



Trust fact sheet

Primus Trust Corp.

License number: 25051845

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Although Hungary has had a continental legal system, it implemented the English type trust to its legal system. The Civil code contains the trust section and the Trustees Act deals with the detailed rules of the trustees' activities and responsibilities. The main characteristic of the Hungarian trust is that the trustee is the legal owner of the managed asset but based on the law, the trustee owns it for the benefit of the beneficiaries. The trust is regulated as a contract; therefore, it is a very flexible legal solution. The trust rules are mainly dispositive; therefore, the settlor may differ from the rules with the exception of a few obligatory rules (any deviation is null and void). The obligatory rules are:

The trust declaration or contract must be in writing;

The trustee can't be sole beneficiary;

The separation of the trust assets from the trustee's own assets and other managed assets;

The settlor and the beneficiary can't instruct the trustee;

The trust period can't be longer than 50 years.

The trust asset is completely separated from the trustee's own asset and other managed assets, the creditors and the successor of the trustee cannot claim anything from the trust asset. The trust may be revocable or irrevocable, and discretionary as well. It is allowed for the settlor to be the trustee. The trust may be set up with private or public documents. The trust may be for private purposes, charity or both. The trust asset may be anything, cash, tangible or intangible asset, rights or claims.

	professional trustee	licensed trustee	ad-hoc (non-licensed) trustee
Type of trust	testamentary or inter vivos, discretionary or non-discretionary, private or charity	testamentary or inter vivos, discretionary or non-discretionary, private or charity	testamentary or inter vivos, discretionary or non-discretionary, private or charity
Who can be settlor	anyone (corporate or private, local or foreign)	anyone (corporate or private, local or foreign)	anyone (corporate or private, local or foreign)
Limitation of the trustee	no	no	one case

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Who can be a beneficiary	anyone (corporate or private, local or foreign)	anyone (corporate or private, local or foreign)
Number of trustees (min.)	one	one
Co-trustees	yes	yes
Citizenship/registration/form of trustee	European Economic Area only company limited by shares or a Hungarian law firm may be professional trustee	any nationality or registration, any form, may be individual or corporation
Registration/notification of the trust	no	The National Bank of Hungary must be notified. Information on the settlor, the trustee, the original managed assets and the known beneficiary shall be provided.
Corporate trustee	only corporate trustee may be professionally licensed	no requirement
Professional responsibility insurance	yes, up to EUR 5 million	no
Type of the transferable trust asset	any (cash, portfolio investment, intangible or tangible asset, rights or claims)	any (cash, portfolio investment, intangible or tangible asset, rights or claims)
Asset separation	yes	yes
Time limitation	50 years	50 years
Protector	may be applicable	may be applicable
Registered seat	must be maintained in Hungary	must be maintained in Hungary
Public accessible records	no	no

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Annual return filing	yes, with the Inland Revenue Service	yes, with the Inland Revenue Service
Public accessible annual returns	no	no
Bookkeeping	in HUF or EUR	in HUF or EUR
Audit requirements	no	no
VAT number	not subject of VAT	not subject of VAT
Taxation of the trust income	The trust is a corporate taxpayer. It is subject to 9% CIT.	The trust is a corporate taxpayer. It is subject to 9% CIT.
Taxation of transfer of assets from the settlor to the trust	tax free, no hidden taxation	tax free, no hidden taxation
Taxation of the capital distribution from the trust to private individuals	Capital distribution is tax free for Hungarian tax resident individuals. In the case of a foreign tax resident individual, the tax rules of beneficiary's residence are applicable. No WHT on capital distribution in Hungary.	Capital distribution is tax free for Hungarian tax residents. In the case of a foreign tax resident individual, the tax rules of beneficiary's residence are applicable. No WHT on capital distribution in Hungary.
Taxation of the trust's income distribution from the trust to private individuals	Trust income distribution is treated as dividend and it is taxed with 15% PIT in the case of Hungarian tax resident individual. If the beneficiary is a foreign tax resident individual, WHT may be applicable but the Hungarian DTT network may reduce it to zero. The individual may receive tax credit or tax exemption in	Trust income distribution is treated as dividend and it is taxed with 15% PIT in the case of a Hungarian tax resident individual. If the beneficiary is a foreign tax resident individual, WHT may be applicable but the Hungarian DTT network may reduce it to zero. The individual may receive tax credit or tax

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	the place of her/his residence.	exemption in the place of her/his residence.
Taxation of the capital distribution from the trust to corporate entities	Hungarian tax resident companies may pay CIT on capital distribution. In the case of foreign entity, there is no WHT on capital distribution in Hungary.	Hungarian tax resident companies may pay CIT on capital distribution. In the case of foreign entity, there is no WHT on capital distribution in Hungary.
Taxation of the trust's income distribution from the trust to corporate entities	Hungarian tax resident companies receive the income distribution tax free. If the beneficiary is a foreign corporation, there is no WHT in Hungary.	Hungarian tax resident companies receive the income distribution tax free. If the beneficiary is a foreign corporation, there is no WHT in Hungary.

TAXATION

The trust is a Hungarian corporate taxpayer; it is taxed on its worldwide income. The taxable income of the trust is based on pretax profits, calculated in the profit-and-loss statement prepared in accordance with the accounting rules, with a number of corrections for the differences in deductible and nondeductible items recognized by tax and accounting law. All the benefits and allowances of the Hungarian companies are applicable to trusts. The received dividend is tax free. The alienation of qualified participation is tax free. 50% of the inbound royalty income is deductible from the trust's tax base.

The corporate income tax rate is 9% for net income.

The local business tax is 0% to 2% subject to the location of the company.

In Hungary, there is no withholding tax on dividend, royalties and interest payments for foreign corporations.

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