

Before you can take any steps to start working in Hungary, you have to set up a subsidiary in the country. This step alone can take a few months and prevent you from starting other time-consuming tasks such as hiring employees, sourcing benefits, and setting up your payroll. Plus, you have to meet Hungary subsidiary laws through every part of the incorporation process.

Globalization Partners offers an easier process through Hungary subsidiary outsourcing. Instead of taking the time to learn all the applicable subsidiary laws and set up a subsidiary, you can allow us to use our existing entity to help you start working in just a few days. We'll take on the risk so that you can manage your business.

How Do You Set up a Hungary Subsidiary?

The process of setting up a Hungary subsidiary depends on your business factors and the regulatory framework that applies to your entity. Hungary's subsidiary laws can change depending on your industry, the nature of your business, your nationality, and more. We recommend detailing the kind of business you want to operate in Hungary to see what the incorporation process will include.

Hungary also has several rules and regulations that govern businesses in the country, including Act XLV of 2004, Act X of 2006, Act V of 2013, Act CCXXXII of 1997, and more. The regulatory framework also changes based on what kind of Hungary subsidiary you set up. You can choose between several different structures, including a general (unlimited) partnership, limited partnership, limited liability company (LLC), private company limited by shares, public company limited by shares, branch office, or commercial representative office.

Many companies incorporate as an LLC because of its benefits for all parties involved. The steps to set up a Hungary subsidiary as an LLC include:

- Retaining legal representation from a legal professional in Hungary
- Registering through a domestically based law firm
- Opening a local bank account
- Depositing at least 50% of share capital

- Applying with the Registration Court
- Passing muster with the Tax Authority
- Registering for the municipal business tax with the Tax Department of Municipality and the Hungarian Chamber of Commerce and Industry
- Registering for social security with the National Office for Health Insurance

Hungary Subsidiary Laws

Hungary's subsidiary laws vary based on your location within the country and your subsidiary's structure. LLCs can be established with only one member, but members cannot get recruited through public offerings. All members are limited in liability based on the amount of capital they contribute.

You'll need to appoint a supervisory board if the law requests so and you have more than 200 full-time employees each year. All LLCs need at least one managing director to run the subsidiary's day-to-day operations. The costs to incorporate in Hungary are often greater than in other countries, as you'll need 500,000 HUF in investment capital. There's also a registration fee of 100,000 HUF.

Benefits of the Hungary Subsidiary Setup Process

Once you get through the Hungary subsidiary setup process, you'll be ready to work in the country. The limited liability nature of an LLC can also benefit your subsidiary and parent company. Your parent company will be safe from litigation or other risk, and your subsidiary can institute business practices that meet Hungary's culture.

Although you can get the benefit of working in Hungary by establishing a subsidiary, you'll have to spend lots of time and money to get there. Globalization Partners will help you start working in Hungary without incorporating and spending so much time and money. We'll use Hungary subsidiary outsourcing services to cut your working time down from a few months to a few days.

What Do You Need to Establish a Subsidiary?

Since Hungary's subsidiary laws require foreign companies to retain a lawyer for the incorporation process, you'll have to find a professional you trust and pay them a commission fee on top of the fixed costs of registration. That can take the costs up to 260,000 HUF for just one step of the process.

We recommend meeting with your accounting department before starting the Hungary subsidiary setup process. They can help you prepare for all the costs involved and ensure that your company has the necessary funds.

Contact Globalization Partners for More Information

Globalization Partners is the partner you need on your side for a successful expansion. Contact us today to learn more about Hungary subsidiary outsourcing.