

Hungary

Appointments

The government assigns those who can be selected as liquidators by decree. The government invites applications for the entrance on the list of names of liquidators every year. Liquidations can be conducted by companies that have been entered on the list by application. A liquidator is appointed to conduct the liquidation process and the office-holders name and address have to be announced to the court. The liquidator is entitled to proceed at every court of the country.

Qualifications

According to regulations (167/1993 (XI. 30) order in council modified in 1998) an insolvent company has to employ at least one lawyer, one economist and one auditor.

Employees in practice usually have higher qualifications than required.

Selection

The liquidator is appointed by the court. The liquidator can be excluded by the court in the following cases:

- There is a reason for exclusion ie the liquidator is the owner or a creditor of the company to be liquidated.
- The liquidator has been deleted from the list of liquidators.
- A liquidation process has been started against the liquidator company.
- The liquidator severely or repeatedly breaks the law and a creditor raises objections to it.

Supervision

The liquidator is supervised by the court. Beyond that, if the creditors have formed a committee, the liquidator is obliged to obtain its permission to get on with its economic activity during the liquidation process.

Remuneration

The fee of the liquidator is five per cent of the sum of the assets sold during the liquidation and the debts paid, but it is at least 100,000 HUF. In case of a simplified liquidation the fee is 300,000 HUF.

If the fee of the liquidator is more than four per cent not including VAT, the surplus over the four per cent has to be paid to a supplementary account. The office keeping the account pays the excess to those liquidators whose fee does not reach the four per cent, except when the required sum is not on the account. In this case the liquidator endorses the excess as a liquidation cost. In Hungary the biggest problems are around paying the fees as outlined earlier, especially if the company to be liquidated has no property at all.