation activities, the NKFI Hivatal (Office) in the course of performing its duties, shall cooperate with the competent minister, bodies of public administration, MTA and other organisations involved in research, development and innovation.

(7) The President of the NKFI Hivatal (Office) may propose the adoption and amendment of legal regulations regarding the sphere of responsibilities of the NKFI Hivatal (Office).

CHAPTER IV

THE NATIONAL RESEARCH, DEVELOPMENT AND INNOVATION FUND

7 The purpose and management of the NKFI Alap (Fund)

Section 11 (1) The NKFI Alap (Fund) shall be an extra-budgetary fund as defined by the Act on Public Finances ensuring state fund for research, development and innovation. The NKFI Alap (Fund) may not be used for any other purpose.

(2) The purpose of the NKFI Alap (Fund) is to provide a secure and predictable source of funding to encourage and fund research and development and economically exploited innovation, help strengthen research and development that bears fruit in the economy and in other areas, help exploit Hungarian and foreign research results and improve the research, development and innovation infrastructure and related services.

(3) The NKFI Alap (Fund) shall be operated by the NKFI Hivatal (Office).

8 The revenues and expenditures of the NKFI Alap (Fund)

Section 12 (1) Revenue sources of the NKFI Alap (Fund):

- a)* the innovation contributions paid by business associations;
- b)* fund provided from the central budget;
- c)* amounts left over from the NKFI Alap's (Fund) budget of the previous year;
- d)* payments by Hungarian or foreign natural and legal persons, voluntary contributions, donations, aid;
- e)* fund received from international organisations and institutions;
- f)* other revenues.

(2) The long-term and annual detailed programme strategy of the NKFI Alap (Fund) shall be approved – and may be modified – by the Government in a public decision on the proposal of the President of the NKFI Hivatal (Office). The President of the NKFI Hivatal (Office) shall draw up or modify the appropriation utilisation plan of the NKFI Hivatal (Office) accordingly.

Section 13 (1) Public fund may only be provided from the NKFI Alap (Fund) in accordance with the terms of the programme strategy approved pursuant to Section 12 (2), based on tenders, with the exceptions laid out in Government decrees, Government decisions and international agreements. Tender applications shall be evaluated pursuant to the provisions of this Act. The body convened by the President of the NKFI Hivatal (Office) pursuant to this Act shall make proposals as to which application to fund. The funding decision shall be made by the President of the NKFI Hivatal (Office).

(2) Decisions on public funding from the NKFI Alap (Fund) – except for the obligations arising from legal acts, international agreements, funding payments, development based investments and special research, development and innovation programmes funded based on specific Government decisions – may be made on request by the President of the NKFI Hivatal (Office), amounting to no more than 3% of the expenditure appropriations of the NKFI Alap (Fund) for the year in question. Additionally, in accordance with the programme strategy approved by the Government, the NKFI Alap (Fund) may be used to fund:

- a)* the Government's research, development and innovation measures, including investments in the development of major research, development and innovation infrastructures;
- b)* funds provided to unique Hungarian research, development and innovation infrastructure development approved by the Government;
- c)* funds provided to research, development and innovation infrastructure development carried out in European Union cooperation and approved by the Government;
- d)* funds provided to government-approved projects promoting the growth of the national economy and increasing Hungary's capacity for research, development and innovation specifically indicated

as projects to be implemented using funds from the NKFI Alap (Fund);

e) payment of membership fees and other type of membership related fees for financing Hungarian participation in international organisations acting in the areas of research, development and innovation as well as international research and development or innovation consortia ;

f) creating and managing analyses and databases to base science, research, development and innovation policy on;

g) preparing analyses, studies, methodologies, evaluations, plans and strategies to base national research, development and innovation fund programs on, as well as monitoring and evaluating funding programmes;

h) the subscription fees of scientific content, journals, descriptive and other databases obtained within the framework of the Electronic Information Service National Programme, and the operating costs of the Electronic Information Service National Programme.

(3) In order to provide public fund pursuant to (2) – with or without a repayment obligation in case of (2) *b)* and *c)* – and in order to cover the one-time or annual membership fees of Hungarian participation in international research and development or innovation consortia from the NKFI Alap (Fund), the annual programme strategy and appropriation utilization plan of the NKFI Alap (Fund) may be amended pursuant to the provisions of Section 12 (2). The payment obligations related to international membership fees shall be fulfilled by the NKFI Hivatal (Office) either from the chapter-managed appropriation of the NKFI Hivatal (Office) or the NKFI Alap (Fund); payments from the NKFI Alap (fund) shall be effected as a direct transfer from the NKFI Alap (Fund) or through the chapter-managed appropriation of the NKFI Hivatal (Office) by transferring the funds from the NKFI Alap (Fund).

Section 14 The NKFI Hivatal (Office) shall cover the costs arising in connection with the management of the NKFI Alap (Fund) – especially the costs associated with preparing analyses, plans, funding strategies, programmes and projects, providing information on tender applications, judging tender applications, preparing, signing and implementing contracts, providing the human and other resources for keeping records thereon, and carrying out controls and evaluations – from the NKFI Alap (Fund). The costs related to the management of the NKFI Alap (Fund) may not exceed 4.5% of the original expenditure appropriation of the NKFI Alap (Fund) for the year in question, and they shall be managed as a separate item within the appropriation.

9 The innovation contribution

Section 15 (1) Business associations with registered offices in Hungary that fall within the scope of the Act on Accounting shall pay an innovation contribution (hereinafter in the application of this subtitle: contribution).

(2) The following shall be exempt from the payment of the contribution:

- a) business associations that qualify as micro- or small enterprises pursuant to Section 3 (2) and (3) of the Act on SMEs;
- b) the National Bank of Hungary;
- c) Hungarian National Asset Management Inc.;
- d) business associations overseen by the minister responsible for the penal system and set up for the purpose of the statutory employment of prisoners;
- e) business associations set up without a legal predecessor and their pre-companies, in the year of registration;
- f) non-profit public benefit companies;
- g) business associations that are required to pay contributions but are under liquidation or involuntary striking off proceedings.

(3) In the application of (1) and (2), the conditions existing on the first day of the year in question shall be considered.

Section 16 (1) The contribution shall be calculated based on the tax base as set forth in Section 39 (1) of Act C of 1990 on local taxes, minus the amount of the share of the local business tax base associated with business facilities located abroad.

(2) The rate of the contribution shall be 0.3% of the contribution base calculated as described in (1).

(3) Business associations subject to contribution payment shall calculate the annual contribution amount and report it to the national tax authority by the last day of the fifth month of the tax year following the tax year in question.

(4) Those subject to contribution payment shall pay an advance every three months (hereinafter: advance period) by the twentieth day of the month following the advance period. Contribution subjects shall pay the contribution advance associated with the last advance period of the tax year at the same time as the advance supplement paid pursuant to (10). The amount of the contribution advance paid for each advance period shall be one quarter of the contribution advance calculated pursuant to (6).

(5) Subject to the exception set out in (8), contribution subjects shall file a contribution advance declaration concurrently with the contribution declaration for the 12-month period commencing on the first day of the second calendar month that follows the due date of the contribution declaration, indicating the amounts of identical instalments for the advance payment periods.

(6) The contribution advance shall be

- a) the same amount as the contribution payable for the tax year before the tax year in question if the tax year before the tax year in question was 12 months long;
- b) if a) does not apply, it shall be the amount of the contribution payable for the tax year before the

tax year in question, calculated pro rata for 12 months based on the number of days of the operation of the contribution subject.

(7) Within 30 days from the date of transformation, the successor shall declare the contribution advance calculated from the contribution advance that has been declared by the predecessor (in the same amount, combined or divided as consistent with the type of transformation), and shall pay the contribution advance accordingly for the period between the due date of declaration and the last day of the sixth month of the following year. In the case of division, the surviving business association shall also be regarded as a successor for the purposes of this provision.

(8) Contribution subjects shall not be required to file a contribution advance declaration if terminating operations, nor if filing a contribution declaration upon conclusion of the registration procedure.

(9) Contribution subjects shall assess their contribution advance liability for the first year of contribution payment obligation in accordance with (3)-(6) based on the previous tax year's figures, and shall file a contribution advance declaration by the last day of the fifth month of the tax year. Relating to the first two advance periods of the year when the contribution payment obligation was generated, the taxpayer shall file a declaration at the time when effecting the advance payment. The amount of the advance shall be calculated pro rata temporis based on the expected annual net amount of contribution. A contribution advance shall not be declared for the quarters and calendar months for which the taxpayer has already declared a contribution advance.

(10) Contribution subjects shall supplement the contribution advance during the tax year in order to reach the amount of the expected contribution payable for the calendar year in question (hereinafter: advance supplement). Taxpayers required to pay an advance supplement shall declare the amount of difference between expected contribution payment obligation and the advances already declared for the tax year by the 20th day of the last month of the tax year in question, and shall satisfy any payment obligation at the same time.

(11) The difference between the advance paid and the advance supplement and the annual contribution amount shall be paid by the last day of the tax year following the tax year in question, and, in case of overpayment, a refund can be requested from the same date.

(12) The provisions of the Act on the Rules of Taxation shall apply to the matters related to the declaration, payment and settlement obligations of contribution subjects that are not regulated in this Act, as well as matters related to the control of compliance with these obligations.

(13) Business associations subject to contribution payment shall calculate the contribution for the financial year. Contribution subjects that chose a financial year that does not coincide with the calendar year shall calculate, declare and pay contributions and pay advances based on the legal regulations in force on the first day of their financial year.

Section 17 The contributions shall be paid to the national tax authority, which shall transfer these sums to the account of the NKFI Alap (Fund) kept with the Treasury in accordance with the applicable legal regulations.

CHAPTER V

DOMESTIC PUBLIC SUPPORT FOR RESEARCH, DEVELOPMENT AND INNOVATION

10 Common provisions

Section 18 In order to ensure the effective utilisation of Hungarian domestic public funds, the following types of research, development and innovation projects shall be preferred when awarding funds from the NKFI Alap (Fund):

- a)* those having the potential of resulting in fundamental scientific and technological breakthroughs;
- b)* whose implementation produces results beyond the sphere of direct business gain, at the level of the national economy or society;
- c)* those that directly contribute to the competitiveness of the Hungarian economy;
- d)* those that require cooperation between a budgetary research organisation and an enterprise, or a higher education institution and an enterprise;
- e)* those that implement regional or cross-border research, development and innovation cooperation;
- f)* those that contribute to improved human resources in research, development and innovation, including public and higher education, vocational training and adult training associated with research, development and innovation;
- g)* those that are aimed at improving the professional and business skills of people working in the fields of research, development and innovation;
- h)* those that improve the regional or national research, development and innovation infrastructure;
- i)* whose participants previously carried out successful research and development or innovation work, particularly by:
 - ia)* achieving research and development results that attracted significant international attention;
 - ib)* creating innovations that significantly improved international competitiveness through the application of their research and development results;
 - ic)* obtaining industrial property rights protection for their research and development results, maintained and utilised it;
- j)* those that effectively and directly contribute to solving social, environmental or economic problems or managing the ‘social challenges’ identified by the Europe 2020 Strategy ‘Innovation Union’ programme and the six thematic areas indicated therein.

Section 19 The following requirements shall apply to tender procedures aimed at distributing public funds:

- a)* the categories of applicants eligible for funding and the evaluation criteria shall be published in the call for tender;
- b)* the form- and content-related requirements of data supply for the application, the contract and the records system of research, development and innovation projects funded from Hungarian public funds shall be coordinated in order to avoid requiring applicants to supply the same data multiple times;
- c)* in accordance with the relevant EU regulations, special tendering conditions may be set for micro, small and medium-sized enterprises;
- d)* the funding decision shall be published (except for classified information), however, applications, personal data included in or connected to applications, other personal data that can identify the applicant, funding decisions and subsidy deeds may not be published if:
- da)* publishing them would damage national protection or national security interests;
 - db)* avoiding their release is necessary for the prevention of a crime;
 - dc)* avoiding their release is necessary due to considerations related to Hungary's international relations, relations with international organisations or intellectual property rights, and these interests cannot be protected in any other way;
- e)* in case of research organisations as defined by Section 33 (1), the application and the subsidy contract shall contain a declaration on whether the research organisation has intellectual property management regulations.

Section 20 (1) Budgetary research organisations may receive funds based on international agreements, and, in case of funding received from the European Union, for covering the costs not covered by the advance.

(2) If a micro, small or medium-sized enterprise or a non-profit research organisation receives funding for a research and development or innovation project based on an international agreement or from the European Union and takes out a loan in order to cover the costs of the project, it may receive interest rate subsidy through a tendering process – while observing state funding rules.

Section 21 (1) The implementation of the goals laid down in the research, development and innovation funding programmes shall be regularly assessed. The assessment shall be carried out by the fund provider and the party indicated by legal acts, the subsidy contract or the subsidy deed.

(2) The costs of programme assessment shall be covered from the funds of the programme in question.

(3) The results of programme assessments shall be published.

Section 22 (1) The results of publicly funded research, development and innovation projects and the social utilisation of projects in accordance with their goals and nature shall be assessed after the termination of the project based on a report drawn up in accordance with the provisions of the Act

on Public Finances. Assessment shall be the responsibility of the entity issuing the tender.

(2) The costs of project assessment shall be covered from the funds of the programme in question.

(3) The results of project assessment shall be published, without endangering the acquiring of industrial property rights protection and the business interests of the applicant.

Section 23 (1) The NKFI Hivatal (Office) shall operate an IT records system designed to keep records on research, development and innovation projects carried out with domestic public funds under the management of the NKFI Hivatal (Office), or it shall join an IT system that is capable of receiving, storing and managing the data indicated in Annex 1.

(2) Those carrying out projects receiving public funds from the NKFI Alap (Fund) and organisations providing individual research and development funds shall provide the data indicated in Annex 1 to the records system indicated in (1). The data provider shall supply the data listed in entries 1-10 of Annex 1 at the start of the project, and report any changes within 30 days of the change. The data listed in entries 11-15 of Annex 1 shall only be supplied at the end of the project.

(3) The data in the records system shall be public, unless a legal act or a body or person so empowered by a legal act limits its release. Public data shall be retained for ten years following the termination of the project.

11 Research and development funds

Section 24 (1) Support may be provided for research and development tenders financed from the NKFI Alap (Fund) for the following purposes:

a) ongoing expenses related to scientific research;

b) participation in international scientific research, funding international scientific cooperation, including funds for resolving liquidity gaps associated with ex-post financing in case of international tenders;

c) national research and development programmes of strategic importance involving multiple regions;

d) bursaries, especially those aimed at funding the scientific work of young researchers;

e) publication fund;

f) providing and developing research and development infrastructure, purchasing, renting or purchasing access to instruments, machinery and other equipment necessary for scientific research within the framework of thematic tenders or infrastructure development, staff costs and related contributions, material and operating costs and accumulation expenses;

g) intellectual property, databases and content necessary for research, licence fees, usage and access fees;

h) human resources necessary for research and development, developing existing human resources,

recruiting and training researchers and developers, talent development, in-service researcher/developer and teacher training, domestic and international researcher mobility, exchange of experiences, funding the integration of renowned researchers returning from abroad;

i) attracting internationally renowned research and development organisations and enterprises to Hungary;

j) free access to scientific publications;

k) the protection and exploitation of intellectual property.

(2) Research and development funds may be used towards real estate investments if the investment project is closely related to research and development as the funded basic activity, or the research and development activity could not be carried out without the investment project. The possibilities and preconditions – or exclusion – or such uses of research and development funds shall be prescribed by the call for tender.

(3) Support awarded through tendering may not include a reserve for profit.

(4) Public funds may be provided for a research and development tender application for up to five years, in accordance with the funding decision.

Section 25 (1) The issuance of calls for tender regarding research and development projects to be funded from the NKFI Alap (Fund) shall be decided upon by the President of the NKFI Hivatal (Office). Calls for tender shall be published by the NKFI Hivatal (Office), and applications shall be submitted to the NKFI Hivatal (Office).

(2) Applications shall be checked by the NKFI Hivatal (Office) with regard to formal requirements, while the content shall be evaluated by the specialised colleges appointed by the NKFI Hivatal (Office) (hereinafter: Colleges). The expert groups selected by the NKFI Hivatal (Office) based on the proposals made by the Colleges shall individually evaluate and rank applications in terms of their compliance with the selection criteria. In the course of their work, expert groups may consult other anonymous experts in accordance with the rules laid down in the call for tender. Based on the evaluation scores and rankings established by the expert groups, the Colleges shall make proposals to the President of the NKFI Hivatal (Office) regarding any fund to be awarded to each applicant.

(3) The Presidents and members of Colleges shall be appointed by the President of the NKFI Hivatal (Office) for a fixed term, taking into consideration the proposals made by the research organisations of the field in question. Only persons with an academic degree may be appointed to Colleges assessing applications regarding basic research. The members of expert groups shall be appointed by the NKFI Hivatal (Office) for a fixed term, taking into consideration the proposals made by the Colleges.

(4) The number of Colleges and the number of College members shall be set by the President of the NKFI Hivatal (Office) through an internal order. The number and composition of expert groups

shall be set so that they can evaluate the submitted applications impartially, to a high professional standard by the deadline set by the call for tender.

(5) The Presidents and members of the Colleges, the members of expert groups and anonymous experts may receive remuneration for their work. The terms and sum of the remuneration shall be set by the NKFI Hivatal (Office) in an internal order.

(6) The funding decision shall be made by the President of the NKFI Hivatal (Office). The NKFI Hivatal (Office) shall sign subsidy contracts with or issue subsidy deeds to winning applicants.

(7) Reports on research and development applications shall be reviewed pursuant to (2).

Section 26 (1) If the facilities for the research are provided by an institution, the funds received from the NKFI Hivatal (Office) as public fund shall be managed by the institution while allowing the applicant to exercise its right of disposition as specified by Government decree, with the exception of the costs of public services, operating costs and the costs arising within the institution in connection with the handling of the project.

(2) Tangible assets and stocks obtained by beneficiaries of NKFI Alap (Fund) using the public fund shall be introduced into and kept in the asset register of the organisation that provides the facilities for the research. After the termination of the subsidy contract, the provisions of the Act on Public Finances shall regulate the registering of the assets.

(3) Within the time period covered by the subsidy contract signed by the NKFI Hivatal (Office) or the subsidy deed issued by the NKFI Hivatal (Office), amounts left over from approved fund may be transferred to the next year.

Section 27 (1) Applicants shall report to the NKFI Hivatal (Office) on the use of the public fund obtained from the NKFI Alap (Fund) via tendering and the progress of the research (not including funds obtained for infrastructure development) according to the schedule specified by the contract, but no less frequently than once a year. The NKFI Hivatal (Office) shall approve or reject the reports based on expert input, and accordingly decide whether to continue disbursing the public fund or, if necessary, amend or terminate the subsidy contract. The evaluation shall start with evaluating the work done in the first full research year.

(2) At the time of the termination of the research pursuant to the subsidy contract, experts shall evaluate the results of the work and the use of the public fund based on the report submitted by the beneficiary.

(3) In the course of the regular evaluation of reports, the NKFI Hivatal (Office) shall place special emphasis on results suitable for subsequent innovation.

(4) The use of the public fund awarded to infrastructure development applications shall be evaluated by the NKFI Hivatal (Office) at the intervals set in the subsidy contract.

(5) The summary of the evaluation carried out pursuant to (2) shall be published on the website of

the NKFI Hivatal (Office).

12 Innovation funds

Section 28 Innovation funds may be provided from the NKFI Alap (Fund) for the following purposes:

- a)* national innovation-related research and development programmes and national innovation programmes;
- b)* innovation and innovation-related research and development and the costs associated with exploiting their results;
- c)* disseminating the application of new scientific and technological results produced as a result of innovation-related research and development;
- d)* putting into place and improving the infrastructure necessary for innovation and innovation-related research and development, including creating and maintaining relationships with international research and development networks/infrastructure;
- e)* funding services that strengthen innovation-related research and development or innovation, innovation bridge-building and networking activities and the creation of innovation incubators;
- f)* conferences, trade fairs, preparation of publications related to innovation, aimed at building relationships or publicising results;
- g)* encouraging innovation in regions and counties;
- h)* participation in international scientific and technological cooperation, including funds for resolving liquidity gaps associated with ex-post financing in case of international tenders;
- i)* creating jobs in the area of innovation-related research and development, providing and developing human resources for research, development and innovation, recruiting and training researchers and developers, talent development, in-service researcher/developer and teacher training, domestic and international researcher and developer mobility and exchange of experiences, funding the integration of renowned researchers returning from abroad into the Hungarian innovation sector;
- j)* obtaining Hungarian and international scientific and technological knowledge and applying it in practice;
- k)* protecting and exploiting intellectual property;
- l)* making use of foreign research infrastructure services via tendering;
- m)* operating and developing foreign research infrastructure, if the contract guarantees that its services will also be available to Hungarian research organisations and enterprises;
- n)* putting into place, operating or developing research infrastructure in Hungary based on the Government's decision, within the framework of international cooperation.

Section 29 Section 25 shall apply to the publishing of calls for tender regarding innovation activities financed from the NKFI Alap (Fund), the judging of applications, the making of funding decisions and the signing of subsidy contracts, with the difference that the Innovation Board replaces the Colleges.

13 The protection of intellectual property rights, funding of the exploitation of intellectual creations

Section 30 The intellectual property rights arisen at research organisations that are central budgetary organisations or obtained by such organisations in return for consideration or free of charge shall belong to the State, with the constraint that the owner's rights shall be exercised by the research organisation acting in the name of and representing the State. The research organisation shall be permitted to set up spin-off enterprises or obtain a stake in spin-off enterprises pursuant to the provisions of Section 34.

Section 31 (1) Beneficiaries of projects implemented with public research and development funds shall ensure that the intellectual property rights arisen within the framework of the project are transferred to the beneficiary to the fullest extent permitted by legal regulations in a way that allows the ceding of the project results pursuant to (2). If multiple parties participated in the implementation of the project, then the distribution of the ownership of the intellectual property rights between them shall be regulated in a civil contract between the parties.

(2) If the fund provider requires the intellectual creation created as a result of the project implemented with public research and development funds to be ceded free of charge for public benefit use, the call for tender and the subsidy contract shall contain provisions to that effect.

Section 32 (1) If the objective of the project and the nature of its result allow, the call for tender regarding public fund may require applicants to apply due diligence in trying to:

a) obtain, maintain and renew industrial property rights protection of the results created in the project, covering the territory of Hungary or an area that includes Hungary;

b) ensure that the results of the funded project are exploited in Hungary.

(2) If several persons or organisations submit a joint application, the publisher of the call for tender – in order to facilitate exploitation, among other goals – may require the parties to sign an agreement in advance regarding the sharing of the intellectual property rights arisen in the project.

(3) The subsidy contract shall determine the legal consequences of a failure to meet the obligations contained in (1) attributable to the applicant.

Section 33 (1) Budgetary research organisations, public foundations and research organisations operating as public benefit non-profit business associations owned by the state or a local government shall have their own intellectual property management regulations.

(2) Intellectual property management regulations shall cover

- a)* the principles of the evaluation and record-keeping of intellectual creations created at the research organisation or obtained in return for consideration, including records of the expenses related to creating intellectual creations;
- b)* the conditions under which intellectual creations may be transferred to a business association as a contribution-in-kind or exploited in other ways, the conditions under which an ownership share obtained by transferring intellectual creation to a business association as a contribution-in-kind may be terminated or reduced, and the principles and tasks related to managing such ownership shares, while taking into consideration the value of the intellectual creation as determined pursuant to *a)*;
- c)* the principles and requirements related to the protection of intellectual property rights;
- d)* the rights and obligations in the course of the exploitation process of researchers participating in producing intellectual creations with a government service, state service, public service, civil service or employee status at the research organisation, in some other work-related legal relationship or civil law relationship with the research organisation, if the relevant legal regulations allow the parties to make alternative arrangements;
- e)* the principles that apply to the evaluation, record-keeping and exploitation of intellectual creations over which the research organisation has rights;
- f)* the persons holding the responsibilities and powers related to *a)-e)* .

(3) Organisations referred to in (1), if they contain several organisational units that carry out research and development activities as their core or main activity or related to their core or main activity, shall have a single set of regulations, which may have supplements containing special provisions for each organisational unit.

(4) The intellectual property management regulations shall be approved by the manager of the budgetary research organisation, or, in case of a public foundation, the managing body, or, in case of a public benefit corporation, the supreme body. The party with the right of approval may not transfer this right.

(5) Obtaining a share in a spin-off enterprise, terminating or reducing the share – in accordance with the provisions of the regulations referred to in (1) – shall be approved by the manager of the budgetary research organisation, or, in case of a public foundation, the managing body, or, in case of a public benefit corporation, the supreme body. The party with the right of approval may not transfer this right.

Section 34 (1) Budgetary research organisations – if they have intellectual property management regulations – may transfer intellectual creations to spin-off enterprises as contributions-in-kind. In the course of starting a spin-off enterprise or obtaining a share in one, the State shall be represented by the research organisation, and the owner's rights and responsibilities associated with the State's share in the spin-off enterprise shall be exercised by the research organisation.

(2) Spin-off enterprises set up for a fixed term may not be set up for a term of less than three years. No membership or ownership share may be obtained in an enterprise set up for a fixed term if the termination date set in the deed of foundation is less than three years after the date of the planned entry or share acquisition.

(3) The liability of the State may not exceed its capital contribution, and its share in the dividend may not be smaller than the share of its capital contribution. The deed of foundation of a spin-off enterprise may not require the State to make supplementary capital contributions.

(4) Monetary contributions may only be made to spin-off enterprises if the total amount of monetary contributions made in a single calendar year does not exceed fifty percent of the profit of the entrepreneurial activities reported in the budgetary research organisation's budget report from the previous year. This limitation shall not apply to funds provided pursuant to Section 35.

(5) Memberships and shares in spin-off enterprises may only be terminated or reduced after an assessment of the value of the associated economic rights by an auditor, through transfer for valuable consideration at a value not lower than the value determined by the auditor.

(6) Budgetary research organisations shall submit annual reports to their governing bodies on the implementation of exploitation of goals in the spin-off enterprise.

(7) (3) and (4) shall apply to the founding of other economic operators as defined by the Act on the Code of Civil Procedure by the spin-off enterprise and the obtaining of ownership shares in such economic operators, as well as all cases where an economic operator in which the spin-off enterprise has an indirect share founds another economic operator or obtains an ownership share in one.

(8) Spin-off enterprises may not transfer intellectual creations indicated in (1) to other enterprises as contributions-in-kind.

Section 35 (1) Budgetary research organisations and non-profit research organisations may receive Hungarian public funds through tendering for the purpose of obtaining membership or an ownership share in a spin-off enterprise with the aim of exploiting intellectual creations.

(2) Researchers and persons employed as college or university teachers who have shared intellectual property rights arisen at a budgetary research organisation with the budgetary research organisation may also apply for public funds pursuant to (1) if the owners of the right jointly set up a business association (alone or with the involvement of any third party), or, with due observation of the provisions of Section 34, obtain membership or an ownership share in one. Applications for such funds may only be accepted if there is a valid contract between the budgetary research organisation and the researcher or person employed as a college or university teacher regarding the intellectual property rights and the sharing of the revenue obtained through its exploitation.

CHAPTER VI

THE CERTIFICATION OF RESEARCH AND DEVELOPMENT ACTIVITIES

Section 36 (1) The Hungarian Intellectual Property Office (hereinafter: HIPO) shall, on request, certify

a) projects indicated in the request whether the status of its activities

b) group of projects indicated in the request whether the status of the projects enlisted by the applicant as part of the group of projects

may be considered as research and development activities pursuant to Section 3.

(2) The decision issued as part of the certification procedure on the status of the project or group of projects (hereinafter: certification procedure) may be used:

a) for claiming tax and allowance benefits related to research and development activities

b) .²

(3) Within the framework of the research and development funding system, the decision issued as part of the certification procedure may be used if it is stipulated so by the fund provider in the call for tender.

Section 37 (1) The subject of the certification procedure shall be

a) projects or project parts with a clearly defined time frame starting after the submission of the request (hereinafter: project certification procedure) or

b) group of projects (hereinafter: group of projects certification procedure).

(2) Project certification procedure may be requested for project parts individually if they can be clearly separated from each other.

(3) The detailed set of criteria for the group of projects certification procedure shall be determined, after requesting the opinion of the President of the NKFI Hivatal (Office), by the HIPO in a methodological instructions manual, which shall be published on its website for information.

Section 38 (1) Upon request, in the project certification procedure the HIPO shall

a) determine the ratio of basic research, applied research and experimental development activities in the project;

b) determine whether the applicant is carrying out the activity in question within its scope of activities pursuant to Section 32 of Act LXXXI of 1996 on Corporate Tax and Dividend Tax.

(2) In the group of projects certification procedure the HIPO shall determine whether the applicant is carrying out the activity in question within its scope of activities pursuant to Section 32 of Act

² Repealed: Pursuant to Section 10 (2) of Act CLXXV of 2016. Repealed as of 1/1/2017

LXXXI of 1996 on Corporate Tax and Dividend Tax.

(3) The HIPO shall only make a substantive decision on the issues referred to in (1) and (2) if the project or the group of projects is certified as research and development activity by the project certification procedure or the group of projects certification procedure.

(4) The group of projects certification shall apply to each project within the group of projects.

(5) If a project or a group of projects is certified as research and development activity by the final decision of the HIPO, that decision made regarding the certification shall be binding for any authorities engaged in proceedings pursuant to Section 36 (2) a) or other proceedings in connection thereof, as to whether or not the activity shall be considered as research and development activity.

(6) The decision issued in a project certification procedure shall only be binding for other authorities referred to in (5) if the project is implemented in full compliance with the content of the request for project certification. If the project is implemented with alteration in regards of the content of the request for project certification, for the purpose of claiming benefits pursuant to Section 36 (2) a) the activity shall be considered a new project to which the certification shall not apply.

Section 39 (1) The provisions of Act CXL of 2004 on the General Rules of Administrative Proceedings and Services (hereinafter: AAP) shall apply to the HIPO procedure discussed in this Chapter with the following exceptions:

a) the provisions of the AAP regarding notifications on initiating procedures shall not apply;

b) requests may only be submitted to the HIPO in writing, using the form introduced for this purpose, or using the electronic form;

c) the HIPO shall review the facts based on the client's declarations and statements;

d) the provisions of the AAP on the use of intermediaries, the publication of resolutions, curators ad litem, exemption from costs and enforcement procedures shall not apply;

e) there shall be no trials or public hearings;

f) all communication in the course of the procedure, with the exception of requesting and providing information, shall be done in writing or by way of electronic means with proper identification; however information may not be requested and such request may not be answered by way of text message (SMS);

g)³

h) the administrative deadline of project certification procedures shall be thirty days;

i) in the course of group of projects certification procedures the administrative deadline of examining the individual projects as indicated and of certifying the group of projects shall be sixty

³ Repealed: Pursuant to Section 89 (4) of Act CXXI of 2016. Repealed as of 1/1/2017

days from the submission of the separate request regarding the individual projects as indicated.

(2) No appeals may be lodged against HIPO decisions, and no requests for reopening the case or oversight procedures may be submitted. There shall be no prosecutor's orders; resolutions issued by the HIPO regarding cases defined in Section 36 (1) and Section 38 (1) may be reviewed by the Budapest Regional Court in out-of-court proceedings pursuant to the provisions of Section 40.

(3) The HIPO may change or revoke its decisions issued regarding the cases referred to in Section 36 (1) and Section 38 (1) pursuant to Section 114 of the AAP.

(4) When submitting a request pursuant to Section 36 (1) or Section 38 (1), the payment of an administrative service fee set by legal act shall be required.

(5) The provisions of the AAP regarding language use shall apply to certification procedures with the exception that the procedures shall be executed in Hungarian and – in the cases defined in Section 9 (3) of the AAP – the minority language, and requests shall be filed in Hungarian and – in the cases defined in Section 9 (3) of the AAP – the minority language. Foreign language documents may be submitted as annexes to the request, but the HIPO may require a Hungarian translation to be submitted subsequently by a deadline set by the HIPO. A certified translation may only be required if there are justifiable doubts regarding the accuracy of the translation or the truthfulness of the content of the foreign language document.

(6) By way of derogation from (1) *a*), if so requested by the client submitting a request for the initiation of a certification procedure, the HIPO shall notify the client within eight days of receipt of the request in accordance with the rules laid down in the AAP of:

a) the case number, the name and official contact information of the administrator;

b) the date of the initiation of the proceeding, the administrative deadline, the time periods excluded from the calculation of the deadline, and the procedures to follow if the HIPO fails to meet its procedural obligations;

c) options for document access and comment; and

d) the fact that the request is considered as consent to processing the necessary data and transmitting it for the purpose of domestic legal assistance.

Section 40 (1) On request, courts may change the HIPO's

a) resolutions issued in certification procedures;

b) decisions issued pursuant to Section 38 (1);

c) rulings on suspending proceedings;

d) rulings rejecting requests without examining them as to their merits and terminating the proceedings;

e) rulings excluding or limiting access to documents for review regarding which independent legal remedies are available pursuant to the provisions of the Act on the General Rules of Administrative

Proceedings;

f) rulings regarding requests for limiting the right of access to documents for review.

(2) Rulings by the HIPO not listed in (1) may only be challenged by filing a suit against a decision listed in (1). The court may overrule the HIPO's decisions.

(3) Applications for out-of-court proceedings pursuant to Section 39 (2) may be filed at the HIPO within thirty days of the communication of the decision. Applications may also be sent to the HIPO by mail, using a postal service that allows the date of mailing to be subsequently proven. The HIPO shall forward the application, along with the documentation of the case, to the Budapest Regional Court within fifteen days, unless the opposed decision has been revised, amended or withdrawn in accordance with the application, or the application has been withdrawn by the applicant prior to its forwarding to the Budapest Regional Court.

(4) If the application pursuant to (1) was submitted late, the court shall decide regarding any applications for excuse.

(5) The general provisions of the Act on Civil Procedure shall apply to out-of-court proceedings carried out pursuant to Section 39 (2) subject to the exceptions set out in the legal acts on out-of-court proceedings.

Section 41 In the course of the certification procedure, electronic administration shall be performed by the HIPO in compliance with the provisions of the act on the general rules of electronic administration and confidential services as well as this present act.

Section 42 (1) In the course of its controls, the tax authority – pursuant to the provisions of the Act on the Rules of Taxation – may request the HIPO to assist its work as an expert body. In such cases, the deadline for expert procedures shall be 45 days, which may not be extended.

(2) At the request of another authority or a court, the HIPO shall issue an expert opinion regarding the certification of the activities indicated in the request as research and development, and on whether the costs can be attributed to research and development activities.

(3) In the procedure according to (1) and (2), the HIPO shall arrive at its expert opinion based on the questions asked and the documents submitted; it shall not carry out evidence procedures or on-site inspections. If needed, the HIPO may request further data from the requesting court or authority.

(4) If in the procedure according to (1) and (2), arriving at an expert opinion requires special expertise the HIPO does not possess, the HIPO may rely on third parties who have the necessary expertise.

(5) In the procedure according to (2), the fee payable to the HIPO shall be governed by the rules on the fees payable to forensic experts.

CHAPTER VII

CLOSING PROVISIONS

14 Authorising provisions

Section 43 (1) The Government shall be authorised to issue decrees on:

- a)* the rules on the operation and use of the NKFI Alap (Fund);⁴
- b)* the detailed rules on the evaluation of programmes and projects, as well as their content requirements and systems;
- c)* the detailed regulations related to the records of research, development and innovation projects carried out with public funds;
- d)* the accreditation of research organisations receiving researchers from third countries, as well as the requirements regarding research agreements;
- e)* the detailed rules on the certification of specific activities with regard to their status as research and development activities.

(2) The minister overseeing the HIPO – in agreement with the minister responsible for tax policy and the President of the NKFI Hivatal (Office), after consulting the President of the HIPO – shall be authorised to issue decrees setting the administrative service fees to be paid in procedures regarding the certification of research and development activities, as well as the detailed rules on the handling, use, record-keeping, payment methods and repayment of such administrative service fees.

15 Enacting provisions

Section 44 (1) This Act – with the exceptions laid out in (2) – shall enter into force on the day following its promulgation.

(2) Sections 1-43, Sections 47-51 and Annex 1 shall enter into force on 1 January 2015.

16 Transitional provisions

Section 45 (1) The NKFI Hivatal (Office) shall be created as of 1 January 2015, by merging the Hungarian Scientific Research Fund Office (hereinafter: OTKA Iroda and the National Innovation Office (hereinafter: NIH). After the merger, the NKFI Hivatal (Office) shall be the general and universal legal successor of both the OTKA Iroda and the NIH, carrying out the public duties of both of the merged budgetary organisations.

(2) After 15 December 2014, no new liabilities to be paid from the expenditure appropriations of

⁴ See: *Government Decree 380/2014 (XII. 31.)*

the OTKA Iroda, the NIH or the Research and Technology Innovation Fund may be undertaken, except the liabilities required by legal acts and those arising from day-to-day operations, for which the cut-off date shall be 31 December 2014.

(3) The Research and Technology Innovation Fund shall cease to exist as of 31 December 2014. Management tasks related to budgetary funds provided based on Act XC of 2003 on the Research and Technological Innovation Fund or Act CXXXVI of 1997 on the Hungarian Scientific Research Fund effective on 1 January 2015 shall be carried out by the NKFI Hivatal (Office) from the NKFI Alap (Fund) as of 1 January 2015.

(4) With regard to handling the administrative tasks related to the operation of the Research and Technology Innovation Fund, the legal successor to the Prime Minister's Office shall be the NKFI Hivatal (Office).

Section 46 (1) Regarding the change of the public servant status of persons employed by the OTKA Iroda on 31 December 2014 into a government service status, the provisions of Sections 25 a)-c) of Act XXXIII of 1992 on the Legal Status of Public Officials shall apply.

(2) Regarding the change of the status all persons employed by the NIH on 31 December 2014, as well as all persons employed by the Prime Minister's Office carrying out administrative tasks related to the operation of the Research and Technological Innovation Fund, the provisions of Section 58 of Act CXCIX of 2011 on Public Officials shall apply.

Section 47 (1) The deadline for setting up the IT records system pursuant to Section 23 or connecting to such a system shall be 31 December 2018.

(2) The conditions prescribed by Section 30 and Sections 33-35 for spin-off enterprises that were founded by a budgetary research organisation or in which a budgetary research organisation has a share shall be met by business associations registered at the time of the entry into force of this Act by 31 December 2015.

17-18.

Section 48 If electronic administration pursuant to Section 108 (2) of Act CCXXII of 2015 on the general rules of electronic administration and confidential services is not undertaken by the HIPO prior to 1 January 2018, provisions of this act being in effect as of 31 December 2016 shall be applied to electronic communication until 31 December 2017.

Sections 49-51⁵

⁵ Repealed: Pursuant to Section 12 of Act CXXX of 2010. Repealed as of 2/1/2015

Data to be supplied for the records of research, development and innovation projects carried out with public funds:

1. Title of the research and development project;
2. The unique identifier of the call for tender (main research programme) and the winning application;
3. A summary of the project's content of no more than 8 to 10 lines, available for publication by the statement of the project leader;
4. Free keywords and fixed subject words capable of identifying the project (provided by the project leader);
5. An indication of the category the project fits into in terms of branches of science, social and economic goals and sectors of the economy;
6. The name, address, phone number, fax number, website URL and tax number of the organisation(s) and organisational unit(s) implementing the project;
7. The project's start and end date;
8. The main tasks and goals set for the project;
9. The number of researchers and developers working on the project, in full-time equivalent units;
10. The full budget of the project, the total sum of funds within the budget and a breakdown by sources;
11. At the time of the closing of the project, a summary of the results of no more than 800 characters, cleared for publication by the project leader;
12. The research report created as a result of the project, the number and electronic access information of publications in Hungary and abroad, patent applications and granted patents in Hungary and abroad;
13. A summary of 8 to 10 lines on the exploitation of the results of the project written by the project leader;
14. If the project's date of termination or the amount or source of domestic public funds used differs from the information indicated on the form submitted when starting the project, a statement of the data differing from the plans;
15. If any of the above data cannot be released to the public according to the provisions of legal regulations or the decision of a person so entitled by legal regulations, the identifier of the document limiting release, the cause for the limitation, the date of the introduction of the limitation and the affected data.