

The Social Economy in Central, East and South-East Europe  
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## **Civil Strategy of the Hungarian Government**

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Civil Strategy of the Government  
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„Autonomous civil society regarded as a partner by the State” (Chapter 2) – government’s programme 2002

3 pillars:

- partnership
  - transparency
  - subsidiarity
- in line with the European norms!

# Actions of the Government

## 2 areas

### **Establishment of legal framework**

Based on

- Right of Association (1989) - NGOs
- Civil Code (1959) - foundations

### **Guarantee of resources**

#### Direct

- 1% law
- Grants
- National Civil Fund
- State „norm” support

#### Indirect

- income or profit tax exemptions
- exemptions of other taxes
- tax benefits to donors for contributions

**The use of a specified portion (1%) of personal income tax  
according to the designation of the taxpayer  
Act CXXVI of 1996**

1996 - law enacted

1997 - first time that the taxpayers could designate their 1% of income tax for a civil organisation

*Modifications:*

1 January 1998 - 1+1% (1% for civil organisations, 1% for churches)

1 January 2001 - recission of a lower limit (a min. of 100 HUF)

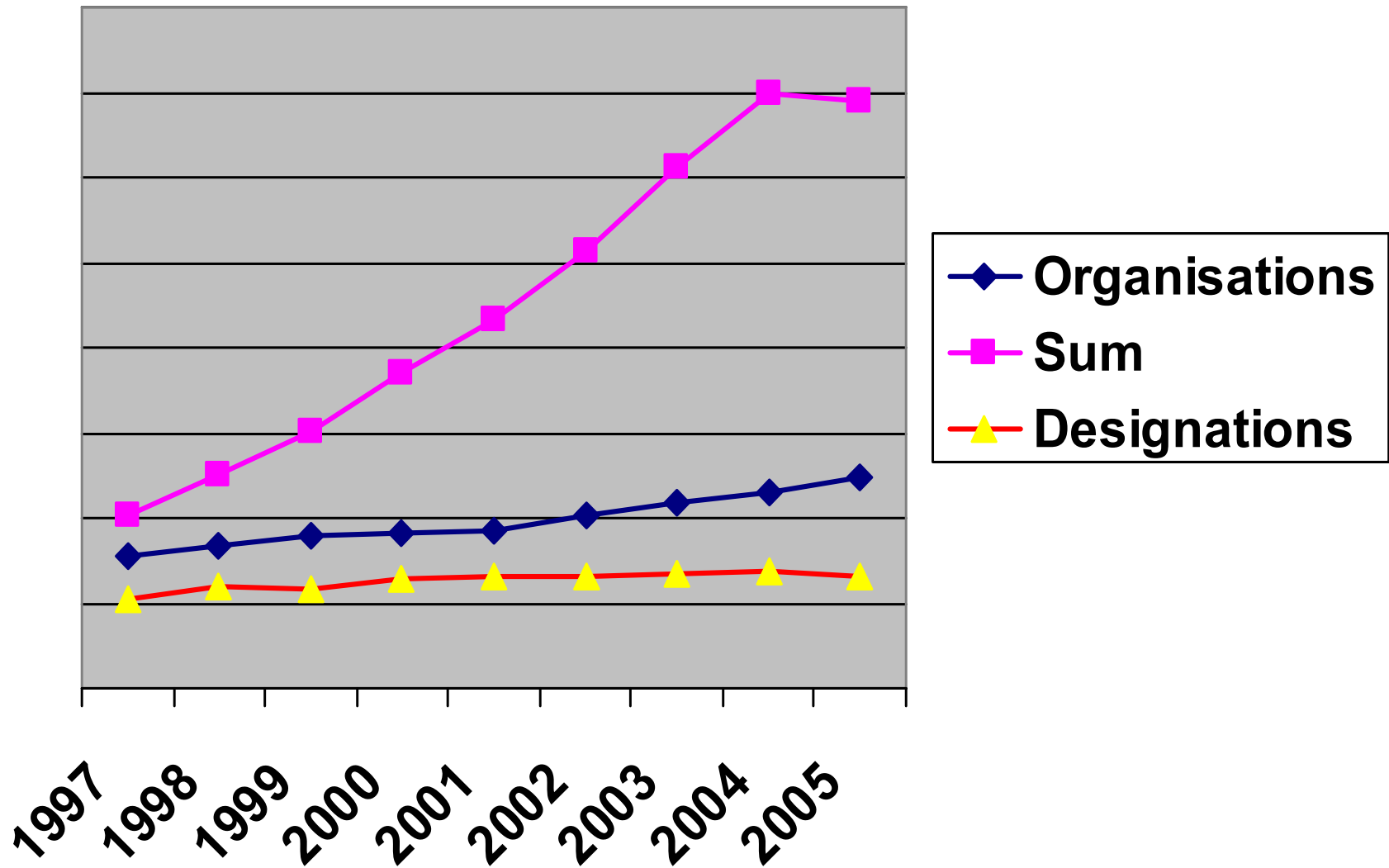
2002 - organisations registered as of Particularly Public Benefit Organisation can be supported one year after registration (the privilege of Public Foundations ends)

1 January 2002 - organisation registered as PBO can be supported after 2 years

The use of a specified portion (1%) of personal income tax  
 according to the designation of the taxpayer  
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<b>Year</b>	<b>Number of Receiving Organisations</b>	<b>Designated sum (HUF)</b>	<b>Number of Designations</b>
1997	15.622	2.026.895.345	1.042.976
1998	16.824	2.519.077.186	1.190.041
1999	17.893	3.012.121.617	1.162.430
2000	18.238	3.691.715.239	1.282.920
2001	18.489	4.323.438.831	1.299.155
2002	20.160	5.123.479.398	1.320.733
2003	21.843	6.108.393.128	1.358.122
2004	23.130	6.978.209.915	1.359.967
2005	24.752	6.887.830.691	1.310.049

The use of a specified portion (1%) of personal income tax according to the designation of the taxpayer  
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# The National Civil Fund

## Act L of 2003

The designated 1% is the point of reference:

- the government guarantees the same amount for the Civil Fund that it was collected by civil organisations through the 1% law, but at least 0.5 percent of the full amount paid as tax in the previous year
- it is NOT the remnant of the 1%.

The 1% is not duplicated but allocated according to a different logic.

Double importance:

- a source guaranteed by the state, of which 60% must be given **for operational costs**,
- **civil representatives** are a majority in the bodies of the Fund.

The civil delegation system held the elections in January 2004 so as to choose the representatives into the Council and Colleges for two years. At the end of 2005 there are new elections for three years.

This is NOT equivalent to the Civil Interest Articulation Movements!!