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**AMENDMENT OF THE HUNGARIAN CIVIL CODE:
COMBATING LATE PAYMENT IN COMMERCIAL TRANSACTIONS**

As of July 1, 2013, the rules of the Hungarian Civil Code on money payment will be amended. The amendment was necessary in order to implement the respective EU Directive. The most important changes include the following: payment deadlines longer than 60 days can be challenged, the late payment interest rate will be increased and the defaulting party will have to pay a statutory penalty corresponding to EUR 40.

In order to ensure compliance with Directive 2011/7/EU of the European Parliament and the Council of 16 February 2011 on combating late payment in commercial transactions, the Hungarian Parliament passed Act XXXIV of 2013.

The most important changes, effective as of July 1 of this year, include:

- (i) in commercial transactions, as a general rule, the maximum payment period shall be 30 calendar days (unless it is provided in the contract otherwise);
- (ii) parties may agree on a payment period of longer than 30 days but, as a general rule, such a period cannot exceed 60 days. Unless proven otherwise, contractual provisions stipulating a payment period of longer than 60 days shall be considered as unfair conditions.
- (iii) late payment interest will be increased;
- (iv) as compensation to creditors for the costs incurred due to late payment, debtors shall pay the HUF equivalent of a fixed sum of 40 EUR. In addition to such a fixed sum, to cover internal recovery costs creditors should also be entitled to the reimbursement of all other recovery costs that they incur as a result of a late payment by a debtor.

This summary is a publication of Szecskay Attorneys at Law intended for guidance purposes only. It should not be regarded as legal advice or a legal opinion. Should you have any legal questions on a specific matter or require more information, please contact our colleagues on the contact details below:

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