



REGULATORY UPDATES FROM HUNGARY

Sectoral changes and EU Funds

June – July, 2026

Although June and July saw enough radical regulatory and legal developments to fill several years, including the 16th and 17th Amendment of the Constitution, the government's promises and public expectations following its landslide April victory suggest that this period may have been only the calm before the storm.

Key takeaways of June and July

- The new government has shown a willingness to take difficult and controversial decisions in pursuit of its agenda of political elite renewal and uncompromising anti-corruption measures. Notable examples include the removal or resignation of key officeholders, including the President of Hungary, the President of the Constitutional Court and the Chief Public Prosecutor. Further similar changes will most likely occur soon.
- The review of several high-profile, long-term contracts and permits entered into or granted by the State under previous governments has already begun. Relevant sectors include finance, tobacco wholesale and retail, land-based casinos, State-supported private equity fund structures and, through a retrospective review of environmental permits, battery manufacturing, among others.
- These steps appear to be the start of a much broader due diligence review of past government business decisions. To support this process, a new public prosecution agency has been established with unusually broad powers, while parliamentary committees have also been significantly strengthened. Together, these measures are likely to disrupt several core business sectors in Hungary, while potentially improving prospects for independent Hungarian and foreign investors.
- The government has actively recruited experienced sector-specific specialists from the private sector and academia, often with international backgrounds, for senior roles in ministries, State-owned companies and public authorities. This trend is expected to continue.
- At the same time, the government has reached an agreement with the European Commission to release EUR 16.4 billion in EU funding, equivalent to approximately 7% of GDP or 13% of the annual public budget, in the form of subsidies and loans. The funds are expected to be used for public transport, railways, energy infrastructure, education, healthcare and support for small and medium-sized enterprises.



1. Sectoral changes and expected developments

a. State investment contracts and industrial permitting

The Government has ordered a review of investment-related contracts concluded by the Hungarian State between 24 May 2022 and 12 May 2026, including whether they should be made public. The resolution does not specify the contracts or sectors concerned. The review appears to respond to the fact that many State contracts entered into in recent years were classified or otherwise kept confidential.

Further measures include the review of permitting procedures for certain industrial investments approved since 1 January 2021, with a view to identifying and remedying potential legal or administrative deficiencies. Although the exact review criteria and legal consequences are not yet clear, such review will likely be relevant for large industrial projects, especially manufacturing, battery-related investments and other facilities with environmental, water-use, waste-management or local-acceptance sensitivities.

b. Battery industry and environmental oversight

The regulatory direction in the battery sector is shifting toward stricter and more transparent oversight. Announced inspection measures cover the operational chain of battery-related plants, including actual capacity, materials used, emissions, water consumption, waste management, solvents and industrial waste handling. Therefore, industrial investors should expect a more active permitting and compliance environment, particularly where prior approvals were granted under expedited or highly favourable conditions.

c. Concessions: tobacco, casinos and road infrastructure

The Government also announced the review of the concession agreements in the casino, tobacco and road infrastructure sectors.

In the casino market, only companies of businessmen related to the previous government, had been granted – long-term and economically valuable – concessions.

The road infrastructure concession is likewise held by a close ally of the previous government.

In the tobacco market, Országos Dohányboltellátó Kft. acts as the central wholesale operator, with ownership split between Hungarian and foreign investor participation.

The purpose of the due diligence review has not been publicly announced. However, many expect the new government to challenge these contracts, as well as other significant State contracts concluded in recent years.



d. Corporate tax and investment structures

The Government has instructed the Minister of Finance to review, by 30 September 2026, the effectiveness of the corporate income tax regime and the applicable corporate income tax rate for large enterprises, with the objective of increasing corporate tax revenues, while preserving Hungary's tax competitiveness.

The Government also ordered a comprehensive and expedited review of the legal framework and operation of state backed private equity funds (in Hungarian: *magántőkealapok*), with a particular focus on the transparency of their ownership structures and the preparation of related legislation. Since state supported private equity funds have been pivotal in supporting domestic businesses, allegedly the ones with government ties, this review may have substantial market consequences in sectors such as real estate, construction, hospitality, finance just to mention a few.

e. Film production

The government restored full access to Hungary's film production tax incentive scheme by removing registration caps and reopening the 30% film tax rebate programme for new productions. The measure was intended to improve predictability for investors and producers, strengthen the domestic film sector, and maintain Hungary's attractiveness as a major European filming location.

The measure was economically significant because Hungary has become one of Europe's leading film production hubs, attracting major international film and television projects. The sector generates hundreds of billions of forints in annual production spending, supports a large domestic workforce of highly skilled technicians and creative professionals, and contributes significantly to foreign investment and exports. Restoring unrestricted access to the 30% film tax rebate was therefore seen as essential for maintaining Hungary's international competitiveness and preserving its position as Europe's second-largest production hub after the UK.

f. Energy sector and wind power

A new Act was adopted to implement Hungary's energy-related commitments under the Recovery and Resilience Plan and introduces a comprehensive package of reforms aimed at accelerating the country's energy transition. The legislation promotes renewable energy deployment, streamlines permitting procedures, enhances the flexibility of the electricity system and strengthens energy efficiency requirements. It also aligns Hungarian law with recent EU energy and electricity market reforms.

The Act introduces significant changes across several areas of energy regulation. It simplifies the regulatory framework for geothermal energy projects by removing certain permitting and concession-related requirements, introduces new rules on energy storage, flexibility services and electricity market operation, and strengthens energy efficiency obligations, particularly in relation to buildings. In addition, it removes several regulatory restrictions that had limited the development of wind power projects, thereby facilitating the expansion of Hungary's onshore wind generation capacity.



Complementing these legislative reforms, the Government announced a new Wind Power Grid Integration Programme in June 2026 to allocate available grid connection capacity for new wind projects through a competitive tender process. The programme was initially designed to accommodate at least 700 MW of new wind capacity, but strong market interest could result in nearly 1,000 MW of grid connection rights being awarded in the first bidding round. Together with the Government's announced EUR 1.5 billion grid development programme, these measures are intended to revive Hungary's wind sector and create the conditions for integrating up to 4,000 MW of additional wind power capacity into the national electricity system by 2030.

g. Environmental protection

Government Resolution No. 1182/2026 (VI. 5.) reflects the Government's intention to strengthen Hungary's environmental liability regime and tighten sanctions applicable to environmentally harmful activities. The resolution mandates a comprehensive review of the legal framework governing environmental liability, regulatory inspections and environmental penalties. Its overarching objective is to enhance state oversight of activities involving significant environmental risks and to improve the effectiveness of measures aimed at preventing, remedying and sanctioning environmental damage. The Resolution itself does not introduce specific new sanctions but signals the Government's intention to strengthen environmental liability rules, enhance regulatory inspections, tighten the environmental penalties regime.

h. Increased visibility of construction permitting procedures

The Government has restored the public interface of the electronic documentation system used for construction permitting procedures (ÉTDR), increasing the visibility of the construction permitting procedures. Since 30 June 2026, basic non-personal information on relevant proceedings, including the type of procedure, the date of submission, the location and nature of the proposed development, has again been publicly accessible. For specified proceedings initiated after 29 July 2026, selected project documentation, such as site plans, street elevations or visualisations and, in demolition cases, photographs, must also be published. The authority must also publish brief information on its decision. Transitional provisions regulate in detail the publication rules applicable to former and pending procedures.

The amendment further repealed the provision that had restricted the circle of persons who could qualify as parties to construction permitting and simple notification procedures. Party status must therefore be assessed under the remaining sector-specific provisions and the general rules of administrative procedure.

Developers and investors should take account of the greater public visibility of project information and documentation at an early stage of the permitting process, particularly in the case of large, locally sensitive or visually prominent developments.



2. EU funds and procurement procedures

In July 2026, Hungary and the European Commission agreed on arrangements giving Hungary access to EUR 16.4 billion in subsidies and loans:

- A. EUR 4.2 billion cohesion funds frozen since 2022 due to the rule-of-law conditionality mechanism. Cohesion funds are part of the EU's regular cohesion policy budget, intended to finance infrastructure, transport, environmental, healthcare and regional development projects. A portion of these funds allocated to Hungary was frozen under the EU's conditionality mechanism due to concerns that rule-of-law deficiencies and corruption risks could affect the proper use of EU money. The release of those funds occurred alongside Hungary's commitments aimed at strengthening anti-corruption safeguards, public procurement oversight and institutional accountability.
- B. The Commission approved Hungary's new Recovery and Resilience Plan which may unlock approximately EUR 10 billion in financing, consisting of around EUR 6.5 billion in grants and EUR 3.5 billion in loans. As under the Recovery and Resilience Facility (RRF), disbursements remain performance-based and are conditional upon the achievement of the agreed milestones and targets. Reforms and investments financed under the RRF must be completed by the end of August 2026.

The plan focuses on a broad range of investment areas, including green transition, sustainable transport, digital transformation, healthcare, education and social inclusion. Key measures include the modernisation of the electricity sector, the integration of renewable energy sources, energy-efficiency improvements, sustainable mobility projects, the digitalisation of public services and healthcare, support for businesses and SMEs, and measures aimed at strengthening the institutional and regulatory environment. As implementation deadlines are approaching rapidly, the compressed timetable may accelerate procurement procedures and project delivery, creating opportunities for companies active in the energy, transport, digital, healthcare and infrastructure sectors.

- C. EUR 2.2 billion university and research funding package refers primarily to EU programmes supporting higher education, scientific research, innovation and international academic cooperation (e.g. Erasmus+ and Horizon). The funding became linked to disagreements about academic freedom and the governance of Hungarian universities and was frozen at the end of 2022 – most Hungarian students and academics have not been able to participate in the Erasmus and Horizon Europe programmes ever since.

This article forms part of the series *Regulatory Updates from Hungary.*