

Changes in Competition Law: expanding GVH toolbox and less administrative burden for undertakings

1 January 2023, Budapest – Several changes to the Hungarian Competition Act as of 1 January. The Hungarian Competition Authority (GVH) has been given new tools to help undertakings in voluntary compliance with the law, and the merger control system has been modified in order to reduce the administrative burden on undertakings and to increase control efficiency. In addition, the GVH has been given investigative powers to ensure compliance with the new EU regulation on digital platform providers (Digital Markets Act – DMA).

As of 1 January 2023, the Hungarian Competition Act (Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices) has been amended on several points. Following the changes, the President of the Hungarian Competition Authority has been empowered to issue a formal notice to the relevant undertakings in certain cases of suspected infringement. This letter of formal notice does not constitute a finding of an infringement, it does not, of course, impose a sanction and does not preclude the opening of proceedings by the HCA at a later stage. As a soft law instrument, the issue of formal notice can help undertakings to review and amend undesirable market behaviour based on the principle of graduality, providing a flexible way for businesses to correct suspected competition issues voluntarily, thereby avoiding the time and effort required for competition proceedings from both the authority and the undertakings.

Some of the detailed rules and thresholds for merger control have also changed. The changes, in relation to which a public consultation also took place in the summer of 2022, seek to improve the efficiency of procedures and to reduce administrative burdens. The revenue thresholds for notification, some of which have not been changed for 17 years, have now been revised and increased. The revised thresholds are expected to reduce the number of transactions to be reported to the GVH by 10-15%, which will significantly contribute to reducing the administrative burden on domestic undertakings.

In addition, the Hungarian Competition Authority has been given new powers to enforce the EU Digital Markets Act (DMA) that entered into force on 1 November 2022 and will apply from 2 May 2023.

Based on the Hungarian Competition Act the GVH may launch competition proceedings to determine whether, in their opinion, the digital platform providers with significant market impact, i.e. the so-called gatekeepers are complying with their obligations under EU law. The Hungarian Competition Authority is to report the results of its investigation to the European Commission responsible for enforcement.

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