

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:

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

¹ Published on 05 December 2014

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 2² 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 take place in the framework of call for proposals – 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

1.³ basic research: experimental or theoretical work carried out with the primary aim of obtaining new knowledge about the background of phenomena and observable facts, without envisaging its direct commercial use or application;

2.⁴ applied research: planned research or critical investigation aimed at the acquisition of new knowledge and skills for the development of new products, processes or services, or the promotion of significant improvement in existing products, processes or services, including the creation of components of complex systems, and potentially including the construction of prototypes in a lab environment or an environment with simulated interfaces to existing systems, as well as the

² Amended by Section 16 (1) of Act CXXIII of 2019

³ Established by Section 2 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁴ Established by Section 2 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

production of pilot series, if necessary for the control of applied research and, in particular, for generic technologies;

2a.⁵ Simplified accounting methods: the support forms listed in Article 67 (1) *b*) to *d*) of Regulation (EU) No 1013/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006;

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;

4.⁶ spin-off enterprise: a company set up with the purpose of the economic exploitation of intellectual property created at a budgetary research organisation, which became the holder or beneficiary of the rights pertaining to such intellectual property based on grant of access, transfer or an exploitation agreement;

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

6.⁷ innovation: a new or improved product or process, or a combination thereof, which is significantly different from its legal form or way of financing regardless of the previous products or processes of the given organization, and which, in the case of a product, was made available to potential users, or in the case of a process, was put to use by the organization, including in particular:

a) product innovation: a new or improved product or service that is significantly different from any other product or service of the enterprise already introduced to the market;

b) business process innovation: a new or improved business process related to one or more business activities including, in particular, production, distribution and logistics, marketing and sales, information and communications technology, administration and management, product and process development, which significantly differs from any business process previously introduced or used by the enterprise,

6a.⁸ innovative activity: the development, financial and commercial activity of any organisation, irrespective of its legal status or way of financing, pursued with the aim of generating innovation for the given organisation;

7.⁹ experimental development: obtaining, aggregation, shaping and utilization of existing scientific, technological, business and other knowledge and expertise with the aim of developing new or improved products, processes or services, including in particular:

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

b) prototyping, piloting and demonstration of new or improved products, processes or services; piloting, testing and validation of such products in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set;

⁵ Enacted by Section 2 (2) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁶ Established by Section 18 (1) of Act CIV of 2018. Effective as of 1 January 2019.

⁷ Established by Section 2 (3) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁸ Enacted by Section 2 (4) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹ Established by Section 2 (5) of Act CXXIII of 2019. Effective as of 1 January 2020.

c) the development of a commercially usable prototype or pilot which is necessarily the final commercial product because it is too expensive to produce only for demonstration and validation purposes, and which, at the same time, meets the essential criteria of research (novelty, uncertainty, creativity, systematicity and repeatability), however, excluding routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements;

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;

12.¹⁰ 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;

13.¹¹ research, development and innovation programme: a series of calls for proposals issued or funding measure with a view to funding the implementation of research and development or innovation projects aimed at achieving the goal of 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;

14a.¹² research infrastructure: facilities, resources and related services that are used by the scientific community to conduct top-level research in their respective fields and covers major scientific equipment or set of instruments, knowledge-based resources such as collections, archives

¹⁰ Amended by Section 17a) of Act CXXIII of 2019

¹¹ Established by Section 2 (6) of Act CXXIII of 2019. Effective as of 1 January 2020.

¹² Enacted by Section 2 (7) of Act CXXIII of 2019. Effective as of 1 January 2020.

or structures for scientific information, ICT infrastructure such as data and information technology systems, software and communication networks, and or any other entity of a unique nature essential to achieve excellence in research, whether single-sited or distributed (an ‘organised network of resources’ within the meaning of Article 2 (a) of Council Regulation (EC) No 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC);

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;

16a.¹³ research and knowledge-dissemination organisation: an entity, such as university, research institute, technology transfer agency, innovation intermediary, research-oriented physical or virtual collaborative entity, irrespective of its legal status or way of financing, whose primary goal is to independently conduct fundamental research, applied research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer. Where such entity also pursues economic activities, the financing of such economic activities, as well as the accounting of related costs and revenues, must be performed separately;

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;

18.¹⁴ non-profit public benefit 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;

19a.¹⁵ project group: the sum of such projects or parts of projects implemented by the applicant in a tax year and indicated in the funding request that should be considered a single entity for the purposes of project group certification;

19b.¹⁶ prototype: an original model that features all the technical properties and performance of a new product;

20.¹⁷ intellectual property: the legal protection of intellectual creations, certain achievements and product markings (trademarks and geographical indications), as set forth in the Copyright and Industrial Property Act, and the legal protection of protected knowledge, as set forth in the Trade Secrets Protection Act, as well as in the European Union’s directly applicable legal acts and international conventions;

21.¹⁸ 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,

¹³ Enacted by Section 2 (8) of Act CXXIII of 2019. Effective as of 1 January 2020.

¹⁴ Established by Section 2 (9) of Act CXXIII of 2019. Effective as of 1 January 2020.

¹⁵ Enacted by Section 1 of Act CLXXV of 2016. Effective as of 1 January 2017.

¹⁶ Enacted by Section 2 (10) of Act CXXIII of 2019. Effective as of 1 January 2020.

¹⁷ Established by Section 18 (2) of Act CIV of 2018. Effective as of 1 January 2019.

¹⁸ Established by Section 18 (2) of Act CIV of 2018. Effective as of 1 January 2019.

topography protection) or that are under intellectual property protection by statute, including knowledge protected by the Trade Secrets Protection Act;

21a.¹⁹ technology transfer: the process by which technology is distributed from distribution groups to multiple people and places;

21b.²⁰ knowledge transfer: sharing or dissemination of knowledge and support of problem solving with new knowledge in order to maximise utilisation of knowledge;

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 shall

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

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

*c)*²¹ ensure the establishment, operation and financing of a single institutional system of the state-funded network of research institutes, and the establishment and support of new research facilities, as necessary, in order to promote the success of the RDI Strategy;

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

*e)*²² encourage enterprises to produce research, development and innovation results (including product innovation and business process innovation) and to exploit domestic and foreign research, development and innovation results (including through technology transfer and knowledge transfer);

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

*g)*²³ initiate programmes and measures aimed at establishing a Hungarian research, development and innovation infrastructure, developing instruments for the creation of open scientific digital data files and repositories, and resolving research, development and innovation issues of importance for the national economy, in particular by embracing programmes that facilitate the digital transformation of the industry, the economy and society, and support the dissemination of artificial intelligence and the tackling of related challenges;

h) 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.

¹⁹ Enacted by Section 2 (11) of Act CXXIII of 2019. Effective as of 1 January 2020.

²⁰ Enacted by Section 2 (11) of Act CXXIII of 2019. Effective as of 1 January 2020.

²¹ Established by Section 20 (1) of Act LXVIII of 2019. Effective as of 1 November 2019.

²² Established by Section 20 (2) of Act LXVIII of 2019. Effective as of 1 November 2019.

²³ Established by Section 20 (3) of Act LXVIII of 2019. Effective as of 1 November 2019.

i)²⁴ coordinate science and technology diplomacy through the minister responsible for the coordination of science policy;

j)²⁵ support, by means of public funding, innovative businesses and actors engaged in innovative activities;

k)²⁶ encourage the development of the digital ecosystem by providing public funding for research and development and technological innovation.

(2)²⁷ The Government shall fulfil the duties related to the public funding of research, development and innovation through the minister responsible for science policy coordination.

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

Section 5²⁸ (1) Coordinated by the minister responsible for science policy coordination, the President of the Hungarian Academy of Sciences (hereinafter: HAS) and the Chair of the Eötvös Loránd Research Network Secretariat (hereinafter: ELRN Secretariat), as part of their duties, take part in the development and implementation of the Government's RDI strategy and its set of tools.

(2) The ministers, the head of the body designated by the Government, the President of the HAS and the Chair of the ELRN Secretariat 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, the President of the HAS, and the Chair of the ELRN Secretariat shall, after consulting with the minister responsible for science policy coordination, cooperate in arranging 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.

CHAPTER III²⁹

(Repealed by Section 17b) of Act CXXIII of 2019. Repealed as of 1 January 2020.)

²⁴ Enacted by Section 20 (4) of Act LXVIII of 2019. Effective as of 1 November 2019.

²⁵ Enacted by Section 20 (4) of Act LXVIII of 2019. Effective as of 1 November 2019.

²⁶ Enacted by Section 20 (4) of Act LXVIII of 2019. Effective as of 1 November 2019.

²⁷ Established by Section 3 of Act CXXIII of 2019. Effective as of 1 January 2020.

²⁸ Established by Section 4 of Act CXXIII of 2019. Effective as of 1 January 2020.

²⁹ Repealed by Section 17b) of Act CXXIII of 2019. Repealed as of 1 January 2020.

Sections 6-10³¹ *(Repealed by Section 17b) of Act CXXIII of 2019. Repealed as of 1 January 2020.)*

CHAPTER III³²

NATIONAL SCIENCE POLICY COUNCIL³³

6/A.³⁴ The status and duties of the National Science Policy Council

Section 10/A³⁵ (1) The National Science Policy Council (hereinafter: NTT) participates in the professional supervision of the operation of the NKFI Alap (Fund) and supports the Government's research, development and innovation activity.

(2)³⁶ The NTT is composed of 12 members. The Chair of the NTT is the minister responsible for science policy coordination. The co-chair and other members of the NTT are invited, appointed and dismissed by the Prime Minister, on recommendation of the Chair. Appointments are granted for a term of three years and may be renewed several times. Members shall be selected from the prominent figures of the domestic public, economic and scientific sectors as follows: three members from the economic sector, four members of the scientific sector, three members from the public sector and one member from the members of the Eötvös Loránd Research Network (ELRN).

Section 10/B³⁷ The NTT shall

a) express opinion on the principles and manner of using the NKFI Alap (Fund), and shall propose main research directions and thematic areas to be funded in line with the policy strategies approved by the Government;

b) review the annual programme strategy, portfolio of competitive calls and annual activity report of the NKFI Alap (Fund), and shall monitor the use of the NKFI Alap (Fund);

c) make recommendations and take a position on research, development and innovation questions of strategic importance;

d) review policy documents submitted to it;

e) review draft laws and measures related to research, development and innovation;

f) make proposals to the Government, through the minister responsible for science policy coordination, on the creation and modification of the research, development and innovation regulatory environment.

6/B³⁸ The operation of the National Science Policy Council

³⁰ Repealed by Section 17b) of Act CXXIII of 2019. Repealed as of 1 January 2020.

³¹ Repealed by Section 17b) of Act CXXIII of 2019. Repealed as of 1 January 2020.

³² Enacted by Section 25 of Act LXVIII of 2019. Effective as of 1 January 2020.

³³ Enacted by Section 25 of Act LXVIII of 2019. Effective as of 1 January 2020.

³⁴ Enacted by Section 25 of Act LXVIII of 2019. Effective as of 1 January 2020.

³⁵ Enacted by Section 25 of Act LXVIII of 2019. Effective as of 1 January 2020.

³⁶ Established by Section 2 of Act CXIV of 2020. Effective as of 1 January 2021.

³⁷ Enacted by Section 25 of Act LXVIII of 2019. Effective as of 1 January 2020.

³⁸ Enacted by Section 25 of Act LXVIII of 2019. Effective as of 1 January 2020.

Section 10/C³⁹ The secretarial tasks associated with the operation of the NTT shall be fulfilled by the body designated by the Government, under the professional supervision of the minister responsible for science policy coordination.

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)⁴⁰ 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, strengthen international research, development and innovation collaborations, and improve the research, development and innovation infrastructure and related services.

(3)⁴¹ The minister responsible for science policy coordination shall be responsible for the management of the NKFI Alap (Fund), while the management body of the NKFI Alap (Fund) shall be the body designated by the Government. The NKFI Alap (Fund) is composed of an Innovation and a Research Sub-fund.

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)⁴² The detailed annual programme strategy of the NKFI Alap (Fund) is submitted for an opinion to the NTT by the minister responsible for science policy coordination. After obtaining the opinion of the NTT, the detailed annual programme strategy of the NKFI Alap (Fund) is submitted for approval to the Government by the minister responsible for science policy coordination. The minister responsible for science policy coordination then arranges for the preparation and

³⁹ Enacted by Section 25 of Act LXVIII of 2019. Effective as of 1 January 2020. Amended by Section 16 (2) of Act CXXIII of 2019.

⁴⁰ Amended by Section 16 (3) of Act CXXIII of 2019

⁴¹ Established by Section 26 of Act LXVIII of 2019. Effective as of 1 January 2020. Amended by Section 16 (4) of Act CXXIII of 2019.

⁴² Established by Section 5 of Act CXXIII of 2019. Effective as of 1 January 2020.

amendment of the appropriation utilisation plan of the NRDI Fund in accordance with the approved programme strategy.

(3)⁴³ If the expenditure appropriation of the NKFI Alap (Fund) for the current year is changed by more than 10%, the provisions in Subsection (2) shall be followed.

Section 13⁴⁴ (1) Refundable and non-refundable funding from the NKFI Alap (Fund) may be provided

- a)* in the framework of a call for proposals;
- b)* based on an individual funding request as per Subsection (3);
- c)* pursuant to laws, government decisions or obligations arising from international treaties; and
- d)* under the legal titles listed in Subsection (4)

(2) Project proposals shall be evaluated in line with this Act. Unless otherwise stipulated in this Act, the panel convened by the head of the body appointed by the Government, as defined in Section 25 (2), shall recommend project proposals for funding. The funding decision shall be adopted by the minister responsible for science policy coordination, in view of the programme strategy approved pursuant to Section 12 (2).

(3) The minister responsible for science policy coordination may, within his own powers, grant individual requests for public funding from the NKFI Alap (Fund) up to 3% of the expenditure appropriation of the NKFI Alap (Fund) in the current year.

(4) 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)* research, development and innovation infrastructure development projects with a novel element, approved by the Government;
- c)* research, development and innovation projects, infrastructure developments, and their operation, carried out in European Union or other international cooperation and approved by the Government;
- d)* government-approved projects, programmes and scholarships 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)* the membership fees of, and similar expenditure related to, Hungary's participation in international research, development and innovation organisations, infrastructures or consortia;
- f)* the creation and managing of analyses and databases to base science, research, development and innovation policy on;
- g)* the preparation of analyses, studies, methodologies, evaluations, plans and strategies underlying national research, development and innovation fund programmes, as well as the monitoring and evaluation of 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.

(5) The NKFI Alap (Fund) contributes, by transfer of funds, to the payment obligations of the body designated by the Government related to international membership fees.

⁴³ Enacted by Section 5 of Act CXXIII of 2019. Effective as of 1 January 2020.

⁴⁴ Established by Section 6 of Act CXXIII of 2019. Effective as of 1 January 2020.

Section 14⁴⁵ 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 project proposals, judging tender applications, preparing, signing and implementing contracts, providing the human and other resources for keeping records thereon, and carrying out controls and evaluations – shall be covered by 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)⁴⁶ Business associations with registered offices in Hungary that fall within the scope of Act C of 2000 on Accounting (hereinafter: Accounting Act) shall pay an innovation contribution (hereinafter for the purposes of this subtitle: contribution).

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

- a)⁴⁷ business associations that qualify as micro- or small enterprises pursuant to 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 (hereinafter: LTA), 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)⁴⁸ 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. 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

⁴⁵ Amended by Section 16 (5) of Act CXXIII of 2019

⁴⁶ Amended by Section 44 of Act LXXVII of 2017

⁴⁷ Established by Section 56 of Act XLI of 2018. Effective as of 1 January 2019.

⁴⁸ Established by Section 44 (1) of Act LXXIII of 2019. Effective as of 24 July 2019.

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)⁴⁹ (*Repealed by Section 46 of Act LXXIII of 2019. Repealed as of 24 July 2019.*)

(11)⁵⁰ The difference between the advance paid 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)⁵¹ The provisions of the Act on Tax Administration and 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.

(14)⁵² If the taxpayer submits its annual financial statements in accordance with the IFRSs as specified in Section 3 (10)2 of the Accounting Act, it shall establish its contribution payment obligation based on Section 40/J-40/L of the Act on Local Taxes.

⁴⁹ Repealed by Section 46 of Act LXXIII of 2019. Repealed as of 24 July 2019.

⁵⁰ Established by Section 44 (2) of Act LXXIII of 2019. Effective as of 24 July 2019.

⁵¹ Amended by Section 231 (1) of Act CLIX of 2017

⁵² Enacted by Section 42 of Act LXXVII of 2017. Effective as of 19 July 2017.

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 18⁵³ In order to ensure the effective utilisation of Hungarian domestic public funds, the following types of research, development and innovation projects shall be preferred:

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)*⁵⁴ those that directly contribute to the competitiveness of the Hungarian economy and to the development of the digital ecosystem;

*d)*⁵⁵ those that require cooperation between a budgetary research organisation and an enterprise, or between a higher education institution, a research and knowledge-dissemination organisation and an enterprise;

*e)*⁵⁶ those that implement regional or cross-border and international research, development and innovation cooperation;

*f)*⁵⁷ those that contribute to improved human resources in research, development and innovation, including public education, vocational training, higher education 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;

⁵³ Amended by Section 16 (6) of Act CXXIII of 2019

⁵⁴ Established by Section 28 (1) of Act LXVIII of 2019. Effective as of 1 November 2019.

⁵⁵ Established by Section 28 (1) of Act LXVIII of 2019. Effective as of 1 November 2019.

⁵⁶ Established by Section 28 (1) of Act LXVIII of 2019. Effective as of 1 November 2019.

⁵⁷ Amended by Section 99 of Act CXII of 2019

j)⁵⁸ effectively and directly contributing to the addressing and resolution of social, environmental and economic problems at the international level.

Section 19 The following requirements shall apply to calls for proposals aimed at distributing public funds:

a) the categories of applicants eligible for funding and the evaluation criteria shall be published in the call for proposals;

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 participation 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 funding documents 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 19/A⁵⁹ As regards the accounting of costs of projects funded from the NKFI Alap (Fund), simplified accounting methods may be used in the cases, and subject to the conditions, set out in the call for proposals, the funding agreement or the funding document.

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)⁶⁰ If a micro, small or medium-sized enterprise or a non-profit public benefit 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 call for proposals – while observing state funding rules.

Section 21 (1)⁶¹ 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 funding document. The following should be considered during the evaluation:

a) in the case of funding provided under subtitle 11, the financing model of basic research is determined by funding that is based on the principles of trust; on the values associated with the excellence of the individual researchers involved, the results achieved, the qualitative and quantitative characteristics of research and development performance, as well as their social and

⁵⁸ Established by Section 28 (2) of Act LXVIII of 2019. Effective as of 1 November 2019.

⁵⁹ Enacted by Section 29 of Act LXVIII of 2019. Effective as of 1 September 2019.

⁶⁰ Amended by Section 16 (7) of Act CXXIII of 2019

⁶¹ Established by Section 7 of Act CXXIII of 2019. Effective as of 1 January 2020.

economic impact; and supported by a framework of a long-term sustainable, comprehensive quality assurance;

b) in the case of funding provided under subtitle 12, evaluation criteria reflecting the market potential of the research and experimental development results shall also be applied;

c) the evaluation criteria for research and development infrastructures shall be determined by the evaluation panel appointed by the body designated by the Government, based on separate conceptual framework and evaluation methodology.

(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)⁶² The results of publicly funded research, development and innovation projects and the social utilisation of projects in accordance with their goals and nature, if such information was required in the application, 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 call.

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

(3)⁶³ The results of project assessment shall be published, without endangering the acquiring of industrial property rights protection and the business interests of the beneficiary.

Section 23 (1)⁶⁴ The body designated by the Government shall operate an IT records system designed to keep records on projects carried out with domestic public funds under the management of such body, or it shall join an IT system that is capable of receiving, storing and managing the data indicated in Annex 1.

(2)⁶⁵ The implementer of projects receiving public funding from the NKFI Alap (Fund) shall provide the data indicated in paragraphs 1-10 of 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)⁶⁶ 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.

(4)⁶⁷ In relation to the project receiving public funding, the body designated by the Government shall process the following personal data for the purpose of securing the rights and obligations arising from the project:

a) in the case of private individuals, the beneficiary's

aa) name,

ab) birth name,

ac) mother's birth name,

ad) place and date of birth,

ae) tax identification number,

af) residence,

ag) temporary address,

⁶² Amended by Section 16 (8) of Act CXXIII of 2019

⁶³ Amended by Section 16 (9) of Act CXXIII of 2019

⁶⁴ Amended by Sections 16 (10) and 17c) of Act CXXIII of 2019.

⁶⁵ Amended by Section 17d) of Act CXXIII of 2019

⁶⁶ Amended by Section 17e) of Act CXXIII of 2019

⁶⁷ Enacted by Section 8 of Act CXXIII of 2019. Effective as of 1 January 2020.

ah) email address for notifications,

ai) phone number,

aj) name of financial institution bank account is kept with,

ak) bank account number;

b) in the case of legal entities, the data specified in paragraph *a) aa)-ad)* and *ah)-ai)* of the representative of the beneficiary.

(5)⁶⁸ The body designated by the Government shall process the data listed in Subsection (4) for ten years from approval of the beneficiary's report by the funder.

(6)⁶⁹ To the extent necessary for the fulfilment of its coordination duties, the minister responsible for science policy coordination may access the data listed in Subsection (4) for the purpose of securing the rights and obligations arising from the project.

11. Funding from the Research Sub-fund of the NKFI Alap (Fund)⁷⁰

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

*a)*⁷¹ ongoing expenses related to scientific research topics and fields;

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 calls;

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)*⁷² 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 calls for proposals 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)*⁷³ costs of 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

⁶⁸ Enacted by Section 8 of Act CXXIII of 2019. Effective as of 1 January 2020.

⁶⁹ Enacted by Section 8 of Act CXXIII of 2019. Effective as of 1 January 2020.

⁷⁰ Established by Section 30 of Act LXVIII of 2019. Effective as of 1 January 2020.

⁷¹ Amended by Section 16 (11) of Act CXXIII of 2019

⁷² Amended by Section 16 (12) of Act CXXIII of 2019

⁷³ Amended by Section 16 (13) of Act CXXIII of 2019

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)⁷⁴ *(Repealed by Section 17f) of Act CXXIII of 2019. Repealed as of 1 January 2020.)*

Section 25 (1)⁷⁵ The minister responsible for science policy coordination shall decide on the announcement of research and development calls financed from the NKFI Alap (Fund). The call shall be published by, and proposals shall be submitted to, the body designated by the Government.

(2)⁷⁶ Project proposals are assessed against the formal requirements by the body designated by the Government, while their content is reviewed by review panels, in particular specialised colleges, invited by the body designated by the Government. The work of the review panels may be supported by expert groups appointed by the body designated by the Government on recommendation of the panels. Furthermore, anonymous peer reviewers (hereinafter: peer reviewers) may be involved in the assessment based on an invitation from the head of the body designated by the Government, the review panel or the expert group.

(3)⁷⁷ If deemed appropriate by the head of the body designated by the Government, project proposals may be assessed in a regime different from the one set out in Subsection (2) above.

(4)⁷⁸ The head of the body designated by the Government shall decide on the procedural rules of the management of R&D calls and funds financed from the NKFI Alap (Fund) in the form of a normative instruction.

(5)⁷⁹ The number and composition of the expert groups shall be determined so as to ensure the unbiased and professional review of project proposals within the timeframe set by the call. The chairs and members of the review panels, the members of the expert groups and the peer reviewers involved in the assessment of research and development projects may receive remuneration for their work. The terms and amount of remuneration shall be determined by the head body designated by the Government.

(6)⁸⁰ The body designated by the Government shall be responsible to conclude the funding agreements with the beneficiaries or issue the funding documents.

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

Section 26 (1)⁸¹ If the facilities for the research are provided by an institution, the funds received from the body designated by the Government as public fund shall be managed by the institution while allowing the beneficiary 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

⁷⁴ Repealed by Section 17f) of Act CXXIII of 2019. Repealed as of 1 January 2020.

⁷⁵ Established by Section 3 of Act CLXXV of 2016. Amended by Section 16 (14)-(16) of Act CXXIII of 2019.

⁷⁶ Established by Section 9 of Act CXXIII of 2019. Effective as of 1 January 2020.

⁷⁷ Established by Section 9 of Act CXXIII of 2019. Effective as of 1 January 2020.

⁷⁸ Established by Section 9 of Act CXXIII of 2019. Effective as of 1 January 2020.

⁷⁹ Established by Section 9 of Act CXXIII of 2019. Effective as of 1 January 2020.

⁸⁰ Established by Section 9 of Act CXXIII of 2019. Effective as of 1 January 2020.

⁸¹ Amended by Section 16 (14) and (17) of Act CXXIII of 2019

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)⁸² Within the time period covered by the subsidy contract signed by the body designated by the Government or the funding document issued by the NKFI Hivatal (Office), amounts left over from approved fund may be transferred to the next year.

Section 27 (1)⁸³ Beneficiaries shall report to the body designated by the Government on the use of the public fund obtained from the NKFI Alap (Fund) via call for proposals 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.

(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)⁸⁴ In the course of the regular evaluation of reports, the body designated by the Government shall place special emphasis on results suitable for subsequent innovation.

(4)⁸⁵ *(Repealed by Section 17h) of Act CXXIII of 2019. Repealed as of 1 January 2020.)*

(5)⁸⁶ *(Repealed by Section 17h) of Act CXXIII of 2019. Repealed as of 1 January 2020.)*

12. Funding from the Innovation Sub-fund of the NKFI Alap (Fund)⁸⁷

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

- a)⁸⁸ national research, development and innovation programmes;
- b)⁸⁹ the costs associated with exploiting the results of research, development and innovation projects;
- c)⁹⁰ disseminating the application of new scientific and technological results produced as a result of research, development and innovation;
- d)⁹¹ putting into place and improving the infrastructure necessary for research, development and innovation, including creating and maintaining relationships with international research and development networks/infrastructure;
- e)⁹² funding services that strengthen research, development and innovation, innovation bridge-building and networking activities and the creation of innovation incubators;

⁸² Amended by Section 16 (10) of Act CXXIII of 2019

⁸³ Amended by Section 16 (18)-(19) and Section 17g) of Act CXXIII of 2019.

⁸⁴ Amended by Section 16 (10) of Act CXXIII of 2019

⁸⁵ Repealed by Section 17h) of Act CXXIII of 2019. Repealed as of 1 January 2020.

⁸⁶ Repealed by Section 17h) of Act CXXIII of 2019. Repealed as of 1 January 2020.

⁸⁷ Established by Section 31 of Act LXVIII of 2019. Effective as of 1 January 2020.

⁸⁸ Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁸⁹ Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹⁰ Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹¹ Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹² Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

f)⁹³ organisation of conferences, events and trade fairs and preparation of publications related to innovation, aimed at building innovation-stimulating relationships or publishing innovation results;
g)⁹⁴ stimulation of innovation and the ongoing expenses related to research, development and innovation activities;

h)⁹⁵ participation in international innovation, scientific and technological cooperation, including funds for resolving liquidity gaps associated with ex-post financing in case of international calls;

i)⁹⁶ creating jobs in the area of research, development and innovation, 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) the protection and exploitation of intellectual property.

l)⁹⁷ making use of foreign research infrastructure services;

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)⁹⁸ establishment of research infrastructures in Hungary based on the Government's decision, within the framework of international cooperation, and the operation and development of research infrastructures established in Hungary.

Section 29⁹⁹ (1) The provisions of Section 25 regulating research and development calls financed from the NKFI Alap (Fund) shall apply *mutatis mutandis* to innovation calls financed from the NKFI Alap (Fund) as well as to the related evaluation and awarding process.

(2) The body designated by the Government shall process the personal data of the chairs and members of the review panels, the members of the expert groups and the peer reviewers involved in the assessment of innovation projects obtained for the purposes of fulfilling their duties under this Act until the completion of the purpose of data processing but no later than the scrapping or archiving of the documents related to the legal relationship established with the data subjects.

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

Section 30¹⁰⁰ Intellectual property rights acquired by operation of law, for a consideration or free of charge by a budgetary organ qualifying as a budgetary research organisation or operating as a state-owned non-profit business association, as well as the interests in spin-off enterprises established under Section 34 for the utilisation of intellectual property, shall be owned by the budgetary organ qualifying as a budgetary research organisation or operating as a state-owned non-profit business association pursuant to Section 2 (2) of Act CVI of 2007 on state assets.

⁹³ Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹⁴ Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹⁵ Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹⁶ Established by Section 10 (1) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹⁷ Amended by Section 17i) of Act CXXIII of 2019

⁹⁸ Established by Section 10 (2) of Act CXXIII of 2019. Effective as of 1 January 2020.

⁹⁹ Established by Section 11 of Act CXXIII of 2019. Effective as of 1 January 2020.

¹⁰⁰ Established by Section 32 of Act LXVIII of 2019. Effective as of 1 September 2019.

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 proposals 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 proposals 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 project proposal, the publisher of the call for proposals – 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)¹⁰¹ The subsidy contract shall determine the legal consequences of a failure to meet the obligations contained in (1) attributable to the beneficiary.

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)¹⁰² the rights and obligations in the course of the exploitation process of researchers participating in producing intellectual creations in a government service, public service, civil service or employee status, other work-related legal relationship or civil law relationship at 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) .

¹⁰¹ Amended by Section 16 (20) of Act CXXIII of 2019

¹⁰² Established by Section 113 of Act LXIV of 2016. Amended by Section 202 of Act CIX of 2019.

(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 34¹⁰³ (1) The budgetary research organisation may exploit or sell intellectual property in accordance with its intellectual property management regulations.

(2) The rules governing institutional companies, as defined in the National Higher Education Act, shall apply *mutatis mutandis* to spin-off enterprises established by or operated with the participation of the budgetary research organisation.

(3) The budgetary research organisation shall report annually to its managing body how the exploitation goals relating to intellectual property created at the research organisation were achieved in line with the local intellectual property management regulations.

Section 35 (1)¹⁰⁴ Budgetary research organisations and non-profit public benefit research organisations may receive Hungarian public funds through calls for proposals 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)¹⁰⁵ The Hungarian Intellectual Property Office (hereinafter: HIPO) shall, on request, certify

a) the project indicated in the request in terms of whether the activities of the project,

¹⁰³ Established by Section 20 of Act CIV of 2018. Effective as of 1 January 2019.

¹⁰⁴ Amended by Section 16 (7) of Act CXXIII of 2019

¹⁰⁵ Established by Section 4 (1) of Act CLXXV of 2016. Effective as of 1 January 2017.

b) the project group indicated in the request in terms of whether the projects in the group, as defined by the requesting party, qualify as research and development activities under Section 3.

(2)¹⁰⁶ The decision taken in the procedure directed at the certification of the project or project group (hereinafter collectively: certification procedure) may be used for

a)¹⁰⁷ enjoying research and development related tax and contribution benefits,

b)¹⁰⁸ *Repealed by Section 10 (2) of Act CLXXV of 2016. Repealed as of 1 January 2017.*

(3)¹⁰⁹ The decision taken in a certification procedure may only be used in the research and development funding system if so stated by the fund provider in the call for proposals.

Section 37¹¹⁰ (1) The subject of the qualification procedure shall be

a) the project or project part with a well-defined duration, commenced after submission of the request (hereinafter: project certification procedure) or

b) the project group (hereinafter: project group certification procedure).

(2) Project certification procedure may only be requested for certain parts of a project, if they are clearly separable from each other.

(3)¹¹¹ The detailed set of criteria of project group certification shall be laid down, following consultations with the head of the body designated by the Government, by HIPO in a methodological guide published on its website.

Section 38¹¹² (1) Upon request, in the framework of the project certification procedure, 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 framework of the project group certification procedure, HIPO shall 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.

(3) HIPO shall adopt a decision on the merits in an issue specified in Subsections (1) and (2), if it qualifies a project or a project group as research and development in a project certification procedure or a project group certification procedure, respectively.

(4) A project group certification procedure covers all projects in the project group.

(5) If HIPO has qualified a project or project group as research and development in a final decision, such decision shall be binding on the authorities proceeding in the procedure defined in Section 36 (2)a) or any other procedure in terms of whether the activities qualify as research and development

(6) The decision taken in a project certification procedure shall only be binding on other authorities, within the meaning of Subsection (5) above, if the project is implemented with the content indicated in the request for project certification. If the project is implemented with a content

¹⁰⁶ Amended by Section 9 (2) of Act CLXXV of 2016

¹⁰⁷ Amended by Section 10 (1)2 and (17) of Act CLXXV of 2016

¹⁰⁸ Repealed by Section 10 (2) of Act CLXXV of 2016. Repealed as of 1 January 2017.

¹⁰⁹ Enacted by Section 4 (2) of Act CLXXV of 2016. Effective as of 1 January 2017.

¹¹⁰ Established by Section 5 of Act CLXXV of 2016. Effective as of 1 January 2017.

¹¹¹ Amended by Section 16 (21) of Act CXXIII of 2019

¹¹² Established by Section 5 of Act CLXXV of 2016. Effective as of 1 January 2017.

different from what was indicated in the request for project certification, the activity shall qualify as a new project for the purposes of enjoying the benefits under Section 36 (2)a) and so shall fall outside the scope of the certification decision.

Section 39 (1)¹¹³ The provisions of the Act on the General Rules of Administrative Proceedings shall apply to the HIPO procedure regulated in this chapter with the following exceptions and additions:

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

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

c) all communications in the procedure, except for requests for information and replies to such requests, shall be in writing or electronically subject to identification; however, no information may be requested or provided via SMS,

d) the provisions of the Act on the General Rules of Administrative Proceedings concerning the publication of decisions, ad-litem guardians, summary proceedings, cost exemption and enforcement shall not be applicable,

e) the administrative deadline of project certification procedures shall be thirty days.

f) in a project group certification procedure, both the deadline for reviewing the designated projects and the administrative deadline of the project group certification procedure shall be sixty days following the submission of the separate request related to the designated projects.

(2)¹¹⁴ In relation to HIPO decisions, no appeal, petition for an administrative lawsuit or request for an oversight procedure may be filed and there shall be no prosecutor's orders or interventions pursuant to the Act on the Prosecution Service. HIPO decisions taken in matters defined in Sections 36 (1) and 38 (1) may be reviewed by the Budapest High Court in non-contentious proceedings pursuant to the provisions of Section 40.

(3)¹¹⁵ HIPO may change or revoke its decisions issued in matters defined in Sections 36 (1) and 38 (1) pursuant to Section 120 of the Act on the General Rules of Administrative Proceedings.

(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)¹¹⁶ The certification procedures shall be executed in Hungarian and – in the cases defined in Section 20 (3) of the Act on the General Rules of Administrative Proceedings – the nationality language, and requests shall be filed in Hungarian and – in the cases defined in Section 20 (3) of the Act on the General Rules of Administrative Proceedings – the nationality language. Foreign language documents may be submitted as annexes to the request, but HIPO may require a Hungarian translation to be submitted subsequently by a deadline set by 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)¹¹⁷ If the client applying for a certification procedure so requests, HIPO shall notify it within eight days of receipt of the request about

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

¹¹³ Established by Section 478 (1) of Act L of 2017. Effective as of 1 January 2018.

¹¹⁴ Amended by Section 479a) of Act L of 2017

¹¹⁵ Amended by Section 479b) of Act L of 2017

¹¹⁶ Established by Section 10 (1)3 of Act CLXXV of 2016 and Section 479c) of Act L of 2017.

¹¹⁷ Amended by Section 479d) of Act L of 2017

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 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 HIPO's

*a)*¹¹⁸ decision taken in a certification procedure,

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)*¹¹⁹ 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)¹²⁰ Rulings by HIPO not listed in (1) may only be challenged by filing a request for change against a decision listed in (1). The court may overrule HIPO's decisions.

(2a)¹²¹ The introductory part of the request for change shall include:

a) the name of the proceeding court,

b) the identification data of the requesting party,

c) the name, seat, phone number, email address of the requesting party's legal representative, or, in the case of several representatives, the name of the representative entitled to receive documents.

(2b)¹²² The substantive part of the request for change shall include:

a) the file number of the decision concerned by the request for change, as well as the provision or part of the decision concerned by the request for change,

b) an express request for the change of the decision by the court,

c) the reasons justifying the necessity for the change, supported by evidence and legal grounds.

(2c)¹²³ The closing part of the request for change shall include:

a) the facts and legal provisions substantiating the court's powers and competence,

b) the amount of duty paid and the manner of payment, or a request for permission of legal aid in the case of partial payment, or the facts and legal provisions substantiating statutory exemption from duties,

c) the facts and evidence substantiating the representative powers of the representative,

d) evidence supporting the facts stated in the closing part.

(3)¹²⁴ The request for non-contentious proceedings set forth in Section 39 (2) shall be submitted, or sent by postal service enabling the subsequent confirmation of sending, to HIPO within thirty days of notification of the decision. HIPO shall forward the request together with the case documents to the Budapest High Court within fifteen days, except if it corrects, amends or

¹¹⁸ Established by Section 7 of Act CLXXV of 2016. Effective as of 1 January 2017.

¹¹⁹ Amended by Section 479e) of Act L of 2017

¹²⁰ Amended by Section 123 of Act CXXX of 2017

¹²¹ Enacted by Section 122 (1) of Act CXXX of 2017. Effective as of 1 January 2018.

¹²² Enacted by Section 122 (1) of Act CXXX of 2017. Effective as of 1 January 2018.

¹²³ Enacted by Section 122 (1) of Act CXXX of 2017. Effective as of 1 January 2018.

¹²⁴ Established by Section 8 of Act CLXXV of 2016. Effective as of 1 January 2017.

modifies the challenged decision as requested or if the request is withdrawn by the requesting party before forwarding to the Budapest High Court.

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

(5)¹²⁵ In non-contentious proceedings under Section 39 (2), procedural questions not otherwise regulated by this Act shall be governed by the Civil Procedure Act with due regard to the differences of non-contentious proceedings, and by the general provisions of the Act on the Rules of Non-Contentious Civil Actions and Non-Contentious Court Proceedings concerning non-contentious civil actions.

(6)¹²⁶ The Budapest High Court shall sit in a chamber consisting of three professional judges of whom two shall have technical university degrees or equivalent qualifications.

(7)¹²⁷ Legal representation is compulsory in court proceedings, including remedy proceedings.

Section 41¹²⁸ HIPO shall provide for electronic administration in certification procedures in accordance with the Act on the General Rules of Electronic Administration and Trust Services.

Section 42 (1)¹²⁹ In the course of its controls, the tax authority – pursuant to the provisions of the Act on Tax Administration – may request 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)¹³⁰ At the order of another authority or a court, or at the request of a third party, HIPO shall issue an expert opinion regarding the certification of the activities indicated in the order or request as research and development, including the share of basic research, applied research and experimental development activities in the project qualified as research and development, as well as the determination of whether the activities are carried out in the scope of the applicant's activities pursuant to Section 4 (32) of Act LXXXI of 1996 on Corporate Tax and Dividend Tax.

(3)¹³¹ In the procedure according to (1) and (2), 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, HIPO may request further data from the requesting court, authority or third party.

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

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

CHAPTER VI/A¹³²

THE EÖTVÖS LORÁND RESEARCH NETWORK¹³³

¹²⁵ Established by Section 122 (2) of Act CXXX of 2017. Effective as of 1 January 2018.

¹²⁶ Enacted by Section 122 (3) of Act CXXX of 2017. Effective as of 1 January 2018.

¹²⁷ Enacted by Section 122 (4) of Act CXXX of 2017. Effective as of 1 January 2018.

¹²⁸ Established by Section 89 (2) of Act CXXI of 2016. Effective as of 1 January 2017.

¹²⁹ Amended by Section 231 (2) of Act CLIX of 2017

¹³⁰ Established by Section 12 of Act CXXIII of 2019. Effective as of 1 January 2020.

¹³¹ Established by Section 12 of Act CXXIII of 2019. Effective as of 1 January 2020.

¹³² Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹³³ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

13/A.¹³⁴ The organisation of the Eötvös Loránd Research Network

Section 42/A¹³⁵ The Eötvös Loránd Research Network (hereinafter: “ELRN”) comprises the Eötvös Loránd Research Network Secretariat (hereinafter: “ELRN Secretariat”) and the research centres, research institutes and research groups operated by the ELRN Secretariat as central budgetary institutions or business associations (hereinafter: “research organisations”).

13/B.¹³⁶ The Eötvös Loránd Research Network Secretariat

Section 42/B¹³⁷ (1) The ELRN Secretariat is a budgetary organisation with a financial management structure which, together with ELRN member research organisations operated as budgetary organisations, form an independent chapter in the Central Budget Act. The ELRN Secretariat maintains a dedicated research network financed from the central budget for the purpose of performing scientific research.

(2) The ELRN Secretariat shall exercise the control powers defined in Section 9 of Act CXCIV of 2011 on Public Finances (hereinafter: PBA) over research organisations operated by it as budgetary organisations under Section 42/A as well as the owner’s rights of research organisations operating as business companies, and shall fulfil the administrative and monitoring tasks of research organisations.

(3) The ELRN Secretariat shall have the public duty to maintain and operate the institutional system of research conducted in the institutionalised framework set out in this chapter.

(4) The ELRN Secretariat may enable, subject to an agreement, other organisations to participate in the performance of the public duty set out in Subsection (3).

(5) The operating conditions required to perform the public duty set out in Subsection (3) shall be ensured by the ELRN Secretariat and, to the extent of the assets specified in Section 46 (1), by HAS as part of its duties under Section 3 (1a) of Act XL of 1994 on the Hungarian Academy of Sciences (hereinafter: HAS Act).

(6) The Government’s duty in relation to the ELRN and the ELRN Secretariat is to promote access to public funds for research, development and innovation, and to ensure effective conditions for using available extra resources and the uniformed project funding system.

(7)¹³⁸ As part of its duties, the ELRN Secretariat expresses opinion on the draft versions of the Government’s strategic plan documents related to its public duty, and comments on the formulation and amendment of laws affecting its public duty.

13/C.¹³⁹ The organisation of the ELRN Secretariat

Section 42/C¹⁴⁰ (1) The ELRN Secretariat’s main decision-making body is the governing board (hereinafter: Governing Board).

¹³⁴ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹³⁵ Enacted by Section 33 of Act LXVIII of 2019. Amended by Section 16 (22) of Act CXXIII of 2019 and Section 9 of Act CXIV of 2020.

¹³⁶ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹³⁷ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹³⁸ Enacted by Section 3 of Act CXIV of 2020. Effective as of 1 January 2021.

¹³⁹ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁴⁰ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

(2)¹⁴¹ The Governing Board shall consist of thirteen members. Other than the chair, six members are recommended by the minister responsible for science policy coordination and another six members by the President of HAS, with the condition that at least two-thirds of the members shall be scientists. The members of the Governing Board shall be appointed by the Prime Minister and are entitled to remuneration.

(3) The Governing Board shall

1. determine the content of the public call for the positions of Secretary General and Deputy Secretary-General; and shall elect the Secretary General and Deputy Secretary-General in view of the results of the public call;

2. adopt the strategic principles related to the operation of the ELRN;

3. decide on the establishment, restructuring and termination of research organisations;

4. approve the goals and tasks of research organisations, and shall issue their deed of foundations;

5. determine the content of public calls for manager positions at the research organisations, and shall elect the managers of the research organisations;

6. decide on the internal regulations of the ELRN Secretariat and the research organisations;

7.¹⁴² adopt the rules of financial management of the ELRN;

8. pre-approve commitments exceeding the values laid down in the internal regulations of the ELRN Secretariat;

9. determine the criteria for providing support to the research organisations;

10. approve the principles and adopt the framework of the budget of the ELRN Secretariat and the research organisations for the upcoming year;

11. evaluate the use of funding provided for the research organisations' activities;

12. approve the annual financial statements of the ELRN Secretariat and the research organisations for the previous year;

13. discuss the concept of the President's reports prepared for Parliament and the Government;

14. without prejudice to Article X (2) of the Fundamental Law, express opinion on the conceptual aspects of domestic science and society;

14a.¹⁴³ may establish scientific scholarships, awards and titles and offer prizes for researchers with outstanding scientific achievements from the funds of the ELRN Secretariat, the rules and detailed procedures of which shall be laid down in a regulation;

15. fulfil the tasks assigned to it by the deed of foundation.

(4) The Governing Board shall meet at least quarterly, and set the details of its own operational rules as part of its standard procedures in line with its internal regulations, with the condition that the decisions in Subsection (3), Paragraphs 2, 3, 5 and 10 shall require the majority of the votes of the Governing Board members entitled to vote.

Section 42/D¹⁴⁴ (1)¹⁴⁵ The head of the Governing Board and the ELRN Secretariat shall be the chair (hereinafter: Chair), who shall be appointed by the Prime Minister on recommendation of the President of the HAS and the minister responsible for science policy coordination. The Chair of the Governing Board shall be entitled to the title "Chair of the Eötvös Loránd Research Network".

(2) The activity of the ELRN Secretariat shall be controlled by the Chair in line with the internal regulations.

¹⁴¹ Established by Section 13 of Act CXXIII of 2019. Effective as of 1 January 2020.

¹⁴² Amended by Section 16 (23) of Act CXXIII of 2019

¹⁴³ Enacted by Section 4 of Act CXIV of 2020. Effective as of 1 January 2021.

¹⁴⁴ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁴⁵ Amended by Section 16 (24) of Act CXXIII of 2019

- (3) The Chair shall
- a)* be the head of a chapter-managing body in relation to ELRN as a budgetary chapter;
 - b)* report biannually to Parliament and annually to the Government on the operation and results of ELRN;
 - c)* exercise the owner's rights over the assets of the ELRN Secretariat;
 - d)* represent the ELRN Secretariat;
 - e)* exercise employer's rights over
 - ea)* the Secretary-General;
 - eb)* the Deputy Secretary-General; and
 - ec)* the managers of the research organisations;
 - f)* ensure, through the Secretary-General, the implementation of the decisions of the Governing Board;
 - g)* fulfil additional tasks assigned to it by the deed of foundation.

(4) If the Chair is prevented from attending, he shall be substituted by the Secretary-General; otherwise the Chair may delegate any or all of its powers specified in Subsection (3) *c)*-*e)* to the Secretary-General, who, however, may not further delegate such powers.

Section 42/E¹⁴⁶ (1) The work of the Governing Board shall be supported by the Scientific Council of the Eötvös Loránd Research Network (hereinafter: Scientific Council). The Scientific Council shall express its opinion on the proposals submitted to the Governing Board in the matters defined in the internal regulations; and shall make strategic proposals, carry out annual evaluations, make decisions within the powers delegated to it by the Governing Board, and fulfil other tasks as specified in the internal regulations.

(2) Within the Scientific Council, specialised colleges may operate subject to the approval of the Governing Board.

(3) The members of the Scientific Council are invited by the Chair on recommendation by the Governing Board.

Section 42/F¹⁴⁷ (1) The work of the Governing Board and the Scientific Council is supported by the International Advisory Board consisting of internationally recognized foreign researchers. The International Advisory Board participates in the regular scientific and organisational performance measurement of the ELRN.

(2) The members of the International Advisory Board are invited by the Chair, half of them on recommendation of the Governing Board and the other half on recommendation of the research organisations.

Section 42/G¹⁴⁸ (1) The Secretary-General is the administrative head of the ELRN Secretariat, and is, thus, indirectly responsible for the administrative management of the research network. The Secretary-General also performs the tasks set out in the deed of foundation and the internal regulations, and acts in matters in which it shall exercise delegated powers.

(2) The Secretary-General is entitled to use the title "Secretary-General of the Eötvös Loránd Research Network".

¹⁴⁶ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁴⁷ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁴⁸ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

13/D.¹⁴⁹ Research Network

Section 42/H¹⁵⁰ (1) Research centres and research institutes operate as budgetary organs or public benefit non-profit business associations. A Research groups is an organisational unit assigned to a research centre, research institute or budgetary organisation responsible for coordinating the research activities of funded research groups.

(2) Research organisations shall fulfil their public duties in line with their internal regulations and may engage in other activities. They are free to determine their activities in the framework of the funded projects, signed contracts and their deed of foundations. Research organisations may engage in business activities to the extent that it does not jeopardise their public duties.

(2a)¹⁵¹ Budgetary organisations belonging to the research network may engage in business activities. If the resulting profit is used or invested to promote their public duties within two years following the year in which the profit was generated, the amount shall be free from payment obligations pursuant to PBA Section 46 (3).

(3) The research organisations participate in the development of professional positions and opinions in their fields, ensure the professional development and training of their researchers, and contribute to teaching, research and doctoral training in accordance with agreements with higher education institutions.

(4) The research centre or research institute may, with the support of the members of the supreme decision-making body of the relevant organisational unit, or, failing this, with the reasoned proposal of the head of the organisational unit, request from the Governing Board the reorganisation, spin-off or affiliation of the organisational unit to another research centre, research institute, or a higher education institution, or its independent operation after spin-off.

(5) The budget chapter shall provide resources for the maintenance of the research network institutions.

(6) The research centres shall have autonomy in the management of the funds made available to them and of their own revenues, which may not be withdrawn unless otherwise provided by law.

(7) The research organisations may enter into multiannual research and other contracts and, with the prior approval of the Chair, may make commitments beyond the current year in order to fulfil these contracts.

(8) Budgetary organisations belonging to the research network may, on the basis of the research contracts concluded, adjust their total expenditure and revenue appropriations to the extent of their revenues, in accordance with the procedure laid down by the Governing Board.

(9) The part of the year-end residual balance of budgetary research organisations relating to the performance of concluded contracts shall not be subject to the annual residual clearance. These balances shall be used by the research organisations in accordance with the terms of the contracts and shall be accounted for with the contracting authority. Budgetary research organisations may use the residual balance at the end of the financial year to carry out their tasks in the following year(s), subject to the decision of the Governing Board.

(10) Budgetary research organisations may keep the part of their non-budgetary revenues remaining after deduction of all expenses on a special purpose account held with the Hungarian State Treasury, and may invest such amount and the temporarily free funds of the residual balance

¹⁴⁹ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁵⁰ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁵¹ Enacted by Section 5 of Act CXIV of 2020. Effective as of 1 January 2021.

in government securities sold in the network of the Hungarian State Treasury, provided that they have no overdue liabilities.

(11) The income from the activities of the intellectual and financial capacity of research organisations and institutes shall constitute a source for their operation and development.

13/E.¹⁵² Employment rules

Section 42/I¹⁵³ (1)¹⁵⁴ The Chair, the Secretary-General and the Deputy Secretary-General shall serve for five years, and the same person may not be appointed or elected more than twice for the latter two positions.

(2) The Chair and the Secretary-General shall be accountable to the Governing Board.

(3) The legal status of the employees of the ELRN Secretariat shall be subject to the provisions of Act I of 2012 on the Labour Code (hereinafter: Labour Code).

(4)¹⁵⁵ The legal status of the employees of research organisations shall be subject to the provisions of the Labour Code.

(5)¹⁵⁶ *Repealed by Section 10a) of Act CXIV of 2020. Repealed as of 1 January 2021.*

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);¹⁵⁷

b) the detailed rules on the evaluation of programmes and projects, as well as their content requirements and systems;¹⁵⁸

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.¹⁵⁹

f)¹⁶⁰ *Repealed by Section 10b) of Act CXIV of 2020. Repealed as of 1 January 2021.*

g)¹⁶¹ further rules for the employment of visiting researchers in the budgetary research organisation.

¹⁵² Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁵³ Enacted by Section 33 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁵⁴ Amended by Section 16 (25) of Act CXXIII of 2019

¹⁵⁵ Established by Section 6 of Act CXIV of 2020. Effective as of 1 January 2021.

¹⁵⁶ Repealed by Section 10a) of Act CXIV of 2020. Repealed as of 1 January 2021.

¹⁵⁷ See: Government Decree 380/2014 (31 December).

¹⁵⁸ See: Government Decree 433/2016 (15 December).

¹⁵⁹ See: Government Decree 332/2017 (09 November).

¹⁶⁰ Repealed by Section 10b) of Act CXIV of 2020. Repealed as of 1 January 2021.

¹⁶¹ Enacted by Section 34 of Act LXVIII of 2019. Effective as of 1 September 2019.

(2)¹⁶² The minister overseeing HIPO – in agreement with the minister responsible for tax policy, after consulting the President of 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.¹⁶³

Section 43/A¹⁶⁴ The Government is mandated to appoint the managing body of the NKFI Alap (Fund) in a decree¹⁶⁵

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.

16.¹⁶⁶ Transitional provisions

Section 45¹⁶⁷ *Repealed by Section 10c) of Act CXIV of 2020. Repealed as of 1 January 2021.*

Section 46¹⁶⁸ (1)¹⁶⁹ In the absence of any agreement to the contrary, HAS shall ensure the free use of the assets used by the research centres but owned by HAS for the operation of the network of research institutions and research centres, in accordance with Section 42/B (5). The user of an asset or real estate subject to free use shall be obliged to use, operate and maintain it in accordance with its intended purpose; ensure its preservation; bear the costs of reconstruction and development, public charges, costs and fees arising beyond the preservation of the asset; and ensure its protection.

(2)¹⁷⁰ Unless otherwise agreed, the HAS Facility Management Centre shall continue to provide the operational tasks of the research institutes until 31 December 2021.

(3) The placement of the budgetary organisations pursuant to Subsection (1) and the provision of the said assets pursuant to Subsection (1) shall not constitute the provision of services within the meaning of Act CXXVII of 2007 on Value Added Tax.

(4) Research organisations may use the designation referring to their HAS qualification with the permission of HAS with regard to its assessment pursuant to Section 3 (1) *c*) of the HAS Act.

Section 47¹⁷¹ (1) The civil servant employed by the HAS Secretariat as an employer in the performance of a public task defined in Section 3 (1) *b*) of the HAS Act shall have his/her civil service contract terminated and shall be converted into an employment relationship with the ELRN Secretariat on the day following the termination of the civil service contract. The change of legal status between the employer and the employee shall be governed by Section 72 of Act CXCIX of 2011 on Civil Servants (hereinafter: Civil Service Act).

¹⁶² Amended by Section 22 of Act CIV of 2018

¹⁶³ See: Decree 38/2017 (23 November) of the Minister of National Economy.

¹⁶⁴ Enacted by Section 14 of Act CXXIII of 2019. Effective as of 1 January 2020.

¹⁶⁵ See: Section 2 of Government Decree 344/2019 (23 December).

¹⁶⁶ Established by Section 35 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁶⁷ Repealed by Section 10c) of Act CXIV of 2020. Repealed as of 1 January 2021.

¹⁶⁸ Established by Section 35 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁶⁹ Established by Section 7 of Act CXIV of 2020. Effective as of 1 January 2021.

¹⁷⁰ Established by Section 7 of Act CXIV of 2020. Effective as of 1 January 2021.

¹⁷¹ Established by Section 35 of Act LXVIII of 2019. Effective as of 1 August 2019.

(2) The salary of the employees concerned by the change of status at the ELRN Secretariat after the change of status shall not be less than the remuneration fixed in their appointment as civil servants on 31 May 2019, including basic salary, basic salary differential, salary supplement, language allowance, education allowance, and, in the case of managers, management allowance. The calculation of salaries shall take into account any reclassification made before the change of status, as required by the Staff Regulations, any change of salary linked to a change of function, and any change of salary linked to the withdrawal or conferral of a professional title.

(3) For the purposes of entitlement to severance pay, the employment of the civil servant concerned by the change of status at the HAS Secretariat (including, in the event of transfer, previous employment) shall be regarded as continuous, provided that

a) in the first year of the employment the provisions of the Civil Service Act on the dismissal by employers,

b) in the first five years of the employment the provisions of the Civil Service Act on jubilee bonuses

shall apply. After the period referred to in paragraphs *a)* and *b)*, the relevant provisions of the Labour Code shall apply.

Section 47/A¹⁷² (1) The public employee status of a public employee employed by the research organisation as an employer shall, by virtue of this Act, terminate on 31 December 2020 and an employment relationship with the research organisation shall be established on the day following the termination (hereinafter: “change of status”). The provisions of Article 25/A of Act XXXIII of 1992 on the Status of Public Employees (hereinafter: Public Employees Act) shall apply to the change of status. A person who, after termination of his/her public employee status, enters into an employment relationship with the employer shall not be entitled to severance pay in respect of a change of status. The change of status shall not affect the extent of the probationary period which has begun.

(2) After the change of status, the salary of the employees concerned by the change of status at the research organisation may not be less than the amount to which the person concerned was entitled as remuneration, including basic salary, basic salary compensation, salary supplement, foreign language allowance, qualification allowance, title allowance, and in the case of managers, management allowance, on the basis of his/her appointment document on 31 December 2020. The calculation of salaries shall take into account any reclassification made before 31 December 2020, as required by the Public Employees Act, any change in salary linked to a transfer to another post and any change in salary linked to the withdrawal or conferral of a professional title.

(3) In the case of the appointment of senior managers and executives, the employment contract shall be based on the content of the appointment at the time of termination of the public employee status.

(4) If, in the case of a change of status under Subsection (1), the employer has not granted the *pro rata* leave by 31 December 2020, the employer shall pay *in lieu* of untaken leave.

(5) The employment relationship established by a change of status within the meaning of Subsection (1) shall be subject

a) in the first year of the employment to the provisions of the Public Employees Act on the dismissal by employers,

b) in the first five years of the employment to the provisions of the Public Employees Act on jubilee bonuses

.

¹⁷² Enacted by Section 8 of Act CXIV of 2020. Effective as of 30 September 2020.

(6) Other agreements between the employer and the employee shall not be affected by the change of status.

17-18.¹⁷³

(Repealed by Section 12 of Act CXXX of 2010. Repealed as of 2 January 2015.)

Section 48¹⁷⁴ If HIPO has not undertaken electronic administration pursuant to Section 108 (2) of Act CCXXII of 2015 on the General Rules of Electronic Administration and Trust Services before 1 January 2018, the provisions of this Act in force on 31 December 2016 shall apply to electronic communication until 31 December 2017.

Section 48/A¹⁷⁵ The provisions of this Act laid down in Act L of 2017 amending certain Acts related to the entry into force of the Act on the General Rules of Administrative Procedures and the Act on Administrative Procedures (hereinafter: Amending Act) shall apply to procedures instituted and repeated after the entry into force of the Amending Act.

Section 49¹⁷⁶ (1) Section 16 (14) shall apply for the first time for the 2018 tax year.

(2) Section 16 (14) shall apply for the 2017 tax year at the option of the taxpayer.

(3)¹⁷⁷ Pursuant to Section 16 (4) and (11) established by Act LXXIII of 2019 amending certain tax laws and other related laws, and repealed Section 16 (10), the taxpayer shall not be liable for the tax advance supplementation obligation as of the tax year beginning in 2019, provided that the 20th day of the last month of the tax year 2019 is later than the date of the entry into force of Section 16 (4) and (11) and the date of the repeal of Section 16 (10) of Act LXXIII of 2019 amending certain tax acts and other related acts.

Section 50¹⁷⁸ (1) The National Assembly shall establish the ELRN Secretariat as a budgetary organisation as of 1 August 2019. The Deed of Foundation of the ELRN Secretariat shall be issued by the Speaker of the National Assembly, and the registration in the General Register shall be carried out by the Hungarian State Treasury within 30 days.

(2)-(4)¹⁷⁹ *Repealed by Section 10d) of Act CXIV of 2020. Repealed as of 1 January 2021.*

Section 51¹⁸⁰ *Repealed by Section 12 of Act CXXX of 2010. Repealed as of 2 January 2015.*

¹⁷³ Repealed by Section 12 of Act CXXX of 2010. Repealed as of 2 January 2015.

¹⁷⁴ Established by Section 89 (3) of Act CXXI of 2016. Effective as of 1 January 2017.

¹⁷⁵ Enacted by Section 478 (2) of Act L of 2017. Effective as of 1 January 2018.

¹⁷⁶ Established by Section 43 of Act LXXVII of 2017. Effective as of 19 July 2017.

¹⁷⁷ Enacted by Section 45 of Act LXXIII of 2019. Effective as of 24 July 2019.

¹⁷⁸ Established by Section 36 of Act LXVIII of 2019. Effective as of 1 August 2019.

¹⁷⁹ Repealed by Section 10d) of Act CXIV of 2020. Repealed as of 1 January 2021.

¹⁸⁰ Repealed by Section 12 of Act CXXX of 2010. Repealed as of 2 January 2015.

Annex 1 to Act LXXVI of 2014

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 proposals (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.

*Annex 2 to Act LXXVI of 2014*¹⁸¹
(Repealed by Section 10e) of Act CXIV of 2020. Repealed as of 1 January 2021.)

¹⁸¹ Repealed by Section 10e) of Act CXIV of 2020. Repealed as of 1 January 2021.