



## **Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway**

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# Migratory pathways for start-ups and innovative entrepreneurs in the EU

## National Contribution from Hungary

*Disclaimer: The following information has been provided primarily for the purpose of contributing to a Synthesis Report for this EMN Study. The EMN NCP has provided information that is, to the best of its knowledge, up-to-date, objective and reliable within the context and confines of this study. The information may thus not provide a complete description and may not represent the entirety of the official policy of the EMN NCPs' (Member) State.*

## Top-line factsheet

**Hungary hugely benefits from the rapidly changing world economy driven by innovation and technological development: in 2015, the digital economy made up 20% of the gross value added (GVA) of the national economy as a whole and provided work to nearly 15% of all Hungarian employees.**

**To keep up with the constant wave of innovations, Hungary considers the support of the creation and ascendancy of start-ups a national priority. The Hungarian Digital Startup Strategy was accepted in 2016 and aims to support the Hungarian start-up ecosystem by identifying its special needs.**

**In line with the Strategy, several measures were taken to improve the entrepreneurship culture of Hungary in general (bureaucracy reduction, digitalization, tax reform) and to directly encourage the foundation of start-ups (support of Budapest as a hub, incubation programmes, tax benefits for investors in start-ups).**

**Although the Digital Start-up Strategy mentions the opportunity of attracting innovative foreign entrepreneurs from third countries, no direct measures were taken to support such an objective. The general priority of Hungary is to maximize the entrepreneur potential of her nationals.**

**No specific scheme exists or is planned to be introduced in Hungary to facilitate the immigration of innovative entrepreneur third country nationals. Such individuals can use a residence permit for the pursuit of gainful activity as the most adequate possibility. For that reason, no relevant statistical data are available on their admission or on the survival rate of their enterprises.**

**In general, few third country nationals arrive to Hungary with the intention of founding start-ups. As no direct state measures are taken for this purpose, the main attracting factor is definitely the complex ecosystem of Budapest, where several start-ups developed by international teams already emerged.**

**Due to the lack of information and introduced measures regarding the attraction of third country national innovative entrepreneurs, the results of the study are mostly limited to the presentation of the present admission conditions for possible start-up founders.**

## Section 1: Contextual overview of the business environment to start up a business in the (Member) State

**Q1a.** Are there **specific policies or strategies** which aim at fostering start-ups and innovative entrepreneurship in your (Member) State in general?

Yes. Please describe briefly:

**Hungary developed its Digital Start-up Strategy (Digitális Start-up Stratégia<sup>1</sup>) in 2016, within the Digital Welfare Programme that was created as a result of a national consultation on Internet in 2015.**

**The Strategy sets up the Hungarian vision on digital economy and enterprises until 2020. Its main aim is to advance the adoption of such a regulatory framework which is flexible and open for the changes offered by new technologies, thus, providing a competitive advantage for Hungary in the global economy.**

**Apart from the general aims of enhancing entrepreneurship culture, the Strategy also intends to support the Hungarian start-up ecosystem by identifying its special needs. This includes improving their business environment, the availability of financial and human resources, and the means of cooperation.**

**The implementation of the Strategy is ongoing.**

No

**Q1b.** Is fostering start-ups and innovative entrepreneurs in general a **national policy priority**?

Yes. Please describe briefly:

**In Hungary, the digital economy made up 20% of the gross value added (GVA) of the national economy as a whole and provided work to nearly 15% of all employees in 2015. (Source: The Digital Export Development Strategy of Hungary)<sup>2</sup>**

**The recent general trends of digitalization have huge positive effects on the Hungarian economy: Shared Service Centers (SSCs) of more than 100 companies (for instance, GE, Morgan Stanley, Vodafone, British Petroleum, British Telecom, Tata, Alcoa) employed more than 50 000 people in the country in 2018, some Hungarian start-ups (such as Prezi) achieved international relevance; Budapest became a significant hub of innovative entrepreneurship.**

**As the rapidly changing environment of the digital economy poses potential challenges to the Hungarian economic achievements, Hungary aims to bolster the modernization of her economy and encourage innovative entrepreneurship in all sectors.**

<sup>1</sup><https://www.kormany.hu/download/d/8c/e0000/Magyarorsz%C3%A1g%20Digit%C3%A1lis%20Start-up%20Strat%C3%A9gi%C3%A1ja.pdf>

<sup>2</sup><https://digitalisjoletprogram.hu/hu/tartalom/des-magyarorszag-digitalis-exportfejlesztesi-strategiaja>

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**Q2.** Does your (Member) State have **(a) a legal definition** (e.g. provided in legislation or soft law) **or (b) a working definition** (e.g. in policy documents, strategies or internal definitions used by relevant institutions) **of a 'start-up' and/or 'innovative entrepreneur'?**

Yes, there is a working definition of a start-up/innovative entrepreneur. Please explain:

**The Digital Start-up Strategy defines start-ups as "micro or small enterprises with large growth potential in the global market, which can be interpreted in terms of product, organization, business model or service innovation and are requiring external investment".**

**Q3a.** What are the **requirements** for starting up a business (i.e. start-up) in your (Member) State? Please describe briefly:

**The establishment of start-ups, like businesses in general, requires a bank account opened in Hungary. If this condition is met, after the preparation of the corporate documents, the business has to be registered at the Hungarian Court of Registry and a tax identification number has to be obtained. The business also has to be registered by the Hungarian tax authority, the relevant municipality, chamber of commerce, and the Central Administration of National Pension Insurance.**

**Q3b.** What is the **process** for setting up a new business in your (Member) State, from the initial application to the official registration?

**Setting up an individual entrepreneurship:**

**opening of a bank account; registration at the Client Gate (Hungarian electronic administration system); registration at the National Tax and Custom Administration, registration at the relevant municipality and the Central Administration of National Pension Insurance; procurement of further documentations and devices (such as cash register).**

**Setting up a company (limited liability company – Kft)**

**Creating the company deed and preparing any other necessary legal documentation; opening a bank account and depositing capital; registration at the Hungarian Court of Registry and obtaining a tax identification number by the Hungarian tax authority, registration at the relevant municipality, the Hungarian Chamber of Commerce and Industry and the Central Administration of National Pension Insurance.**

**Q3c. How long** does it take to set up a business in your (Member) State? Please distinguish between (a) maximum timeframe for registration as declared by the relevant institution and (b) the time it takes in practice:

**Individual entrepreneurship:**

**The registration by the authorities are usually immediate or take only 1 day. (a)**

**The timeframe is limited to a few days in practice. (b)**

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### Company (limited liability company – Kft)

Registration and incorporation by the Hungarian Court of Registry takes a maximum of 8 days (the Hungarian tax authority can suspend the incorporation in case of hindrance).

Registration by the other authorities are usually immediate or take only 1 day.

The general time frame was 7 days according to the World Bank's Doing Business 2019 Score. (b)

**Q3d.** What is **the cost** to register a business?

#### Individual entrepreneurship:

**no direct costs – registration at the Client Gate is free of charge**

#### Company

**costs of a lawyer (HUF 100,000-260,000), Registration with the Hungarian Chamber of Commerce and Industry (annual HUF 5000)**

**Q3e.** Have there been any **evaluations** or **public debates** on the business environment in your (Member) State? – i.e. have any administrative barriers been identified on how easy or difficult (burdensome) is to set up a business in your (Member) State? What are the main conclusions? Please explain, providing evidence, if available:

**In overall, Hungary ranks as 53<sup>rd</sup> with 72.28 in the World Bank's Doing Business 2019 Score.**

**This position is below the regional average (OECD high income) of 77.80, but above than the scores of Croatia, Luxembourg or Greece. However, the country's rank regarding "starting a business" was 82nd.**

**In general, evaluations and the public discourse highlight the substantial improvements regarding the administrative barriers of starting a business. The introduction of e-administration significantly reduced bureaucratic burdens (for example, the registration of companies; company tax returns) and the Hungarian tax system was also simplified for enterprises, whitening the economy.**

**According to the 2017 Competitiveness Report of the Hungarian National Bank<sup>3</sup>, the above mentioned positive steps boosted entrepreneurship within the Hungarian economy. However, due to substantial administrative burdens still remaining in the administration, further simplification and digitalization is needed.**

**Q4a.** Do **hubs** and **ecosystems** (see definitions) exist in your (Member) States?

Yes. Please describe:

**Hungary's most significant hub or ecosystem exist in the capital city. Budapest, as major centre of business, science, and culture provides numerous opportunities for entrepreneurs. In addition, some regional centers and university towns (Győr, Szeged, Debrecen, Miskolc, Pécs) can be mentioned as hubs.**

No, there are no major entrepreneurial hubs and ecosystems.

<sup>3</sup> <https://www.mnb.hu/letoltes/versenyke-pesse-gi-jelente-s-hun-digita-lis.pdf>

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**Q4b.** What is the **role of cities or specific regions** in creating and supporting entrepreneurial ecosystems and start-up hubs in your (Member) State? Please describe by providing examples.

**Budapest provides a complex ecosystem where (multinational) companies, banks, universities, state initiatives and associations enabled the emergence of successful start-ups such as Prezi, Ustream or LogMeIn. Due to the capital's regional significance, a huge pool of highly skilled potential entrepreneurs is present in the city, maintaining numerous co-working areas, contract shops, talent-hunters and private accelerators. Budapest – as a relatively cheap European capital with one of the fastest Internet connections - is also an attracting venue for digital nomads.**

**Rural Hungarian cities have limited ecosystems, which are based on the cooperation of the local municipalities, universities and companies.**

**Q5.** What are the main **sectors and industries** in which your (Member) State aims to attract/attracts start-ups and innovative entrepreneurs? Please briefly explain, if possible to allow for comparison, with **reference to the main sections (i.e. section level classification)** of NACE Rev.2 classification of economic activities.

**Hungary's main sectors regarding start-ups are: Information and communication (J), Transportation and storage (H) and Human health and social work activities (Q), Arts, entertainment and recreation (R), Professional, scientific and technical activities (M).**

**Most of the successful Hungarian start-ups are active in the above mentioned industries: information and communication technologies (Prezi, LogMeIn, SignAll), medicine (HepC Zrt), chemistry, including pharmaceuticals (Souldrops), transportation (shared economy) (Oszkár). These are also some of the main industries where Hungary has a comparative advantage and where investors can expect the emergence of successful start-ups.**

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### Section 2: National legal and policy framework in the (Member) State for admission of start-ups and innovative entrepreneurs from third countries

*This section aims to provide an overview of the national legal framework and policies in EU Member States and Norway in relation to start-ups and innovative entrepreneurs from **third countries**. Please provide qualitative evidence to support your answer, where appropriate.*

**Q6.** Is attracting start-ups and innovative entrepreneurs from third countries a **national policy priority**?

- Yes, this is a national policy priority. Please explain:
- No, this is not a major national policy priority. Please explain:

**Although the Digital Start-up Strategy mentions the opportunity of attracting innovative foreign entrepreneurs from third countries, no direct measures were taken to support such an objective. The general priority is maximizing the entrepreneur potential of the country.**

**Q7a.** Does your national legislation provide for a special **visa or residence permit** to facilitate the immigration of start-up founders and innovative entrepreneurs from third countries?

- Yes, a special visa is in place to facilitate the immigration of TCN start-up founders. Please explain:
- Yes, a special residence permit is in place to facilitate the immigration of TCN start-up founders. Please explain:
- No, other type of residence permit is commonly used to facilitate the immigration of start-ups/innovative entrepreneurs from third countries. Please explain:

**Third country national innovative entrepreneurs can use a residence permit for the pursuit of gainful activity as the most adequate possibility. No special visa or residence permit is available for the purpose of founding a start-up.**

**However, in practice, very few individuals among the third country nationals using this kind of residence permit can be considered start-up founders.**

- No, a visa or residence permit is not in place, however, there is a specific programme or other initiatives intended to facilitate the immigration of start-ups and innovative entrepreneurs from third countries. Please explain:

**Q7b.** If your (Member) State has a special visa/residence permit in place for start-up founders, please explain your (Member) State's **rationale** for adopting such schemes:

**N/A**

**Q7c.** If yes, when was the start-up scheme introduced?

**N/A**

**Q7d.** If yes, what legal pathways were used by start-up founders before introducing a specific start-up scheme?

**N/A**

**Q7e.** If no, has there been a policy debate about the reasons for not introducing a special scheme?

**No**

**Q8a.** Does your national legislation provide for a special visa/residence permit to facilitate the immigration of TCN start-up **employees**?

- Yes, a special visa is in place to facilitate the immigration of start-up employees from third countries. Please explain:
- Yes, a special residence permit is in place to facilitate the immigration of start-up employees from third countries. Please explain:



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No. Please explain:

**TCN start-up employees can use the possibilities that are available for all the third country nationals seeking employment in Hungary, such as residence permit for the purpose of employment, residence permit for the purpose of intra-corporate transfer and permit for long-term mobility or an EU Blue card.**

**No special rules apply.**

**Q8b.** If your (Member) State has a special visa/residence permit in place for start-up employees, please explain the **rationale** for adopting such schemes:

**N/A**

**Q8c.** If yes, when was the start-up scheme for employees introduced:

**N/A**

**Q9a.** Are there any **planned changes** in law/ policy/ practice regarding start-ups or other innovative entrepreneurs from third countries in your (Member) State?

Yes. Please explain:

No.

**Q9b.** If your (Member) State does not have any special schemes in place for start-up founders/employees, is your (Member) State **planning to introduce** these regulations in coming years?

Yes. Please explain:

No. Please explain:

**Currently the introduction of special schemes for start-up founders or employees is not planned by Hungary.**

**Q9c.** Have there been any recent or ongoing **national public/policy debates** with regard to facilitating the immigration of start-ups and innovative entrepreneurs from third countries?

Yes. Please explain, providing qualitative evidence:

No.

### Section 3: Admission conditions for start-ups and innovative entrepreneurs from third countries

**Q14a.** What types of **visas / residence permits** does your (Member) State have in place that could be used by TCN start-up founders / innovative entrepreneurs to establish themselves in your country?

**According to the legislation in force, start-up founders/innovative entrepreneurs can apply for a business visa if they do not wish to stay for longer than 90 days within a 180-day period. The visa application can be handled at any Hungarian Consulate in whose jurisdiction the third-country national legally resides.**

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**If a start-up founder/innovative entrepreneur wishes to stay longer than 90 days within a 180-day period, an application has to be made for a residence permit for the pursuit of gainful activity.**

**Q14b.** What are the **requirements** for obtaining the residence permit?

**The applicant shall verify his/her purpose of residence and has to prove sufficient means of subsistence, accommodation and comprehensive health insurance in Hungary, and must meet the conditions of exit (be in possession of a valid passport and the permits necessary for returning to his/her country of origin, or to the country he/she indicates; and a valid ticket for departure, or sufficient funds to purchase such a ticket, or a means of transport).**

**Q14c.** What are the **factors/conditions that incentivise** start-ups and innovative entrepreneurs to use specific immigration routes?

**Due to the minimal number of TCNs founding start-ups in Hungary, no statistical data is collected on the nature of their immigration routes.**

**In general, the immigration route is tailored to each special case (TCN already present in the country, already present in the EU, arriving for the purpose of starting-up, etc.).**

**Q14d.** Which **authority** (ies) is/are responsible for granting the residence permit?

**The Immigration and Asylum Office is responsible for granting the residence permit.**

**Q14e.** What is the **processing time** for application for the residence permit in your legislation? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

**The competent immigration authority shall adopt a decision concerning the residence permit application within 21 days. However, during the process, the immigration authority may request further documents, apart from the mandatory enclosures, for ascertaining the relevant facts of the case, and may take further procedural steps as well. The administrative time limit shall not include the length of time between the receipt of the notice for remedying deficiencies until the time of compliance. The decision must be made within 70 days.**

**Q14f.** What is the **duration** of the visa/residence permit?

**The validity duration of the visa is set according to the Visa Code.**

**The validity period for a residence permit granted for the pursuit of gainful activity is maximum three years, and it may be extended by up to three year at a time.**

**The validity period of the residence permit shall be set in consideration of the date of expiry of the passport. The period of stay fixed in the residence permit is to be determined ascertaining that the travel document must be valid for at least 3 additional months beyond the date of expiry of the residence permit.**

**Q14g.** Could the start-up founder **employ third-country nationals**? Under which scheme? What are the conditions that they have to fulfil?

**Yes, there are no specific requirements, an application for resident permit for work has to be submitted by the potential employee.**

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**Q14h.** What are the **challenges** regarding admission of start-ups and innovative entrepreneurs from the national stakeholders' perspective as well as if possible, from the TCNs perspective?

**As the admission of third country national innovative entrepreneurs is minimal in the country, and it is not considered a national priority by Hungary, no significant challenges arise.**

**Q14i.** What are the **good practices** identified in your (Member) State?

**The availability of necessary information on admission conditions in English can be regarded as a good practice.**

### 3.4. Case study scenarios [FOR ALL (MEMBER) STATES]

With the use of fictional scenarios, the following question aims to provide an understanding of the possible admission options of different types of start-ups and innovative entrepreneurs. This question should be answered by all (Member) States – i.e. those with a specific scheme in place and those without such a scheme.

**Q15.** Please consider the following fictional scenarios (case studies) and for each scenario, please answer the following questions:

- What are the migratory pathways (visas/residence permits) available?
- Would the person qualify for the permit and if yes, under what specific conditions?
- Which authority would assess the eligibility of the applicants?
- What is the application process?
- How long would it take for the person to obtain the permit?

**1. TCN outside of the EU, has not set up business yet: Start-up at business plan stage, has not registered the company in the Member State, wants to apply from outside the EU**

*Vihaan is a highly skilled professional from India with a Master's degree from University of Delhi, currently living in Delhi. For the past few months he has been working in an IT company there, but he plans to start his own business in the near future. He already has a business plan for a service-based app that he thinks could do well in your Member State. His goal is to come to your Member State and start his company there. What is the process that Vihaan would have to go through to build his start-up in your Member State?*

**1. Vihaan shall apply for a residence permit for the purpose for the pursuit of gainful activity in India, at the Hungarian Consulate.**

**2. If Vihaan plans to lawfully perform work in a self-employed capacity for remuneration, the purpose of stay may be verified by:**

**(i) a private entrepreneurial license, or failing this a private entrepreneur register number;**

**(ii) a business plan for economic activities; (iii) a small-scale agricultural producer's license;**

**(iv) a personal service contract, contract for professional services or a use contract entered into as a private individual; or**

**(v) other reliable means.**

**If Vihaan plans to engage in any gainful activity in the capacity of being the owner or executive officer of a for-profit business association, cooperative or some other legal entity, or is a member of the executive, representative or supervisory board of such entity, the purpose of entry and residence shall be considered verified if:**

• **the business association, cooperative society or other legal entity established to engage in gainful operations (hereinafter referred to collectively as "business association") actually employs at least three Hungarian citizens or persons with the right of free movement and residence in full time employment for at least six consecutive months, legitimately, without any interruption; or**

• **the residence of the applicant third-country national in the territory of Hungary is essential for the business association, and the business plan enclosed with the application**

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**contains sufficient information to ascertain that the business association will prosper to ensure the applicant's subsistence. The contents of the business plan must be verified by credible means, such**

**as, in particular, by supplying a works contract, a personal services contract, an agreement, or a supply or sales contract.**

**3. The Immigration and Asylum Office would assess the eligibility of the applicant.**

**4. Vihaan handles the application at the consulate, which sends it online to Hungary, where the Immigration and Asylum Office makes a decision. If the decision is positive, Vihaan receives a visa type D, which entitles him to enter Hungary and take over the residence permit document. In case of refusal, the decision may be appealed within 8 days of delivery, submitted with the authority of the first instance, or at the Hungarian diplomatic or consular mission where the application was submitted.**

**5. The competent immigration authority shall adopt a decision concerning the application within 21 days (maximum of 70 days).**

**2. TCN already in the EU, working as a highly skilled employee: Highly skilled third-country national who came on an EU Blue Card or an alternative national permit for highly skilled workers working for a company in a certain industry; after 2 years of working for the company wants to start his/her own business**

*Amel is a Tunisian citizen working for "B Solutions", a biotech company in your Member State on an EU Blue Card permit or an alternative national permit for highly skilled workers arranged through her employer. After having worked for the company for two years, she feels that she is ready to take on a new challenge. She would like to start her own business in the same sector and set up a company that offers high-tech solutions to recycle waste in new, innovative ways, remaining in your Member State. What are her possibilities?*

**1. Amel shall apply for a residence permit for the pursuit of gainful activity at the competent regional directorate of the Office of Immigration and Asylum, according to her place of accommodation.**

**2. If Amel plans to lawfully perform work in a self-employed capacity for remuneration, the purpose of stay may be verified by:**

**(vi) a private entrepreneurial license, or failing this a private entrepreneur register number;**

**(ix) a personal service contract, contract for professional services or a use contract entered into as a private individual; or (x) other reliable means.**

**If Amel plans to engage in any gainful activity in the capacity of being the owner or executive officer of a for-profit business association, cooperative or some other legal entity, or is a member of the executive, representative or supervisory board of such entity, the purpose of entry and residence shall be considered verified if:**

- **the business association, cooperative society or other legal entity established to engage in gainful operations (hereinafter referred to collectively as "business association") actually employs at least three Hungarian citizens or persons with the right of free movement and residence in full time employment for at least six consecutive months, legitimately, without any interruption; or**

- **the residence of the applicant third-country national in the territory of Hungary is essential for the business association, and the business plan enclosed with the application contains sufficient information to ascertain that the business association will prosper to ensure the applicant's subsistence. The contents of the business plan must be verified by credible means, such as, in particular, by supplying a works contract, a personal services contract, an agreement, or a supply or sales contract.**

**3. The Immigration and Asylum Office would assess the eligibility of the applicant.**

**4. If the decision is positive, Amel receives the residence permit document. In case of a refusal, the decision may be appealed within 8 days of delivery, submitted with the authority of the first instance, or at the Hungarian diplomatic or consular mission where the application was submitted.**

**5. The competent immigration authority shall adopt a decision concerning the application within 21 days (maximum of 70 days).**

**3. TCN outside of EU, registered company: Start-up just started, registered company outside the EU would like to set up in the Member State**

*Sergey from Minsk, Belarus owns a company "Icomp Technologies", a manufacturing company which has just launched the production of electronic components in IoT (Internet of Things) technology sector. The company has already shipped some experimental production to third country markets, such as Japan and Malaysia, and based on the initial success it was decided to reallocate company's headquarters to your Member State for further business development. What is the process that Sergey would have to go through to move the headquarters? Are there any additional provisions for other staff members aiming to reallocate to a Member State?*

**Moving the headquarter to Hungary: the process is in the competence of the Company Registry Court.**

**For the time of the process of company registry, Sergey can enter and stay in Hungary in possession of a valid business visa.**

**After the registration of the Hungarian company, Sergey shall apply for a residence permit at the Hungarian consulate, according to his legal residence. The procedure is same as written in case No. 1. (Vihaan).**

**4. TCN already in the EU, PhD or master student**

*Auri is a Dominican PhD student at a university in your Member State in the field of biotechnology studies. In parallel to her studies (outside her PhD contract), Auri researched fermentation and revealed yet unknown characteristics of the investigated ferment. Auri discovered that the reaction between the researched ferment and a specific enzyme could have a particular effect on human's skin regeneration. She was approached by a potential investor who saw the potential of the discovery in the medical cosmetology sector. Auri would like to register a company in your Member State and undertake further necessary research to receive patents and start the production of agents as a next stage. What are her possibilities?*

**Auri shall register his company (competence by the Company Registry Court), and follow the procedure described in case No.2. (Amel).**

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### Section 4: Attracting start-ups and innovative entrepreneurs from third countries

**Q16.** Does your (Member) State have specific **measures** in place to **attract** start-up founders and innovative entrepreneurs from third countries?

Yes. Please explain briefly here the main measures and complete table in Q18 below:

No

**Q17a.** Are the following **actors** involved in attracting and encouraging the start-ups and innovative entrepreneurs from third countries?

Private sector. If yes, please elaborate how are they involved:

**The private sector, as investors and maintainers of incubation programs necessarily can be involved in attracting third country national innovative entrepreneurs. Due to the international character of start-up hubs, highly skilled professionals – let them be EU citizens or third country nationals are highly valued.**

Universities and Higher Education Institutions (i.e. encouraging international students to stay as start-up entrepreneurs). Please elaborate:

Local and regional authorities (e.g. cities and regions). Please elaborate:

Other actors. Please elaborate:

**Q17b.** Do government authorities cooperate with the **private sector** in attracting start-ups and innovative entrepreneurs from third countries? Please specify which government institutions and private-sector actors (e.g. companies, employer associations etc.) are involved.

Yes. Please explain:

No

**Q18.** Please complete the table below with regard to the (applicable) **(I) Rights and (II) Incentive measures** in place to attract start-up founders (not employees) from third countries in your (Member) State.

#### ***I. RIGHTS***

<b>Rights</b>	<b>Brief description of the rights granted</b>
<b>Facilitation to access permanent residence</b>	<b>General rules apply</b>
<b>Access to employment</b>	<b>As any other TCN, in possession of a valid work permit and a residence permit for the purpose of employment</b>
<b>Possibility to be accompanied by family members</b>	<b>Granted</b>
<b>Family members allowed to access the labour market</b>	<b>Granted. The TCN that has a residence permit for the purpose of family reunification, has the right for the pursuit of a professional activity and to undertake employment. However, it should be taken into consideration that if the TCN plans to be employed this should be reported to the competent regional directorate of the Immigration and Asylum Office for having the single permit for employment issued.</b>
<b>Other rights</b> (please specify)	<b>Access to the healthcare and social care system according to the Hungarian legislation</b>

**II. INCENTIVE MEASURES (refers to governmental, private sector and structural incentives)**

Measure	Brief description of the measure	Are the attraction measures <b>campaign-like or permanent</b> measures?	Who implements the measure? (state, private sector, in cooperation etc)	Applies to:	
				TCNs only	General
<b>Facilitations for admission</b> ; If yes, please explain what they entail (shortened processing time, reduced documentary requirements etc.)	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	
<b>Access to special funding and investments (e.g. micro-loans)</b>	Several state (Jeremie, V4 Fund) and private funds (Hiventures, K&H) are available.	Both	state, private sector, EU	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Co-working and dedicated spaces (facilities for shared use of start-ups/businesses)</b>	Several co-working spaces are available in Budapest, as well as in some rural cities.	Permanent	Private sector, municipalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Access to incubation/accelerator support programmes</b>	Carried out by the state, universities and investors	Both	state, private sector, universities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Tax incentives</b> (benefits, reductions, exemptions, etc.)	<b>X</b>	<b>X</b>	<b>X</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Consultation services/facilitators</b> help in networking/accessing networks	Conferences, meetups, fairs, pitch competitions and other events are regularly held in Budapest and other Hungarian cities.	Both	Private sector, municipalities, universities, state	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Training programmes for start-ups</b>	Regularly held throughout the country.	Both	Private sector, municipalities,	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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Measure	Brief description of the measure	Are the attraction measures <b>campaign-like or permanent</b> measures?	Who implements the measure? (state, private sector, in cooperation etc)	Applies to:	
				TCNs only	General
			universities, state		
<b>Financial support to cover administrative and/or staff costs</b>	Within funding and investment	Both	state, private sector	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Other special incentives</b> <i>Please add new rows as applicable</i>	Tax reduction for (angel) investors in start-ups since 2017.	Permanent	state	<input type="checkbox"/>	<input checked="" type="checkbox"/>



**Q19.** Are there any measures to encourage and foster innovative entrepreneurship and start-ups for third-country nationals **already present** in the (Member) State? (e.g. in the context of integration measures)

**No**

**Q20a.** Does your (Member) State carry out **promotional activities and dissemination of information** targeted to start-up founders and innovative entrepreneurs?

Yes. *If yes, please explain/elaborate, specifying which actors are responsible (and whether it is a public or private actor) giving examples:*

No.

**Q20b.** Does your (Member) State aim to create a national / regional **'brand'** (e.g. visual image, perception, etc.) of the start-up scheme?

Yes. Please explain:

No.

**Q20c.** Have there been any **evaluations of the effectiveness** of promotional activities in Q19a. carried out?

Yes. Please explain and by whom, provide qualitative evidence:

No.

**Q21.** Based on existing national sources (evaluation reports, media reports, etc.), what are the **factors affecting the attraction of start-up founders/employees** in your (Member) State – *including both positive factors and obstacles*? Please select all relevant boxes.

Hubs and locations for start-ups (e.g. cities). If yes, please elaborate:

**Budapest being a significant start-up hub is the most important factor contributing to the attraction of start-up founders, including third country nationals.**

Culture. If yes, please elaborate:

**Although a separate start-up entrepreneur culture exists in Budapest, the general Hungarian business environment can pose as an obstacle for potential third country national start-up founders.**

Socio-economic factors (e.g. living costs). If yes, please elaborate:

**The relatively low (compared to Western European states) living costs in Hungary is also a huge attracting factor for start-up founders.**

Other (please specify):

**Q22a.** What are the main **challenges** in attracting start-ups and innovative entrepreneurs from third countries in your (Member) State?

**As the admission of third country national innovative entrepreneurs is minimal in the country, and it is not considered a national priority by Hungary, no significant challenges arise.**

**Q22b.** What are the **good practices** identified in attracting start-ups and innovative entrepreneurs from third countries in your (Member) State?

**The start-up entrepreneur culture of Budapest is the most important factor contributing to the attraction of innovative entrepreneurs.**

## Migratory pathways for start-ups and innovative entrepreneurs in the EU

### Section 5: Renewal of residence permits/visas and retention measures for start-ups and innovative entrepreneurs

*This section aims at exploring the possibilities for renewal of residence permits/visas granted to start-up founders and innovative entrepreneurs as well as retention measures. The section should be answered by all (Member) States. In case there is no specific start-up visa/residence permit in your (Member) State, please answer with reference to the schemes/visas/permits TCN start-up founders and innovative entrepreneurs can apply for.*

**Q23a.** Is it possible to **renew** the start-up visa/residence permit?

Yes. Please describe:

**The residence permit may be extended by maximum three additional years at a time.**

No

**Q23b.** If yes, what is the renewal period and are the following renewal options possible:

a time limited extension to a visa/residence permit. Please describe:

**maximum three additional years at a time.**

a permanent residence. Please describe:

**Yes, TCNs can be eligible for a permanent residence but there are different conditions for granting a permanent residence status (lawful residence in the country for numerous years, subsistence is ensured, not subject to any grounds for exclusion)**

**Q23c.** What are the **main requirements for renewal** of an initial start-up visa/residence permit?

**Same requirements as for gaining a residence permit for the pursuit of gainful activity.**

**Q23d.** Is the actual establishment of the business checked by the responsible authorities when deciding on the extension of the residence permit?

**Yes, each time.**

**Q23e.** What are the procedures foreseen for TCNs with start-up visas/residence permits if:

- Their business ceases being a 'start-up' (e.g. they manage to turn their company into a successful business – *this may be defined differently in different (Member) States*). Please elaborate, explaining after what period and under what conditions the business is no longer considered as a 'start-up':
- Their start-up fails. In this case, please clarify what would happen to the start-up founder and whether there are other visas/residence permits available for the TCNs to remain in your MS:

**TCNs can chose to stay in Hungary for any purpose that suits them most, but the TCN shall apply for a new residence permit for the purpose that fits him/her and shall prove the conditions listed in the legislation. In the case the TCN cannot prove any other purpose of stay, he/she has to leave the territory of Hungary.**

- Their business plan changes after approval:

**Nothing needs to be done within the validity of the residence permit.**

**Q24a.** Are the following **retention measures** in place for the start-up founders and innovative entrepreneurs?

Simplified renewal process

Tax relief schemes

## Migratory pathways for start-ups and innovative entrepreneurs in the EU

**None**

**Q24b.** What are the main **challenges** regarding the retention of start-ups and innovative entrepreneurs in your MS?

**Retaining highly skilled professionals, including innovative entrepreneurs is an important challenge for Hungary. Although Budapest is an important innovative centre, world leading cities and regions can often offer more for emerging start-ups. An existing trend is the (partial) relocation of successful start-ups to innovative centers (Prezi opened an office in San Francisco, LogMeIn relocated to Boston).**

**To counter the challenges, the Hungarian Government aims to foster the economic development to achieve that by 2030 Hungary is among the 5 most competitive EU Member States.**

**Q24c.** What are the **good practices** identified with regard to retention of start-ups and innovative entrepreneurs in your (Member) State?

**The Hungarian Government aims to maintain a stable economic growth, providing a secure business environment for innovative entrepreneurs. The reduction of bureaucracy via digitalization and the introduction of a more entrepreneur-friendly tax system significantly contribute to the retention of innovative entrepreneurs.**

**Q25a.** Has any **misuse of the migratory pathway** for start-ups and innovative entrepreneurs has been detected in your (Member) State (for example, if someone applies for a start-up/entrepreneur visa to gain access to your (Member) State's territory without the actual intention of founding a start-up/business)?

Yes. Please elaborate and answer Q24b.:

No

**Q25b.** Do you have any information or statistics on the **misuse of migratory pathways**<sup>4</sup> for start-ups and innovative entrepreneurs in your (Member\_ State)?

**No special statistical data or information are collected on third country national innovative entrepreneurs. As the statistics on the number of residence permits for the pursuit of gainful employment do not provide any relevant information on start-up founder third country nationals (as they cover all kinds of entrepreneurships), they are not presented by this study.**

**Q25c.** What is the **survival rate** of start-ups launched by TCNs in your (Member) State? *Survival rate refers to the number of start-ups that manage to become profitable businesses (see definition).* Please explain.

**No special statistical data or information are collected on third country national innovative entrepreneurs.**

**Q25d.** Have there been **any evaluation or studies** of your national schemes on start-ups or other innovative entrepreneurs? Please summarise the main findings.

**No such evaluations are available.**

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<sup>4</sup> Misuse of migratory pathways refers solely to the cases in which someone has used the start-up visa/residence permit channel but does not intend to really set up a business and does not refer to potential illegal practices start-ups may be involved in as part of their business.

## Section 6 Conclusions

**Q26.** With regard to the aims of this study, what conclusions would you draw from your findings reached in elaborating your national contribution? In particular, what is the relevance of your findings to (national and/or EU level) policy-makers?

**Attracting third country national start-up founders and innovative entrepreneurs is not a national priority for Hungary and no substantial direct measures were introduced for that purpose. Hungary aims to concentrate on maximizing the entrepreneur potential of her nationals.**

**No specific immigration scheme is available for innovative entrepreneur third country nationals, however, they can apply for a residence permit for the pursuit of gainful activity to meet their objective. Currently, the introduction of any specific schemes for such individuals is not on the agenda in Hungary.**

**Recently, Hungary achieved some success in fostering innovative entrepreneurship and modernizing the business culture and environment throughout her economy. Budapest, as a significant start-up hub and ecosystem is home to numerous internationally successful start-ups and it is also able to attract foreign highly skilled entrepreneurs.**

**As no statistical data is available on start-up founder third country nationals in Hungary, the study could only provide limited findings and a general overview of the policy area.**

