

## Hungarian Government suspends bank debt repayments and passes tax exemptions to assist corporations and individuals

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On 19 March 2020, the Hungarian Government introduced several measures to ease the economic impacts of the COVID-19 crisis. These measures include, among others, a moratorium on loan repayments.

### Background

Effective 19 March 2020, the measures are intended to provide immediate assistance to corporate and private individual taxpayers in the new global environment.

One of these measures is the suspension of repayment of loans. Further, the Government also introduced the prohibition of termination and increase in fees of rental agreements and temporary exemption from taxes and charges in specific sectors (e.g. tourism, hospitality, entertainment) as well as some general amendments simplifying labor law rules (e.g. home office, working time schedule).

### Loan repayment moratorium

The scope of the moratorium covers the principal, interest and charges of all corporate and retail loans.

The loan repayment moratorium is automatically effective without the need to modify the loan agreements. Debtors have the right to continue making payments if they wish to do so.

The term of the loans is also automatically extended by the length of moratorium. Should the loan agreement expire before 31 December 2020, it is automatically extended until year end.

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