

Multilateral Convention (MLI) – Hungary Publishes English and Hungarian Synthesized Texts of Canada-Hungary Treaty

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Report from IBFD Tax Treaties Unit

The Hungarian Ministry of Finance recently published the English and Hungarian synthesized texts of the [Canada - Hungary Income and Capital Tax Treaty \(1992\)](#), as amended by the 1994 protocol, displaying the modifications made to the treaty by the MLI.

Hungary and Canada deposited their instrument of ratification of the MLI on, respectively, 25 March 2021 and 29 August 2019. The MLI therefore entered into force for Hungary on 1 July 2021 and for Canada on 1 December 2019.

Unless stated otherwise in the synthesized text, the provisions of the MLI will generally have effect with respect to the [Canada - Hungary Income and Capital Tax Treaty \(1992\)](#), as amended by the 1994 protocol:

In Hungary and Canada:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2022; and
- with respect to all other taxes, for taxes levied with respect to taxable periods beginning on or after 1 January 2022.

In accordance with [paragraph 1 of article 36](#) of the MLI, the provisions of [Part VI](#) (Arbitration) of the MLI shall have effect with respect to this treaty to cases presented to the competent authority of a contracting state (as described in [subparagraph a\) of paragraph 1 of article 19](#) (Mandatory Binding Arbitration) of the MLI), after the competent authorities of the contracting states reach an agreement on the type of arbitration process.

Furthermore, in accordance with [paragraph 2 of article 36](#) of the MLI, the provisions of [Part VI](#) (Arbitration) of the MLI will apply to a case presented to the competent authority of a contracting state prior to 1 July 2021 only to the extent that the competent authorities of both contracting states agree that it will apply to that specific case.

The purpose of the synthesized text is to facilitate the understanding of the application of the MLI but it is not in itself a source of law.

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