

LEGISLACIÓN DE LA REPÚBLICA DE HUNGRÍA SOBRE FINANCIACIÓN DE LAS IGLESIAS

1. **Act. CXXVI of 1996** (Impuesto de la Renta).
2. **Agreement between the Republic of Hungary and the Apostolic Holy See** (Financiación de las actividades religiosas de la Iglesia Católica, 20 Junio 1997).
3. **Act. CXXIV of 1997** (Financiación de las actividades religiosas y públicas de las Iglesias).

ACT CXXVI OF 1996

on the Use of a Definite Part of Personal Income Tax in Accordance with the Disposal of Tax-payer (In consolidated structure)

Act CXVII of 1995 on Personal Income Tax (hereinafter: Personal Income Tax Act – PITA) entitles the private person to dispose of the utilisation of a definite part of his tax paid in a measure, to the beneficiaries and in accordance with a procedure laid down in a separate Act in the year following the tax year (in the year of the declaration of disposal). On the rules of the proceedings serving the realisation of this right of the private person, on the measure of the tax part subject to such disposal and the scope of beneficiaries Parliament passes the following Act.

Section 1

(1) Also with regard to Section 45 of PITA, for the purposes of this Act tax paid in shall be considered the amount, which remains from the amount of the tax of the consolidated tax base included in the private person's tax return or employer's account substituting tax return after the deduction of benefits, provided this tax has been paid by the private person until the deadline open for submitting the tax return, he has not received payment deferment, benefit of payment by instalments exceeding the thirtieth day of September of the year of the declaration of disposal.

(2) The private person may dispose in separate declarations to the benefit of a beneficiary selected from the parties defined

- a) in Section 4, in respect of one percent of his tax paid in
- b) in Section 4/A, in respect of additional one percent of his tax paid in,

provided, that the amount as per paragraph a) and b) reaches separately at least 100 forints.

(3) One and one percent of the tax paid in may be disposed of only completely, to the benefit of a beneficiary selected from each of the beneficiaries defined in Section 4 and/or in Section 4/A.

Section 2

(1) If the private person has disposed of any part of his tax paid in defined in Section 1 in accordance with the rules of this Act and his disposal has been performed, than the amount as per performance may not be amended subsequently either through the control of the tax authority or as a consequence of self-check.

(2) If the self-check or the control of the tax return, by the tax authority containing the declaration of disposal of the private person establishes for the tax of the consolidated tax base an amount lower than the amount returned, then the portion of the difference laid down in Section 1, subsection (2), paragraphs a) and b), –if it reaches at least thousand forints, and the performance of the disposal has been made to the benefit of the beneficiary– shall be paid by the private person on the basis of the decision of the tax authority.

Section 3

The Tax and Financial Control Office (hereinafter: APEH) shall remit the amount defined in accordance with the provisions of Section 1 to the beneficiary (beneficiaries) on the 2 basis of the relevant valid declaration of disposal and tax return (employer's account substituting tax return) of the private person.

Section 4

(1) For the purposes of this Act beneficiaries may be:

a) repealed

b) the social organisation in accordance with Act II of 1989 on the Right of Combination (save for the party, employers' and employees' organisation of interest representation), the foundation, which has been registered, not less than three years prior to the first day of the year of the declaration of disposal of the private person, by the court and is actually engaged in the activities defined in Section 26, paragraph c) of the Act on public purpose organisations not less than one year prior to the first day of the year of the declaration of

disposal mentioned above, in accordance with its statutes or deed of foundation, also taking into account the contents of subsection (2);

c) the public foundation, provided that it is engaged in the activities listed in paragraph *b)* in accordance with its deed of foundation;

d) the national public collections and other cultural institutions listed as follows:

1. War History Museum,
2. Museum of Arts and Crafts,
3. Museum of Trade and Catering,
4. Museum of Contemporary Art,
5. Museum of Traffic,
6. Hungarian State Opera,
7. Hungarian National Museum,
8. Hungarian National Gallery,
9. Hungarian Museum of Natural Sciences,
10. Agricultural Museum,
11. National Theatre,
12. Museum of Ethnography,
13. National Technical Museum,
14. National Széchenyi Library,
15. National Archives,
16. National Technical Centre of Information and Library,
17. Petöfi Museum of Literature,
18. Semmelweis Museum, Library and Archives of Medical History,
19. Open-air Museum of Ethnography,
20. Museum of Fine Arts,
21. Museum of Physical Education and Sports;

e) the Hungarian Academy of Sciences;

f) the Central Basic Programme of Technical Development;

g) the National Basic Programme of Scientific Research;

h) the Basic Programme for Children and Youth;

i) the Basic Programme for the Development of Higher Education;

j) the separated state fund;

k) the theatre, public collection, institute of public culture which has received in one of the three years preceding the first day of the year of the declaration of disposal individual subsidy from the local government or the central budget;

l) the programme of construction of a new National Theatre;

(2) From among the organisations indicated in subsection (1), paragraphs *b)* and *c)* only that organisation may be a beneficiary, which is

- a) seated in Hungary and
- b) functions in the interest of domestic population and/or of the Hungarian population outside of the borders and
- c) gives a statement in respect of the fact that it complies with the condition in accordance with Section 4, subsection (1), paragraph *d*) of the Act on Public Purpose Organisations (in connection therewith with the condition as per Section 26, paragraph *d*) thereof), it has amended its statutes, deed of foundation in accordance therewith, and
- d) gives a statement stating that it has no recorded, mature public debt at the customs and finance guard, the social security the state tax authority, and
- e) has a certificate issued not earlier than 30 days by the tax authority of the local government, stating that it has no recorded, mature public debt with the issuing organisation, and
- f) gives a declaration saying that it pursues actually its activity in accordance with its statutes, deed of foundation as defined in Section 4, subsection (1), paragraph *b*) since one year prior to the year of the declaration(s) of disposal without interruption, complying with each provision of legal rules relating to it.

(3) Notwithstanding the provisions included in subsection (2), paragraphs *d*) and *e*), from among the organisations indicated in subsection (1), paragraphs *b*) and *c*) also that organisation may be a beneficiary, which –if otherwise it complies with the provisions of subsection (2)– tells the tax authority that it should spend the amount according to the declarations of disposal to the settlement of its public debt(s) indicating exactly the addressee(s) and the sequence of settlement as well.

Section 4/A

- (1) For the purposes of this Act beneficiaries are the following:
 - a) the church, religious denomination, religious community in accordance with Act IV of 1990 on the Freedom of Conscience and Religion as well as the Churches (hereinafter: church), if the church has been recorded by the court prior to the first day of the year of declaration of disposal; the organisational unit, institution of the church may not be granted benefit;
 - b) the high priority forecast defined in the own chapter of budget by Parliament in the Act on Budget relating to the year of declaration of disposal.
- (2) Upon the request of the church requiring the declaration of disposal of private persons the Tax and Financial Control Office (APEH) shall issue a

technical code number on the basis of the certificate on recording in accordance with subsection (1), paragraph *a*). If the beneficiary fails to succeed to certify recording in accordance with subsection (1) paragraph *a*), APEH shall refuse the issue of the technical code number. The decision shall be altered by the court, with which the beneficiary has been recorded, upon the request of the beneficiary within 15 days in a non-litigious procedure in case of the establishment of the existence of conditions.

(3) The president of APEH shall provide *ex officio* with a technical code number the beneficiary as per subsection (1), paragraph *b*).

(4) The church requiring the declaration of disposal of private persons shall report until the thirtieth day of June of the year of the declaration of disposal its bank account number or the alteration thereof to the president of APEH.

Section 5

(1) The private person may make declaration (declarations) of disposal on a printed form introduced by APEH (or on a sheet with identical dimension and data content), completed in a separated manner, placed in a standard size postal envelope closed down, provided with his name, residential address and tax identification code. In the declaration (declarations) of disposal the tax number of the beneficiary (in case of the parties mentioned in Section 4/A the technical number) shall be indicated, furthermore the name of the beneficiary may also be indicated. The private person shall place the envelope containing the declaration (declarations) of disposal in his package of tax return, or he shall deliver it directly to his employer not later than by 25 March following the tax year, in case of employer's account substituting tax return.

(2) In case of account by the employer the envelope containing the declaration (declarations) of disposal shall be signed by the private person, reaching the stuck surface thereof, with his own hands. The employer shall prepare an accompanying list, which shall contain the name, tax identification sign of the persons making a declaration of disposal and their signature certifying the delivery of the envelope. The employer shall give an acknowledgement of receipt on the take-over of the envelope. The employer may not get acquainted with the content of the declaration of disposal, he shall send the envelope containing that in undamaged condition, together with the accompanying list, in accordance with the prescriptions of data supply relating to the employer's account substituting tax return, together with the data supply, in a closed package to the competent tax authority.

(3) The data indicated on the envelope and in the declaration of disposal

shall qualify as tax secret, and shall be granted protection accordingly, with the difference that the tax authority may exclusively

- a) allow inspection to the persons authorised to act in the legal dispute(s) mentioned in subsection (4),
- b) give information to the private person relating to his own data and the contents of his declaration of disposal,
- c) tell information to the beneficiary relating to the amounts remitted to its benefit.

(4) On opening the envelope the tax authority shall provide the envelope and the declaration of disposal placed therein with identical identification code signs, and shall process, control and/or keep them in a manner separated from each other, not accessible simultaneously to the same person(s). Otherwise, the tax authority may only allow in case of a legal dispute concerning the performance of the declarations of disposal to the authorised persons acting in such dispute to connect the data separated from each other on the basis of the code sign until the termination of the legal dispute with a non-appealable decision.

(5) The obligation of custody mentioned in subsection (4) of the tax authority shall exist until the end of the fifth year following the year of the declaration of disposal or also exceeding that until the non-appealable termination of the legal dispute instituted until this date, mentioned in subsection (4). After that date the envelopes and the declarations of disposal shall be destroyed in accordance with a procedural order defined by the president of APEH.

(6) On the basis of the declarations of disposal attached to the tax return of private persons or to the employer's account substituting tax return, the tax authority shall invite, by the first day of September of each year, the beneficiary in accordance with Section 4 to perform the contents of Section 4, subsections (2) and (3) within 30 days, with the proviso that in case of Section 4, subsection (2), paragraph *e*) the certificate shall also contain the mature public debt recorded with the issuing local government. This deadline of 30 days shall entail the forfeiture of rights.

Section 6

(1) APEH shall remit the amount mentioned in Section 3 to the beneficiary as per Section 4 within 30 days reckoned from the submission of declarations certificates prescribes therein, but not later than by 31 October of the year of the declaration of disposal, in case of the provisions of Section 4, subsection (3) after the deduction of the public debts.

(2) APEH shall remit the public debts as per subsection (1) to the benefit of the addressees indicated by the beneficiary, in the sequence indicated.

(3) The beneficiary as per Section 4 shall publish in a press release its data containing the utilisation in accordance with the purpose, of the amount remitted on the basis of this Act by 31 October of the calendar year following remittance. The rules of custody of taxation certificates shall apply to one original copy of the press release for the purpose of certifying publication.

(4) APEH shall remit the amount mentioned in Section 3 to the beneficiary mentioned in Section 4/A not later than by 10 January of the year following the year of the declaration of disposal.

(5) The president of APEH shall inform the Prime Minister's Office and the Ministry of Finance on the amounts due to the beneficiaries mentioned in Section 4/A on the basis of the declarations of the disposal made in accordance with the prescription of Section 1, subsection (2), paragraph *b*), furthermore, of the aggregated amount thereof as well as of the number of declarations of disposal relating to the beneficiary as per Section 4/A subsection (1) paragraph *a*). The Minister of Finance shall publish the number of the declarations made to the benefit of beneficiaries as per Section 4/A and the amounts due to the different beneficiaries by 15 September of the year of the declaration of disposal.

(6) If – on the basis of the finding of the control proceeded with also in respect of Section 5, subsection (4) – the tax return or the employer's account is unsuitable for the data processing required for remittance, than the remittance shall be performed, when it is possible on the basis of the correction of the above mentioned documents within one year following the last day of the year of the declaration of disposal. A later remittance shall only be performed by the tax authority on the basis of the non-appealable decision closing the legal dispute mentioned in Section 5, subsection (4).

Section 7

(1) The disposal included in the declaration shall be invalid, if any one of the following cases can be established:

- a*) any condition included in Section 1 does not exist,
- b*) in case of two declarations of disposal sent in, both beneficiaries belong to the scope of the parties mentioned in Section 4 or Section 4/A,
- c*) the declaration of disposal does not contain a tax number or a technical code number or it is erroneous or illegible, unless the parties mentioned in Section 4/A can be identified even without that on the basis of the disposal;
- d*) the declaration of disposal or the envelope or the forwarding thereof is not in compliance with the prescriptions included in Section 5, subsections (1) and (2);

e) the existence of the conditions as per Section 4 are not certified by the beneficiary obliged thereto in the procedure as per Section 5, subsection (6), or it fails to perform its obligation of statement and communication included in Section 4, subsections (2) and (3).

(2) The amount remitted to the beneficiary mentioned in Section 4, shall be qualified as a budgetary subsidy, whose utilisation in accordance with the public purpose activities according to this Act may be controlled by the tax authority with the application of the relevant rules of the Act on the Order of Taxation (hereinafter: Taxation Order Act – TOA). If the tax authority finds a utilisation not in accordance with the public purpose activity, it shall pass a decision thereon and shall have this amount paid back within the period of statutory limitation as per Section 95 of TOA.

(3) In case the beneficiary fails to succeed in evidencing the existence of the conditions as per Section 4 in the procedure as per Section 5, or it fails to perform the obligation of declaration and communication included in Section 4, subsections (2) and (3), the tax authority shall pass a decision thereon, which may be altered at the request of the beneficiary in a non-litigious procedure within 15 days in case of the establishment of the existence of the conditions by the court, which has recorded the beneficiary, or in the absence of such court by the court competent according to the address of the beneficiary.

Section 8

(1) This Act shall come into force on the 5th day following the day of its promulgation, with the proviso that a declaration of disposal may be made on the first occasion concerning the tax defined in Section 1 of the income of the year 1996.

(2) For the purposes of Section 5, in the course of disposal relating to the income tax of the year 1996, the personal number shall be indicated instead of the tax identification sign.

Closing and Transitional Provision of act CXXIX of 1997.

Section 11

(1) This Act shall come into force on 1 January 1998 with the exception of subsections (2) and (3), the provisions thereof shall apply for the first time to the declarations of disposal made in the year 1998, with the proviso that a declaration disposing to the benefit of the beneficiary as per Section 4/A of the Act may be made for the first time concerning the tax defined in Section

1 of the income of the year 1997. To the declarations of disposal made in the year 1997 the rules in force on 30 December 1997 of the Act shall apply even after the coming into force of this Act.

(2) Subsection (3) of this Section, as well as Section 4/A of the Act, defined by Section 7 of this Act, shall come into force on the day of promulgation of this Act.

(3) Section 4, subsection (1), paragraph a) of the Act shall cease to be in force on 31 December 1997.

(4) The president of APEH shall publish in Magyar Közlöny (Hungarian Gazette) the technical number of the beneficiary as per Section 4/A, subsection (1) until the last day of the year preceding the year of the declaration of disposal.

AGREEMENT

Concluded by and between the Republic of Hungary on the one hand and the Apostolic Holy See on the other hand on the Financing of the Public Service and Religious Activity in Hungary of the Catholic Church, as well as on Several Issues of Financial Nature.

The Republic of Hungary and the Apostolic Holy Seat (hereinafter: Parties)
with reference

to the Agreement concluded in Budapest, on 9 February 1990 on the restoration of diplomatic relationships, according to which the Parties decided to dissolve individual issues arising, requiring mutual interest, through common agreement;

led by the wish

to find a pertinent solution for the financing of the public service and religious activity in Hungary of the Catholic Church (hereinafter: Church), as well as for several issues of financial nature;

bearing in mind

the Act on the Freedom of Conscience and Religion as well as the Churches (Act IV of 1990) and, respectively the Act on the Regulation of the Ownership Situation of One-time Ecclesiastical Real Estates (Act XXXII of 1991)

agreed of the following:

I

Article 1

The financing of public service activities of churches listed in Act IV of 1990 shall be governed by the general rules relating to state institutions in accordance with the provisions of the same Act and the present Agreement.

Article 2

The Church shall receive a financial subsidy for the institutions of public education maintained by it (kindergartens, primary and secondary schools, student hostels) at a same level as the state and local government maintaining entities operating similar institutions.

Article 3

(1) The Church shall receive subsidy of education and students' benefit for its students pursuing studies not related to religious life, admitted to all courses prior to 1 September 1997 to the university institutions and other institutions of higher education of the Church in an amount equal to the normative subsidies granted under similar title to state institutions. For the students admitted for education financed by the state following 1 September 1997, a nonnative subsidy of education and students' benefit as well as any other subsidy secured by the Act on Higher Education shall be due. The identical judgement shall also cover the centralised forecasts of higher education distributed on the basis of competition. In these institutions of higher education the proportion of students financed by the state may not be, within the total number of students financed by the state as per courses, lower than that of the first course of the year 1997 as of 1 September 1997. In the knowledge of the data of five academic years following the coming into force of the Agreement the Parties shall review the situation.

(2) For the maintenance of institutions of higher education and students hostels the Hungarian State guarantees not less than 50 percent of the normative subsidy of education.

(3) For the students of ecclesiastical universities and colleges financed by the state the Hungarian State secures students' benefits under the same titles and in the same measure as for the students of higher education financed by the state, including the residential subsidy.

(4) The same principles shall be made valid for the «accredited» institutions pursuing education related to religious life (on which Annex No. 1 to the present Agreement contains an itemised list) with the following peculiarities:

(a) The magnitude of subsidy shall be determined for the education at university level by the subsidy granted at the faculty of arts, for the education at college level by the subsidy granted at the classical faculty of colleges for teachers' training.

(b) The state shall guarantee financing for each student of such religious

institution. The total number of students financed by the state may not be in excess of 2,500 persons per year.

(c) Any eventual new institution shall be financed on the basis of a separate agreement to be concluded by the competent authority of the state and the Hungarian Catholic Episcopacy.

Article 4

(1) The cultural heritage of the Church, within that the values and documents kept in ecclesiastical archives, libraries, museums and other collections, constitute an important part of the Hungarian cultural heritage. The Church and the Hungarian State undertake to cooperate in the preservation, enrichment and securing of public use of this heritage.

(2) The Hungarian State undertakes to contribute to the renewal and safekeeping of the memorials of the religious cultural heritage and of the monuments of art and artistic work owned by ecclesiastical organs and institutions, in a measure similar to the subsidy of the same type of cultural heritage possessed by the state. It will also subsidize financially the functioning of archives and libraries owned by the organisations and institutions of the Church; when establishing the state subsidy for them, the amount of the subsidy for the year 1997 shall be taken for basis, taking into account the prevailing possibilities of the state budget and the tasks to be fulfilled.

(3) In order to make valid the principles included in subsections (1) and (2) and the religious peculiarities, the competent state organs and the Hungarian Catholic Episcopacy shall conclude a separate agreement.

II

Article 1

The Hungarian State acknowledges the claim relating to the transfer of one-time ecclesiastical real estates listed in Annex No. 2 to the Agreement. It shall transfer the real estates to the ownership of the Church according to an annual even, value-proportionate time schedule between 1998 and 2011 in accordance with the provisions of Act XXXII of 1991 on the Regulation of the Ownership Situation of One-time Ecclesiastical Real Estates.

Article 2

(1) As partial application of the Act mentioned in Article 1 of Chapter II the Hungarian State shall transform the counter value of the real estates

not listed in Annex No. 2 into a source of annuity serving the financing of the religious activity of the Church.

(2) The Hungarian State considers the claim for monetary compensation as a long-term investment, which shall be valorised annually, with the pace of the average devaluation of the forint measured in the foreign exchange basket, as taken for basis in the budget. The measure of valorisation shall be corrected following the adoption of the Act on the Execution of the Budget in accordance with the actual pace of devaluation.

(3) The rate of the annuity shall be for the pecuniary compensation the 5 percent expectable yield of current long-term foreign exchange investments. Such yield shall be reached so that as of 1998 the rate of the yield shall be 4.5 percent, and this shall be increased to 5 percent as of 2001. Calculating with a claim for monetary compensation of HUF 42 thousand million, the basic amount of the payment of the annuity to the Church for the year 1997 shall be 1,890 million forints.

Article 3

By the fulfilment of the contents of the present Agreement the Church shall deem satisfied its claim for real estate regulation and compensation based on Act XXXII of 1991.

Article 4

(1) The Hungarian State shall secure a legal opportunity that the private persons dispose of 1 percent of their progressive personal income tax (hereinafter: PIT) as of 1 January 1998 to the benefit of a church indicated by them or to the benefit of a separate state fund.

(2) By 2001 the Hungarian state shall guarantee 0.5 of the progressive PIT revenue of the previous year to the churches in such a manner that if the amount granted by the disposing parties fails to reach this level, it shall be complemented by the Hungarian State. The amount of complement shall be apportioned among the churches in proportion of the disposals of the citizens, however, the amount guaranteed to the Catholic Church may not be less than HUF 1,700 million. In 2001 the Parties shall examine the situation of said source of income (the term of progressive personal income tax is contained in the supplementary minutes to the agreement).

(3) In the measure of its possibilities the Hungarian State shall continue to grant extraordinary subsidy for purposes exactly defined and signalled by the Hungarian Catholic Episcopacy.

(4) The scope of benefits or exemptions from taxation secured specially for the Church, the ecclesiastical persons and the ecclesiastical activity, granted both in respect of personal income tax and corporate tax as valid at present shall not be narrowed down by the Hungarian State without the consent of the Church.

III

The Church shall be entitled to additional state subsidy, the basis of which shall be the decision of the citizens as to make use of the public services of the Church. This subsidy shall secure the subsidy of the entity maintaining the ecclesiastical institution at the same level as the state or local government maintaining entity, in accordance with Act IV of 1990. (The method of calculation of this subsidy is contained in the Complementary Minutes to the Agreement.)

IV

Annexes Nos. 1 and 2 mentioned in Chapter I, Article 3, Section (4) of the present Agreement as well as the Complementary Minutes mentioned in Chapter II, Article 4, Section (2) and in Chapter III shall form the integral part of the Agreement, they shall constitute jointly a total unit.

V

(1) Should any difficulty arise in connection with the interpretation or application of the present Agreement, the Parties shall search for the most appropriate solution with common consent.

(2) The present Agreement shall be ratified in accordance with the legal norms of the Parties, and it shall come into force by the exchange of documents of ratification, which shall occur within the shortest possible time.

(3) If one of the Parties considers that the circumstances, in which the Agreement was concluded, have radically changed, it shall initiate negotiations for adjusting the Agreement to the new circumstances.

Signed in the City of Vatican on 20 June 1997, in two original copies, in Hungarian and Italian, the copies in both languages are equally authentic.

Illegible signature

in the name of the Republic of Hungary

Illegible signature

in the name of the Holy Seat

COMPLEMENTARY MINUTES

to the Agreement between the Republic of Hungary on the one hand and the Apostolic Holy Seat on the other hand on the Financing of the Public Service and Religious Activity in Hungary of the Catholic Church, as well as on Several Issues of Financial Nature.

*Complementation to Chapter II**Article 4:*

Progressive personal income tax shall be the amount, which remains from the amount of the tax of the consolidated tax base after the deduction of the benefits.

Complementation to Chapter III:

(1) For the calculation of this subsidy the amount of the operational costs and costs of refurbishment of the given sector of local governments shall be reduced by the own receipts of the institution in each year in the framework of budgetary planning on the basis of the data indicated therein separately for public education and separately for social provision. The proportion of normative subsidy shall be determined on the basis of the amount of expense to be subsidized, received in this way, and the amount of complementary subsidy shall be established in accordance therewith. The amount of special subsidy granted from the central budget for public education, which may be received by the way of competition by the local government and ecclesiastical maintaining entities or their institutions alike, may be deducted from the amount of the complementary subsidy calculated as per the above.

(2) This subsidy shall be calculated for the pupils/students of ecclesiastical schools indicated in the Development Plans for Public Education of the counties, which shall be planned taking into account the expectable average number of persons in the given year.

(3) Any discrepancy between the planned and actual data of the local governments shall be settled in accordance with conciliation with the competent ecclesiastical maintaining entity.

(4) The government shall also secure for the Church the increase of personal benefits for the persons working in public education or social provision under the same condition as granted for the local governments.

(5) Simultaneously therewith the so-called agreements on public education concluded with the state and the local governments (or eventual other agreements with similar contents) shall terminate.

ACT CXXIV OF 1997

**on the Financial Conditions
of the Religious and Public Purpose Activity of Churches ***

- Recognising the millennial work of Hungarian churches in the life and interest of the nation,
- in the knowledge of the importance of the religious conviction in Hungarian society, continuing the secular tradition embodied in Act XX of 1848, Act XLIII of 1895 and Act XXXIII of 1947 as well as Act IV of 1990 serving the freedom of religion,
- taking into consideration, that the Hungarian churches were inflicted by measures of deprivation of rights after 1945,
- in harmony with Section 60 of the Constitution, bearing in mind the requirement of the separation of state and church
- meeting its obligation undertaken in Section 23 of Act XXXII of 1991 on the Regulation of the Ownership Status of One-time Ecclesiastical Real Estates,

Parliament creates the following Act:

Section 1

This Act shall be applied to the church, religious denomination and religious community (hereinafter: church) registered by the court in accordance with Act IV of 1990 on the Freedom of Conscience and Religion as well as the Churches.

Section 2

In accordance with the provisions of Section 18 of Act IV of 1990 on the Freedom of Conscience and Religion as well as the Churches a church may obtain own revenues. Concerning the contribution serving the maintenance of churches, the gift collected in accordance with the internal laws and rules of the church, no data may be requested and no record may be kept by the organs of the state, local governments and public administration.

Section 3

(1) In case of reciprocal agreement the monetary claim relating to ecclesiastical real estates covered by Act XXXII of 1991 on the Regulation of the

* The Act was passed by Parliament on 2 December 1997.

Ownership Status of One-Time Ecclesiastical Real Estates (Churches' Ownership Act, hereinafter: COA), requested by the church not in kind, not delivered to it or not regulated in accordance with Section 2, subsection (4) may be transformed into a source of annuity, which may be used for financing the religious and public purpose activity of the church. The disbursement of the annuity shall last until the deadline indicated in the common agreement or until the termination without legal successor of the claiming church.

(2) Calculated on the basis of the monetary claim in accordance with subsection (1) the rate of the annuity shall be from 1998 to 2001 4.5 %, from the year 2001 5 %. The amount of the annuity shall be increased annually, in the measure corresponding to the pace of average devaluation of the forint calculated on the annual planning of the central budget, and corrected in accordance with the ratio of actual devaluation following the passing of the Act on the Execution of the Central Budget.

(3) The church may request the transformation into annuity of the monetary claim relating to real estates reclaimed not in kind in writing, within 180 days following the coming into force of this Act, attaching the list of real estates containing also the indication of value, which shall form the basis for calculation. The initial amount of the annuity shall be defined in an agreement concluded by the Government, and the authorised representative of the church concerned on the basis of an evaluation mutually accepted. The annuity shall be disbursed as of 1 January 1998.

(4) In the year of the coming into force of the Act the Act on the Annual Budget may still subsidize the implementation of the investments and refurbishments of different churches commenced earlier and not relating to monuments of arts.

Section 4

(1) In accordance with the contents of the separate Act, the individual churches are entitled to one percent of the personal income tax paid by private persons making a declaration of disposal, which may be used in the manner defined in the internal rules of the churches.

(2) If the amount due to the churches on the basis of subsection (1) does not reach jointly 0.5 % of the tax of the consolidated tax base of personal income tax planned in the budget of the year of declaration, the amount to be actually remitted to the churches shall be complemented from the central budget up to the measure thereof in the years indicated in subsection (3). The individual churches shall partake in the amount of this complement in proportion of private persons, making a disposal to their benefit.

(3) If the subsidy granted to a church on the basis of subsections (1) and (2) does not reach the amount of the contribution granted in Annex No. 18 to the Act on the Budget for the Year 1998 for the operation, refurbishment and investments of basic institutions of churches, this shall be complemented up to the measure thereof in any year of the subsequent four years beginning with the year 1999 by the central budget, at first in 1999.

Section 5

On their educational, health care and social activity the entities maintaining ecclesiastical institutions shall partake in a normative state contribution identical with the institutions of the state and local governments providing for similar tasks, the legal titles and amounts as well as proportions of which shall be contained in the Act on the Annual Budget, in respect of higher education in accordance with the Act on Higher Education.

Section 6

(1) The churches shall be entitled to further subsidy (hereinafter: complementing subsidy), the basis of which shall be the decision of the citizens relating to the use by them of the public services of the institutions maintained by the given church.

(2) The definition of the complementing subsidy in accordance with subsection (1) shall be made in each year on the basis of the data known on planning of the budget, in the Act on the Annual Budget, taking into consideration the use of public education or social services.

(3) For the calculation of the amount of complementing subsidy the amount of the sectoral expenses of operation and costs of refurbishment of the local government shall be reduced by the own revenues of the institution, as well as by the separate subsidy granted from the forecast centralised for public education, which may be obtained through competition by the maintaining entities of the local government and church as well as the institutions thereof alike. The proportion of normative subsidy and the calculated amount of complementing subsidy shall be defined from the amount established in this way.

(4) In the sector of public education the subsidy as per subsection (1) shall be calculated on the children and pupils of the ecclesiastical educational institutions included in the Plans of Development of Public Education of the counties or the capital.

(5) The method of making available of, and accounting for, the normativa

state subsidy and complementing subsidy due to the entities maintaining ecclesiastical institutions, related to public purpose activities shall be defined in the Act on the Annual Budget. In the knowledge of the planned and actual data of the local governments relating to complementing subsidy the difference shall be settled in accordance with the provisions of the Act on the Execution of the Annual Budget.

Section 7

(1) The church shall partake in a subsidy of an amount defined in the Act on the Annual Budget for the preservation, refurbishment, enrichment of the values of religious, cultural inheritance, monuments of art and artistic works owned by it, furthermore for the operation of its archives, library, museum.

(2) The Act on the Annual Budget shall regulate the apportionment of the amounts forecast in accordance with subsection (1) among churches and purposes.

(3) During one year following the coming into force of the Act the amounts forecast for the reconstruction of ecclesiastical monuments of art may be used for ecclesiastical investments, refurbishments commenced prior to the coming into force of the Act, serving public purpose activity.

Section 8

(1) The normative state contribution and the related complementing subsidy due to the churches, the subsidy to institutions of higher education and public collection shall be planned in the budget of the ministry competent as per the sector, and disbursed in accordance with the provisions of the Act on Annual Budget. The other subsidies shall be planned in the budget of the chapter Prime Minister's Office.

(2) The annuity in accordance with Section 3, subsection (1) shall be made available quarterly, by the 10th day of the first month of the given quarter and the necessary correction shall be settled in one amount until the last day of the month following the adoption of the Act on the Execution of the Budget.

(3) The share of personal income tax in accordance with Section 4 and the complementation thereof shall be planned in the chapter Prime Minister's Office, and remitted to the church by 10 January of the year following the offer.

Section 9

Within the prescribed deadline entailing the forfeiture of rights, the written declaration made in accordance with Section 3, subsection 3, shall be sent to the secretary of state of the Prime Minister's Office responsible for the contact with the churches.

Section 10

The Government shall be entitled to assist a church having had earlier no considerable real property in the acquisition of the real estate required for the pursuance of its public purpose activity.

Section 11

The utilisation of the amount of the budgetary subsidy shall be controlled on the basis of Section 121, subsection (1) of Act XXXVIII of 1992 on the State Budget, as amended several times.

Section 12

This Act shall come into force on 1 January 1998, with the proviso that Section 4, subsection (1) shall first be applied in the course of the tax return for the year 1997.

Section 13

(1) In the year 1998 the sharing from personal income tax due to the individual churches shall be replaced in the Act on the Budget of the year 1998 by the group of forecasts of Chapter X Prime Minister's Office, title 9, subtitle 3, 1. Contribution to the Operation, Refurbishment and Investments of Basic Institutions of Churches.

(2) The budgetary contribution for the year 1998 in accordance with subsection (1) shall be received by the churches with a sharing under HUF 50 million in one amount, until 10 January 1998, while the churches having an annual subsidy in excess of that amount shall receive that in quarterly time-schedule.

(3) The amount forecast in annex No. 18 to the budget for the year 1998 for the subsidy of the reconstruction of ecclesiastical monuments of arts may be received by the churches concerned in a time-schedule agreed on with the Prime Minister's Office, in a time-schedule signalled in advance.