

**AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE
GOVERNMENT OF HUNGARY ON THE EXCHANGE OF COUNTRY-BY-COUNTRY REPORTS**

Whereas the Government of the United States of America and the Government of Hungary (each, a “Party,” and together, the “Parties”) desire to conclude an agreement to increase international tax transparency and improve access of their respective tax authorities to information regarding the global allocation of income, taxes paid, and certain indicators of the location of economic activity among tax jurisdictions in which multinational enterprise groups (“MNE Groups”) operate through the automatic exchange of annual country-by-country reports (“CbC Reports”), with a view to assessing high-level transfer pricing risks and other base erosion and profit shifting related risks, as well as for economic and statistical analysis, where appropriate;

Whereas the CbC Report is one element of a standardized approach to transfer pricing documentation which is intended to provide tax administrations with relevant and reliable information to perform an efficient and robust transfer pricing risk assessment analysis;

Whereas the laws of the United States of America and Hungary require the reporting entity of an MNE Group to annually file a CbC Report;

Whereas the Convention on Mutual Administrative Assistance in Tax Matters, done at Strasbourg on January 25, 1988 (the “Convention”), authorizes the exchange of information for tax purposes, including the automatic exchange of information (hereinafter the “Convention” refers to the Convention and any amendments thereto that are in force for both the United States of America and Hungary);

Whereas the Parties exchanged diplomatic notes on November 28 and December 3, 2018, confirming that the Parties consider themselves to be in treaty relations under the Convention unamended by the Protocol Amending the Convention on Mutual Administrative Assistance in Tax Matters, done at Paris on May 27, 2010;

Now, therefore, the Parties have agreed as follows:

1. Pursuant to the provisions of Article 6 of the Convention, the Competent Authority of each Party shall exchange CbC Reports with the Competent Authority of the other Party annually on an automatic basis. The term “Competent Authority” has the meaning it has in the Convention.
2. The Competent Authorities shall sign an arrangement, which shall provide for:
 - (i) the scope of the exchange of CbC Reports,
 - (ii) the time and manner of the exchange of CbC Reports,
 - (iii) collaboration on transmission and errors,
 - (iv) confidentiality, data safeguards, and appropriate use with respect to CbC Reports,
 - (v) consultations with respect to CbC Reports, and
 - (vi) modifications to, and term of, the arrangement.

The arrangement shall be consistent with this Agreement and the Convention.

3. All information exchanged shall be subject to the confidentiality and other protections provided for in the Convention, including the provisions limiting the use of the information exchanged. In the event of termination of this Agreement, all information previously exchanged under this Agreement shall remain subject to such terms of the Convention.

4. In case any difficulties in the implementation of this Agreement arise, either Party may request consultations to develop appropriate measures to ensure the fulfillment of this Agreement.

5. This Agreement may be amended by written mutual agreement of the Parties. Unless otherwise agreed upon, such an amendment shall enter into force through the same procedures as set forth in paragraph 6 of this Agreement.

6. This Agreement shall enter into force on the date of the Government of Hungary's written notification to the Government of the United States of America that the Government of Hungary has completed its necessary internal procedures for entry into force of this Agreement. However, exchange of information under this Agreement shall not commence until the arrangement described in paragraph 2 of this Agreement is operative by its terms.

7. This Agreement shall terminate on the earlier of (1) the date the Convention is no longer in force between the Parties or (2) the first day of the month following the expiration of a period of 12 months after the date upon which either Party provides notice of termination in writing to the other Party.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done, in duplicate, in the English language.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF HUNGARY:

David Pressman
U.S. Ambassador to Hungary
Date: _____
Place: _____

Mihály Varga
Minister of Finance
Date: _____
Place: _____