

**Question for written answer E-001185/2011
to the Commission**
Rule 117
Bernhard Rapkay (S&D)

Subject: Special Hungarian tax on the trade, energy and telecommunications sectors

At the end of 2010, the Hungarian Parliament adopted a law imposing a special tax on businesses in the trade, energy and telecommunications sectors. Traders must pay up to 2.5% of their net annual turnover in the form of this tax. The law is retroactive for a period of three years (2010-2012) and is to remain in force thereafter. While foreign investors are confronted with retroactive tax demands amounting to millions, no comparable tax is being levied on traders based in Hungary. In practice this leads to discrimination against foreign investors, distorting competition. Traders with international operations have been particularly active in Hungary in recent years and have built up an efficient infrastructure there. They employ many Hungarian staff and – thanks to lively competition – make attractive offers. The tax law increases the risk that precisely these foreign investors will be forced out, and jeopardises many thousands of jobs in Hungary; it is also pushing up the prices of food and other daily necessities, to the detriment of the people. Moreover, it has been rendered impossible for the European businesses affected to seek a remedy from the Hungarian Constitutional Court by means of a short-term amendment to the court's jurisdiction. The European Commission is currently considering the possibility of taking legal action against the tax law at European level.

1. How will the Commission ensure efficient and transparent coordination of the various complaints and speedy consideration of the legal aspects by its own relevant departments?
2. What additional measures does the Commission see as an option in the short term in order to avert the impending distortion of competition and its adverse impact on investors, employees and consumers in Hungary?
3. What political measures are available to the Commission in order to prevent comparable legislation being proposed in other Member States?