

Commission Calls on Hungary to Align its Domestic Legislation with ATAD

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On 14 July 2023, the European Commission decided to send a letter of formal notice to [Hungary](#) requesting to amend the transposition of several provisions of the [Anti-Tax Avoidance Directive \(2016/1164\) \(ATAD\)](#).

The European Commission indicated in its press release that Hungary's domestic legislation diverges from ATAD provisions, specifically with respect to the rules around Controlled Foreign Companies (CFCs) and the definition of "associated enterprises".

Hungary has 2 months to reply to the letter of formal notice. In the absence of a satisfactory response, the European Commission may issue a reasoned opinion.