

Act CXXIV of 1997

on the material conditions of the faith-based and public purpose activities of churches

The National Assembly

- acknowledging the millennial labour of the churches in Hungary, exerted in the life and the interest of the nation,
- being aware of the importance of religious conviction in Hungarian society,
- considering that, after 1945, churches in Hungary were subject to measures depriving them of rights,
- mindful of the requirement of the separation of state and church, but also of their cooperation in the interest of community goals,

adopts the following Act:

Section 1 This Act shall apply to ecclesiastical legal persons.

Section 2 (1)

(2) According to the provisions of the government decree issued under the authorisation of the Act on accounting, an established church shall keep separate accounts of the revenues, costs and expenses of its economic or business activities, as well as the donations received (public purpose donation) and their use – provided that it issues a certificate on the eligibility for benefit due to a public purpose donation according to the provisions of the Act on personal income tax, or due to a donation according to the provisions of the Act on corporate tax and tax on dividends.

(3) An established church or an internal ecclesiastical legal person may issue a certificate on the eligibility for benefit due to a donation according to the provisions of the Act on corporate tax and dividend tax, and due to a public purpose donation according to the provisions of the Act on personal income tax.

(4)

(5) The established church or the internal ecclesiastical legal person may issue the certificate under paragraph (3) on the basis of support or benefit provided to it without a reimbursement obligation, assets transferred free of charge or services provided free of charge for the purpose of supporting its activity not classified as economic or business activity.

(6) Any person may access and make copies to his own costs of the amount and the data on the utilisation of the donation (public purpose donation) under paragraph (2) in accordance with the laws on the protection of personal data and the rules on the public access of data of public interest.

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(9)

(10)

Section 3 (1) A pecuniary claim related to any ecclesiastical real estate falling under the scope of Act XXXII of 1991 on the settlement of the ownership status of former ecclesiastical real estate (hereinafter the “Etv.”), reclaimed not in kind by the established church, not transferred to the relevant church or not settled according to section 2 (4) of Etv. may be transformed, by mutual agreement, into a source of annuity to be used for financing the faith-based and public purpose activities of the church. The disbursement of the annuity shall last until the established church is dissolved without succession.

(2) The amount of the basis of the annuity and of the supplementary annuity shall be subject to annual valorisation according to the annual average consumer price index planned in the budget. After the adoption of the Act on the implementation of the budget, the amount of the

annuity shall be subject to correction on the basis of the previous year's average consumer price index published by the Hungarian Central Statistical Office.

(3) The rate of the annuity shall be 4.5% between the years 1998 and 2001 and > 5% from the year 2001, calculated on the basis of the pecuniary claim under paragraph (1).

(4) The established church may, within 180 days of the entry into force of this Act, request in writing the transformation of the pecuniary claim related to real estate reclaimed not in kind into an annuity, annexing the real estate records with an indication of the value that form the basis of the calculation. The initial amount of the annuity shall be specified in the agreement concluded, on the basis of a mutually accepted assessment, by the authorised representatives of the Government and the established church. The annuity shall be disbursed starting from 1 January 1998. In the agreement specified in this paragraph, the authorised representatives of the Government and the established church may also agree on supplementing the annuity if it is justified by the faith-based and public purpose activities.

Section 4 (1) The established church shall be entitled to receive one percent of the personal income tax paid by the individuals making a designation statement, in accordance with the provisions regulated in an Act, to be used in the manner described in the internal rules of the established church.

(2) In addition to the amount offered in accordance with paragraph (1), the established church shall be entitled to further supplementary support according to paragraphs (3) and (4).

(3) If the joint and total amounts payable to established churches and the objective specified in the Act on the central budget as the statutory beneficiary on the basis of paragraph (1) are less, with respect to the year affected by the declaration, than one percent of the tax paid, regarding the use of a specific part of the personal income tax according to the designation provided by the taxpayer, the amount to be actually transferred to established churches and to be granted under the appropriation set as the objective in the Act on the central budget shall be supplemented from the central budget to reach the above level.

(4) The established church and the appropriation set as the objective in the Act on the central budget shall receive the supplementary support under paragraph (3) in proportion to the number of designations made by the individuals who make a declaration on 1% of the personal income tax.

Section 5 (1) The central budget shall provide financing for upbringing, educational, higher educational, healthcare, charity and social activities and services in the field of family, child and youth protection, as well as cultural or sports activities performed by an ecclesiastical legal person according to the same criteria and to the same level as provided for the institutions maintained by the state or by local governments.

(2) The Act on the central budget shall contain the items, coverage and proportions of the normative and other state contributions payable to the ecclesiastical maintaining body – in the case of an institution performing higher education activities, to the ecclesiastical higher education institution – for the activities mentioned in paragraph (1) at the same level as for institutions that perform similar tasks and that are maintained by the state or by local governments.

Section 6 (1) An established church shall be entitled to further support (hereinafter “supplementary support”) based on the decisions of the beneficiaries of the public services regarding using public services provided by ecclesiastical institutions.

(2) Supplementary support according to paragraph (1) shall be determined in each year in the Act on the central budget, on the basis of the data known at the time of planning the budget, by taking the usage of public education, healthcare and social services into account.

(3) The amount of the supplementary support shall be calculated by deducting the institutions' own revenues and the special support provided from centralised appropriation for public education, accessible by way of applications both for local governments as maintainers

and the ecclesiastical legal person, from the amount of the local governments' respective sectoral operating costs and renovation expenses. The proportion of normative support and the calculated amount of supplementary support shall be determined from the amount established in the above way.

(4) The supplementary support to be disbursed to the established church on account of its ecclesiastical public education institution shall be calculated on the basis of the number of children and pupils specified for the ecclesiastical public education institution in the Budapest capital and county plans on performing tasks, operating institutional networks and public education development.

(5) In the knowledge of the local government's planned and actual data regarding supplementary support, the deviation shall be settled in line with the consultation with the established church, according to the provisions of the Act on the implementation of the budget of the relevant year.

Section 7 (1) The established church shall receive support, in the amount specified in the Act on the central budget and similar to that provided to state institutions, for the preservation, renovation and expansion of the real estate owned by the established church and used for public purpose activities or for other purposes, of religious and cultural heritage assets, monuments and works of art, as well as for the operation of its archive, library and museum.

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(3) The state budget shall provide a contribution to the costs of ecclesiastical religious education from the annual appropriation determined for this purpose.

(4) Further support may also be provided from the central budget to facilitate the basic and other public purpose activities performed by the established church; this kind of support shall be determined by the National Assembly in the Act on the central budget for the purposes specified by the established church.

(5) The application concerning the nature of, and for, the support specified in paragraph (4) shall be submitted by the representative of the supreme body of the established church to the minister responsible for the coordination of church relations (hereinafter "the minister").

Section 8 (1) State contributions to established churches for their public purpose activities shall be planned in the budget of the headings that provide professional supervision and shall be disbursed via the treasury according to the provisions of the Act on the central budget. Other supports shall be planned in the budget heading of the ministry led by the minister.

(2) The annuity under section 3 (1) shall be disbursed quarterly until the 10th day of the first month of the relevant quarter, and in the first quarter until the last day of the first month; the correction specified in section 3 (2) shall be settled in a single sum by the last day of the month following the adoption of the Act on the implementation of the budget.

(3) The share of the personal income tax and the supplementary support to be disbursed to the established churches according to section 4 shall be planned in the budget heading of the ministry led by the minister, and shall be transferred to the established churches by the 31 January of the year following the designations.

Section 9 The written statement under section 3 (3) shall be sent to the minister within the prescribed term of preclusion.

Section 10 The Government may support the established church in acquiring the real estate necessary for pursuing its public purpose activities.

Section 11

Section 12 This Act shall enter into force on 1 January 1998, with the proviso that section 4 (1) shall first apply to the tax declaration of the year 1997.

Section 13

Section 14