

AGREEMENT BETWEEN
THE GOVERNMENT OF JERSEY AND
THE GOVERNMENT OF HUNGARY
ON EXCHANGE OF INFORMATION ON TAX MATTERS

The Government of Jersey and the Government of Hungary;

Whereas the Contracting Parties wish to establish the terms and conditions governing the exchange of information relating to all tax matters;

Whereas it is acknowledged that the Contracting Parties have the right, in the case of Jersey under the terms of its entrustment from the United Kingdom of Great Britain and Northern Ireland, to negotiate, conclude, perform and, subject to the terms of this Agreement, terminate a tax information exchange agreement;

Have agreed to conclude the following agreement which contains obligations on the part of the Contracting Parties only:

Article 1
Object and Scope of the Agreement

The competent authorities of the Contracting Parties shall provide assistance through exchange of information that is foreseeably relevant to the administration and enforcement of the domestic laws of the Contracting Parties concerning taxes covered by this Agreement, including information that is foreseeably relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims, or the investigation or prosecution of criminal tax matters. Information shall be exchanged in accordance with the provisions of this Agreement and shall be treated as confidential in the manner provided in Article 8. The rights and safeguards secured to persons by the laws or administrative practice of the requested Party remain applicable to the extent that they do not unduly prevent or delay effective exchange of information.

Article 2
Jurisdiction

A requested Party is not obligated to provide information which is neither held by its authorities nor in the possession or control of, or obtainable by persons who are within its territorial jurisdiction.

Article 3
Taxes Covered

1. The taxes which are the subject of this Agreement are:

a) in Hungary:

- (i) the personal income tax;
- (ii) the corporate tax;
- (iii) the land parcel tax;
- (iv) the building tax;
- (v) the value added tax;
- (vi) the excise tax,

(hereinafter referred to as "Hungarian tax");

b) in Jersey:

- (i) the income tax;
- (ii) the goods and services tax;

2. This Agreement shall apply also to any identical or substantially similar taxes imposed after the date of signature of the Agreement in addition to or in place of the existing taxes if the Contracting Parties so agree. The competent authorities of the Contracting Parties shall notify each other in writing of any substantial changes to the taxation and related information gathering measures covered by the Agreement.

Article 4 Definitions

1. For the purposes of this Agreement, unless otherwise defined:

- a) the term "Hungary" means the territory of Hungary as defined by its laws in accordance with international law;
- b) the term "Jersey" means the Bailiwick of Jersey , including the territorial sea;
- c) the terms "a Contracting Party" and "the other Contracting Party" mean Jersey or Hungary, as the context requires;
- d) the term "competent authority" means:
 - (i) in the case of Hungary, the Minister responsible for tax policy or his authorized representative;
 - (ii) in the case of Jersey, the Treasury and Resources Minister or his authorized representative;
- e) the term "person" includes an individual, a company and any other body of persons;
- f) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
- g) the term "publicly traded company" means any company whose principal class of shares is listed on a recognized stock exchange provided its listed shares can be

readily purchased or sold by the public. Shares can be purchased or sold "by the public" if the purchase or sale of shares is not implicitly or explicitly restricted to a limited group of investors;

- h) the term "principal class of shares" means the class or classes of shares representing a majority of the voting power and value of the company;
- i) the term "recognized stock exchange" means any stock exchange agreed upon by the competent authorities of the Contracting Parties.
- j) the term "public collective investment fund or scheme" means any collective investment fund or scheme (that is a pooled investment vehicle, irrespective of legal form) provided the units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed by the public. Units, shares or other interests in the fund or scheme can be readily purchased, sold or redeemed "by the public" if the purchase, sale or redemption is not implicitly or explicitly restricted to a limited group of investors;
- k) the term "tax" means any tax to which the Agreement applies;
- l) the term "requesting Party" means the Contracting Party requesting information;
- m) the term "requested Party" means the Contracting Party requested to provide information;
- n) the term "information gathering measures" means laws and administrative or judicial procedures that enable a Contracting Party to obtain and provide the requested information;
- o) the term "information" means any fact, statement, document or other record in any form whatever.
- p) the term "criminal tax matters" means tax matters involving intentional conduct which is liable to prosecution under the criminal laws of the requesting Party;
- q) the term "criminal laws" means all criminal laws designated as such under domestic law irrespective of whether contained in the tax laws, the criminal code or other statutes.

2. As regards the application of this Agreement at any time by a Contracting Party, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that Contracting Party, any meaning under the applicable tax laws of that Contracting Party prevailing over a meaning given to the term under other laws of that Contracting Party.

Article 5

Exchange of Information Upon Request

1. The competent authority of the requested Party shall provide upon request by the requesting Party information for the purposes referred to in Article 1. Such information shall be provided without regard to whether the requested Party needs such information for its own tax purposes or the conduct being inquired would constitute a crime under the laws of the requested Party if it had occurred in the territory of the requested Party. The competent authority of the requesting Party shall only make a request for information pursuant to this Article when it is unable to obtain the requested information by other means in its own territory, except where recourse to such means would give rise to disproportionate difficulty.

2. If the information in the possession of the competent authority of the requested Party is not sufficient to enable it to comply with the request for information, that Contracting Party shall use at its own discretion all appropriate information gathering measures necessary to provide the requesting Party with the information requested, notwithstanding that the requested Party may not, at that time, need such information for its own tax purposes.

3. If specifically requested by the competent authority of the requesting Party, the competent authority of the requested Party shall provide information under this Article, to the extent allowable under its laws, in the form of depositions of witnesses and authenticated copies of original records.

4. Each Contracting Party shall ensure that its competent authorities, in accordance with the terms of this Agreement have the authority to obtain and provide upon request:

- a) information held by banks, other financial institutions, and any person acting in an agency or fiduciary capacity including nominees and trustees;
- b) information regarding the ownership of companies, partnerships, trusts, foundations, and other persons, including, within the constraints of Article 2, ownership information on all such persons in an ownership chain; in the case of trusts, information on settlors, trustees, protectors and beneficiaries; and in the case of foundations, information on founders, members of the foundation council and beneficiaries.

Further, this Agreement does not create an obligation on the Contracting Parties to obtain or provide ownership information with respect to publicly traded companies or public collective investment funds or schemes unless such information can be obtained without giving rise to disproportionate difficulties.

5. The competent authority of the requesting Party shall provide the following information to the competent authority of the requested Party when making a request for information under the Agreement to demonstrate the foreseeable relevance of the information to the request:

- a) the identity of the person under inquiry, examination, prosecution or investigation;
- b) a statement of the information sought including its nature and the form in which the requesting Party wishes to receive the information from the requested Party;

- c) the taxable period for which the information is requested;
 - d) the tax purpose for which the information is sought;
 - e) grounds for believing that the information requested is held in the requested Party or is in the possession or control of or obtainable by a person within the jurisdiction of the requested Party;
 - f) to the extent known, the name and address of any person believed to be in possession of or in the control of or able to obtain the requested information;
 - g) a statement that the request is in conformity with the law and administrative practices of the requesting Party, that if the requested information was within the jurisdiction of the requesting Party then the competent authority of the requesting Party would be able to obtain the information under the laws of the requesting Party or in the normal course of administrative practice and that it is in conformity with this Agreement;
 - h) a statement that the requesting Party has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.
6. The competent authority of the requested Party shall acknowledge receipt of the request to the competent authority of the requesting Party and shall use its best endeavours to forward the requested information to the requesting Party with the least reasonable delay.

Article 6

Tax Examinations Abroad

1. At the request of the competent authority of the requesting Party, the competent authority of the requested Party may allow representatives of the competent authority of the requesting Party to be present at the appropriate part of a tax examination in the requested Party.
2. If the request referred to in paragraph 1 is acceded to, the competent authority of the requested Party conducting the examination shall, as soon as possible, notify the competent authority of the requesting Party about the time and place of the examination, the authority or official designated to carry out the examination and the procedures and conditions required by the requested Party for the conduct of the examination. All decisions with respect to the conduct of the tax examination shall be made by the requested Party conducting the examination.

Article 7

Possibility of Declining a Request

1. The competent authority of the requested Party may decline to assist:
 - a) where the request is not made in conformity with this Agreement;

- b) where the requesting Party has not pursued all means available in its own territory to obtain the information, except where recourse to such means would give rise to disproportionate difficulty; or
 - c) where the disclosure of the information requested would be contrary to the public policy, including interests of the national security or the public safety, of the requested Party; or
 - d) if the fulfillment of the request would harm the fundamental rights of the person concerned.
2. This Agreement shall not impose upon a requested Party any obligation:
- a) to provide information subject to legal privilege as provided for under the domestic law of the relevant Party or which would disclose any trade, business, industrial, commercial or professional secret or trade process, provided that information described in paragraph 4 of Article 5 shall not by reason of that fact alone be treated as such a secret or trade process; or
 - b) to carry out administrative measures at variance with its laws and administrative practices, provided that nothing in this subparagraph shall affect the obligations of a Contracting Party under paragraph 4 of Article 5.
3. A request for information shall not be refused on the ground that the tax claim giving rise to the request is disputed.
4. The requested Party shall not be required to obtain and provide information which if the requested information was within the jurisdiction of the requesting Party the competent authority of the requesting Party would not be able to obtain under its laws or in the normal course of administrative practice.
5. The requested Party may decline a request for information if the information is requested by the requesting Party to administer or enforce a provision of the tax law of the requesting Party, or any requirement connected therewith, which discriminates against a citizen of the requested Party as compared with a citizen of the requesting Party in the same circumstances.

Article 8

Confidentiality

1. All information provided and received by the competent authorities of the Contracting Parties under this Agreement shall be kept confidential.
2. Such information may be disclosed only to persons or authorities (including courts and administrative bodies) in the jurisdiction of the Contracting Party concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Agreement. Such persons or authorities shall use such information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

3. Such information may not be used for any purpose other than for the purposes stated in Article 1 without the express written consent of the competent authority of the requested Party.
4. The information provided to a requesting Party under this Agreement may not be disclosed to any other jurisdiction.
5. Personal data may be transmitted to the extent necessary for carrying out the provisions of this Agreement and subject to the provisions of the law of the requested Party.

Article 9

Language

Requests for assistance and responses thereto shall be drawn up in the English language.

Article 10

Costs

Unless the competent authorities of the Contracting Parties otherwise agree, ordinary costs incurred in providing assistance shall be borne by the requested Party and extraordinary costs incurred in providing assistance shall be borne by the requesting Party. The respective competent authorities shall consult from time to time with regard to this Article, and in particular the competent authority of the requested Party shall consult with the competent authority of the requesting Party in advance if the costs of providing information with respect to a specific request are expected to be extraordinary.

Article 11

Mutual Agreement Procedure

1. Where difficulties or doubts arise between the Contracting Parties regarding the implementation or interpretation of the Agreement, the competent authorities shall endeavour to resolve the matter by mutual agreement.
2. In addition to the agreements referred to in paragraph 1, the competent authorities of the Contracting Parties may mutually agree on the procedures to be used under Articles 5, 6 and 10.
3. The competent authorities of the Contracting Parties may communicate with each other directly for purposes of reaching agreement under this Article.
4. The Contracting Parties shall agree on procedures for dispute resolution should this become necessary.

Article 12 Entry into Force

1. Each of the Contracting Parties shall notify each other in writing about the completion of the procedures required by its law for the bringing into force of this Agreement.
2. This Agreement shall enter into force on the 30th day following the receipt of the later of the notifications referred to in paragraph 1 and its provisions shall have effect in both Contracting States:
 - a) with respect to taxes withheld at source, on income derived on or after 1 January of the calendar year next following that in which the Agreement enters into force;
 - b) with respect to other taxes on income and taxes on capital, for taxes chargeable for any tax year beginning on or after 1 January of the calendar year next following that in which the Agreement enters into force;
 - c) with respect to criminal tax matters for taxable periods beginning on or after 1 January of the calendar year next following that in which the Agreement enters into force.

Article 13 Termination

1. Either Contracting Party may terminate the Agreement by serving a notice of termination by letter to the competent authority of the other Contracting Party.
2. The Agreement shall cease to have effect on the last day of a period of six months next following the date of receipt of notice of termination described in paragraph 1.
3. If the Agreement is terminated, the Contracting Parties shall remain bound by the provisions of Article 8 with respect to any information obtained under the Agreement.

In witness whereof the undersigned, duly authorized thereto, have signed this Agreement.

Done in duplicate at London this 28 day of January 2014, in the English and Hungarian languages. In the event of divergence, the English text shall prevail.



For the Government of Jersey



For the Government of Hungary

PROTOCOL

to the Agreement on Exchange of Information on Tax Matters

between

the Government of Jersey

and the Government of Hungary

The Government of Jersey and the Government of Hungary have in addition to the Agreement on Exchange of Information on Tax Matters signed on 28 January 2014 at London agreed on the following provisions, which shall form an integral part of the said Agreement:

1. With respect to subparagraph i) of paragraph 1 of Article 4 (*Definitions*) the term “recognised stock exchange” in Hungary means any stock exchange which meet the following conditions:
 - a) they function regularly;
 - b) they have rules, issued or approved by the appropriate supervisory authorities of the home country of the exchange, defining the conditions for the operation of the exchange, the conditions of access to the exchange as well as the conditions that shall be satisfied by a contract before it can effectively be dealt on the exchange; and
 - c) they have a clearing mechanism whereby futures contracts are subject to daily margin requirements which, in the opinion of the competent supervisory authorities, provide appropriate protection.
2. With respect to paragraph 6 of Article 5 (*Exchange of Information Upon Request*) of the Agreement, it is understood that to ensure the least reasonable delay when forwarding the requested information, the competent authority of the requested Party shall:
 - a) Confirm receipt of a request in writing to the competent authority of the requesting Party and shall notify the competent authority of the requesting Party of deficiencies in the request, if any, within 60 days of the receipt of the request.
 - b) If the competent authority of the requested Party has been unable to obtain and provide the information within 90 days of receipt of the request, including if it encounters obstacles in furnishing the information or it refuses to furnish the information, it shall immediately inform the requesting Party, explaining the reason

for its inability, the nature of the obstacles or the reasons for its refusal.

3. With respect to Article 10 (*Costs*) it is understood that:

a) The term “extraordinary costs” includes, but is not limited to:

- (i) reasonable costs of reproducing and transporting an extraordinary amount of documents or records to the competent authority of the requesting Party;
- (ii) reasonable fees charged by a financial institution or other third party record keeper for copying records and research related to a specific request for information;
- (iii) reasonable costs for stenographic reports and interviews, depositions or testimony;
- (iv) reasonable fees and expenses, determined in accordance with amounts allowed under applicable law, of a person who voluntarily appears in Jersey or in Hungary for an interview, deposition or testimony relating to a particular information request;
- (v) reasonable legal fees for non-government counsel appointed or retained, with the approval of the competent authority of the requesting Party, for litigation in the courts of the requested Party related to a specific request for information.

b) The term “ordinary costs” includes, but is not limited to, ordinary administrative and overhead expenses incurred by the requested Party in reviewing and responding to information requests submitted by the requesting Party.

c) The competent authorities may consult at any time, upon request of either competent authority, with respect to costs incurred or potentially to be incurred under the Agreement and with a view to minimizing such costs.

4. Formal communications, including requests for information, made in connection with or pursuant to the provisions of the agreement entered into will be in writing directly to the competent authority of the other party at the addresses given below, or such other address as may be notified by one party to the other from time to time. Any subsequent communications regarding requests for information will be also in writing (including electronic mail) between the earlier mentioned competent authorities or their authorized representatives.

In the case of the Government of Jersey the address is:

Minister of Treasury and Resources
Cyril Le Marquand House
The Parade
St Helier
Jersey JE4 8UL
British Islands

In the case of the Government of Hungary the address is:

National Tax and Customs Administration
CLO Central Liaison Office
Mailbox No. 561

Budapest, 1373
Hungary

5. The present Agreement shall in no way prejudice the obligations deriving from the membership of Hungary in the European Union.

In witness whereof the undersigned, duly authorized thereto, have signed this Protocol.

Done in duplicate at London this 28 day of January 2014, in the English and Hungarian languages. In the event of divergence, the English text shall prevail.



For the Government of Jersey



For the Government of Hungary