

Insolvency & Restructuring Statistics Update: Hungary

There were significant changes in the number of insolvency proceedings in 2022 due to the aftermath of the COVID pandemic and the new challenges posed by the energy crisis and the Russian-Ukrainian war. Despite implementing the Restructuring Directive, however, there has been no reported restructuring cases. Petra Springer from DLA Piper Hungary has summarised recent statistics in Hungary.



Almost twice as many **liquidation proceedings** (*felszámolás*) were commenced in 2022 than a year earlier. While in 2021, the total number of liquidation proceedings was 4359, in 2022 this figure almost doubled to 8111 based on the data published by the Hungarian Central Statistical Office.* Nearly 60% of all proceedings commenced in 2022 started in Q3/2022. By far the most liquidation proceedings were initiated in the construction sector, while the least affected sector was agriculture. This increase was attributable to a number of factors, such as the combination of the Russian-Ukrainian war and the energy crisis resulting in increased inflation, severe exchange rate volatility and a decline in economic performance.

In September 2022, an exceptionally high number of **voluntary winding-up proceedings** (*végelszámolás*) were commenced. The significant increase in the number of these proceedings in 2022 can be clearly linked to the phasing out of the small business lump sum tax (KATA) at the end of the summer of 2022 for those entrepreneurs who have fully terminated their business activity. Within dissolution proceedings, firms dissolved through **forced deregistration proceedings** (*kényszertörles*) dominated with 44%. Although the number of these proceedings declined during the COVID, it bounced back to pre-COVID levels in 2022, following the phasing out of the payment moratorium introduced as an economic safeguard measure during the COVID.

The number of **bankruptcy proceedings** (*csődeljárás*) also increased: from 26 filed cases in the first half of 2021 to almost double to 50 in the first half of 2022 based on the caseload data of the National Office for the Judiciary. However, the total number of bankruptcy filings still remained low. The number of bankruptcy cases completed was also well below 100, with 48 completed case in the first half of 2022, nearly three times than in the first half of 2021 with 17 completed case.

Hungary implemented the Preventive Restructuring Directive (EU) 2019/1023 by introducing Act LXIV of 2021. The purpose of the **restructuring proceedings** (*szervezetátalakítási eljárás*) was to enable debtors to restructure effectively at an early stage and to adopt and implement a restructuring plan with creditors in order to avoid insolvency and ensure viability. Since its entry into force on 1 July 2022, however, there have been no reported cases, which may also be attributable to the fact that the proceedings may be conducted non-publicly, as well.

Further statistics from Latvia and from all jurisdictions can be found on our website [here](#).

* Please note that the caseload data published by the National Office for the Judiciary indicates a higher number, as it includes all liquidation applications received by the courts, irrespective of whether the liquidation is ordered with a final effect on the basis of the application received.