

## EASY ACCESS TO EUROPE – INVESTING INTO HUNGARIAN RESIDENCE BONDS

**Hungary has recently introduced a very attractive possibility for individuals of third countries, i.e. any person who is not a Hungarian or EEG member state citizen, to enter into or stay in Hungary – and consequently within the European Union – by investing into Hungarian so called “residence bonds”.**

Based on the newly set up rules, a third country national may apply for a permanent or temporary residence permit if issuing such permit is in the national economic interest of Hungary; in each case, the applicant shall prove that his/her application is of such national economic interest. Based on the new provisions of Act II of 2007 on the Entry and Stay of Third-Country Nationals (hereinafter the **“TCN Act”**), such requirement shall be deemed satisfied if the foreign individual purchases Hungarian state bonds in a way stipulated by the TCN Act.

### **Purchasing Hungarian state bonds for residential purposes**

The TCN Act stipulates that it is not the private individual himself/herself who shall buy the bonds issued by the Hungarian state, but an agent company. The bonds shall be issued at a discount price, i.e. the face value minus the amount of the interest. The discount interest rate shall be 1.5% lower than the secondary market yield of the reference Hungarian euro state bond, but minimum 2%.

The applicant private individual (or a company in which he/she is a majority shareholder) shall own securities with a minimum maturity of five years for at least in the nominal value of EUR 250,000 issued by the above agent company investing into the Hungarian state bonds.

The agent companies can also be foreign entities and are expressly appointed for this purpose by the competent committee of the Hungarian Parliament. Such appointed agent companies shall enter into a contractual relationship with the Government Debt Management Agency of Hungary (hereinafter the **“GDMA”**), who discloses on its website the already contracted agent companies.

### **Temporary residence permit**

By holding such special temporary residence permit, a foreign citizen may stay in Hungary for maximum 5 years, which can be prolonged by an additional five year period (the ordinary residence permit is only valid for 2 + 2 years).

If the existence of the national economic interest is certified by documents evidencing the above mentioned state bond acquisition, the preferential treatment means that the applicant private individual is not obliged to prove any purpose of his/her stay in Hungary for a longer period as stipulated otherwise by the TCN Act (i.e. pursuit of studies, scientific research, medical treatment, etc.); the securities transaction shall suffice.

### **Permanent residence permit**

Permanent residence permit allows a foreign individual to stay in Hungary for an indefinite period.

Ease of this application procedure is that by acquiring the required state bonds, the applicant is not required to stay continuously and legally for at least 3 years in Hungary before applying for this, as it is obligatory in case of an ordinary permanent residence permit. The only time restriction is that the foreign individual shall have obtained the (special) temporary residence permit at least 6 months before submitting his/her application for the permanent residence permit.

### **Further useful information**

It is also worthy of note that having a valid Hungarian (temporary or permanent) residence permit allows the foreign citizen to stay in other Schengen Member Countries in Europe for a maximum 3-month period in every 6 months without a visa. The securities shall be acquired and held by the applicants for minimum 5 years.

The application form of residence permit shall be submitted prior to entry into Hungary at the Hungarian consular officer of the country where the applicant is domiciled or in the country of nationality of the applicant. Nevertheless, in case of unavoidable difficulty, the

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application could be lodged at any other foreign representation office of Hungary appointed for this purpose. Family unification option is also available. In the course of the application procedures, legal representation is obligatory for the applicant foreign individual except for the case of personal presence.

### **Current state of affairs**

Realisation and implementation of such new immigration system is in progress; currently three agent companies are operating according to the website of the GDMA.

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