

CUTTING RED TAPE x1

*The Green Light for Business
in Hungary!*

Balázs Szepesi



Reducing bureaucracy, creating a fairer framework for better business

- ✓ Fulfilling the promises made in the Széll Kálmán Plan and in government programmes
- ✓ 500 billion HUF cost saving for business
- ✓ 114 actions in 10 areas
- ✓ 12 priority measure addressing the most pressing problems facing business
- ✓ Working with business – more than 2,000 suggestions made during the consultation period
- ✓ Ensuring the competitiveness of Hungarian enterprise in international markets

Cutting Red Tape Program

I. 100 billion HUF – the first strike

II. Further cost-reductions
totalling 400 billion HUF

The consultation process

Online
consultation

Surveys

Workshops

Open
forums and
seminars

Written
proposals

III. Keeping red tape in check

Strengthening domestic enterprises and the Hungarian economy

Widening opportunities for business in line with the government's overall policy aims

What impact does the reduction of bureaucracy have?

Increasing the effectiveness of broader economic policy

Creating a cheaper, more focused, and more efficient state

500 billion HUF reduced costs for business*

114 measures

10 areas

Taxes

48 bn
HUF

Sector
regulations

103 bn
HUF

Digital
government

117 bn
HUF

Accounting
regulations

35 bn
HUF

Regulatory
activities

47 bn
HUF

Planning and
development

34 bn
HUF

Employment

100 bn
HUF

Business law

24 bn
HUF

Investment

34 bn
HUF

System wide
measures**

* The sum of figures below is higher, but taking account of overlap and duplication, the total impact is 500 billion HUF.

** The system-wide measures are necessary for the effectiveness of the programme, but have no immediate or direct cost benefit to business.

12 Key Priorities



1. Simplifying collection of employment data

Employment data collection through a single, simple collection point to reduce multiple and repeated data submission.



2. Simplifying corporate tax

Simplified annual financial statements and corporate tax returns, and improved coordination between government agencies.



3. E-business

The introduction of a single, customer-friendly electronic interface so that business can comply easily with government and regulatory reporting requirements. Use of already available and relevant data to reduce extra calculation and data collation. Providing customer support to minimise problems.



4. 30 day government approval

Government commitment to deal with business related administrative tasks within 30 days.



5. Opportunity to call for inspection

Companies may call authorities to inspect their compliance with rules and to propose modifications in their operation without serious sanctions.



6. External audits

For businesses which rely on external certified audits, the auditor take responsibility.



7. Simplified and faster industrial investment and planning

Industrial areas to have simplified investment and trade authorities in order to reduce delays and ensure rapid completion of administrative procedures, such as planning and licensing.



8. Improved risk assessment

The businesses needn't create internal (for example: security) regulations, if the activity not hazard and the job not justifies it. If the activity justifies regulations an outside expert take to prepare it, in this case, the expert will undertake the responsibility for the direction of the authorities.



9. More relevant cash controls for family enterprises

For example: removing the maximum limit for the home cash register.



10. Improved access to public data on companies

To increase and improve the availability of information about public companies, so that small businesses can more easily conduct due diligence of their business partners.



11. Eliminate unnecessary increases to administrative burden

To avoid wherever possible increasing the administrative and regulatory impact of new legislation.



12. Simplifying project application, monitoring and completion

Simplifying and reducing required documentation through better use of standardised forms. Where contracts are modified, if budgets are unaffected, payments should not be suspended

The expected impacts of the program

- ✓ From January 2012 gradually 500 billion HUF remains in the businesses
- ✓ The effect of long-term measures from 1.2 to 1.3% GDP growth expected
- ✓ The budget is improved by 150 billion HUF
- ✓ More than 100.000 legal jobs will be created
- ✓ Improvement in the competitiveness rankings

Ensuring the competitiveness

✓ In the WEF competitiveness ranking:
Institutional framework (Hungary is 73.)
examples: burden of government regulation (134.!), efficiency of legal framework (91-119.)

✓ In the IMD competitiveness ranking:
Institutional framework (Hungary is 49.)
examples: bureaucracy (42.), transparency (56.), tax evasion (54.)

✓ In the Doing Business ranking: *construction permits (55.), taxation (117.!), property registration (43.), enforcement of contracts (19.)*

How the Program was prepared?

- ✓ **Processing and application of relevant international examples.** (Belgium and Netherlands: Kafka test and program; United Kingdom: Red Tape Challenge)
- ✓ **Involving the related ministries and interest groups in the workgroups**
- ✓ **National consultation** (more than 30 locations; with the support of 28 professional associations; involving 1500 entrepreneur; online consultation; we got more than 2000 suggestions)
- ✓ **Professional and policy-level discussions with the experts of administration**

28 professional associations participated in the working group

Adótanácsadók
Egyesülete

BCCH

FIVOSZ

KSZGYSZ

MIKIK

ÁFEOSZ

Befektetői Tanács

HEBC

Magyar
Agrárkamara

MOSZ

AHK

Békés megyei
Agrárkamara

IPOSZ

Magyar
Könyvvizsgálói
Kamara

Nemzetközi
Vállalkozások
Magyarországi
Társasága

AmCham

BKIK

Joint Venture
Szövetség

Magyar Országos
Közjegyzői Kamara

OKISZ

Bankszövetség

Európai Kamarák
Állandó Bizottsága

KISOSZ

Magyar Ügyvédi
Kamara

VOSZ

Felelős Családi
Vállalkozásokért
Magyarországon
Egyesület

Közbeszerzések
Tanácsa

MGYOSZ

The implementation of the Program

- ✓ Strong control for the measures of the Program
- ✓ Impact assessment of Government decisions in advance
- ✓ Further initiatives annually (new proposals to improve the business environment)
- ✓ Dedicated staff to manage the program

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**Thank you
for your
attention!**

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