



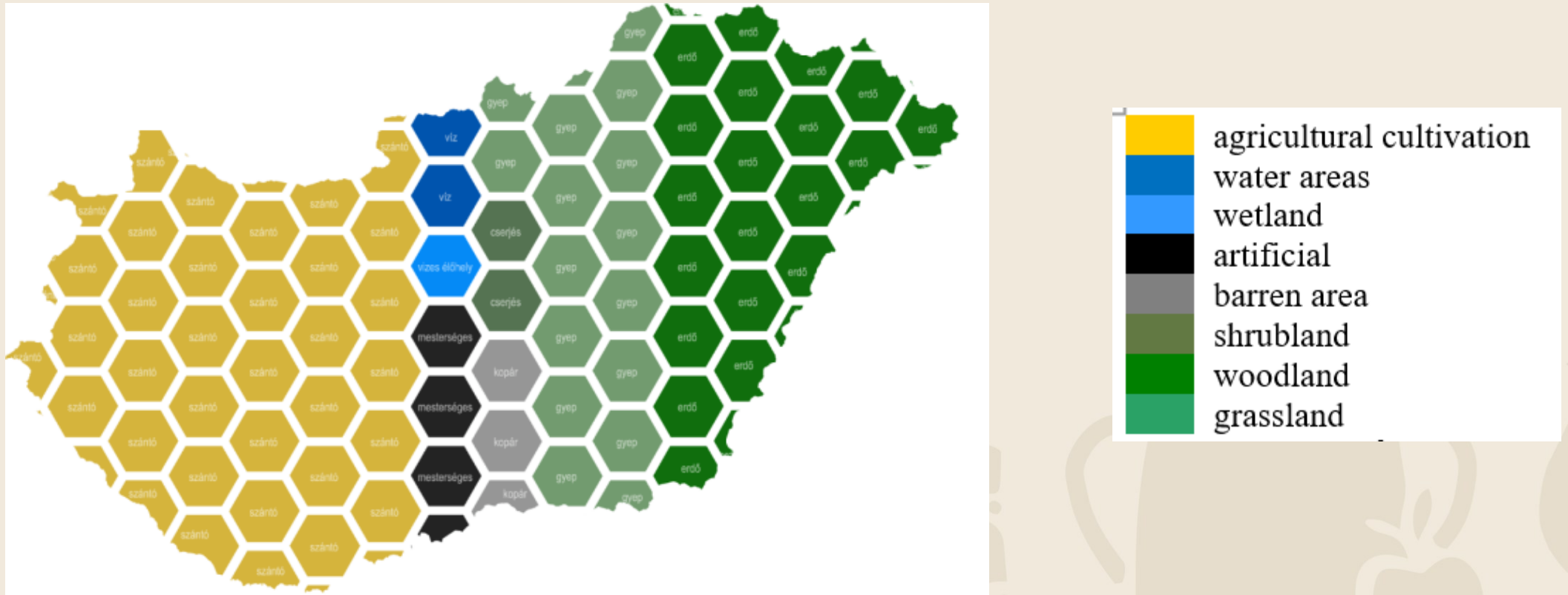
## **Family Farm Policy in Hungary**

Increasing legislative support for family farms in the EU

Telč, Czech Republic

November 1, 2022

# Hungary



Source: [https://index.hu/chart/2018/11/30/magyarorszag\\_foldtakaro\\_terkep/](https://index.hu/chart/2018/11/30/magyarorszag_foldtakaro_terkep/)



# Farm structure

**2016:** Average size of private farms are 7,6 ha and 253 ha is for agricultural enterprises

**2016:** 416.000 private farms and 9.000 agricultural enterprises



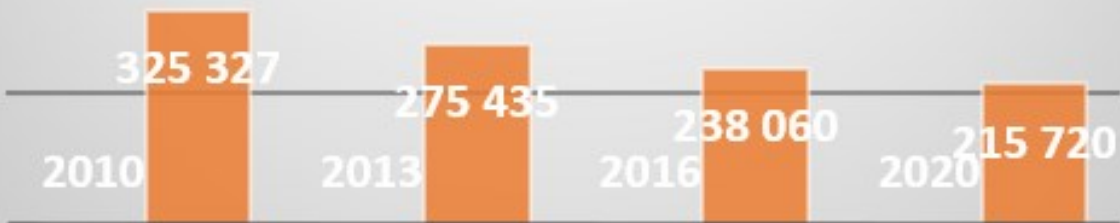
Statistical data collection method changed in 2020.

Source: 2016 data: [http://www.ksh.hu/docs/hun/xftp/idoszaki/gszo/agrariumelo16\\_info.pdf](http://www.ksh.hu/docs/hun/xftp/idoszaki/gszo/agrariumelo16_info.pdf)

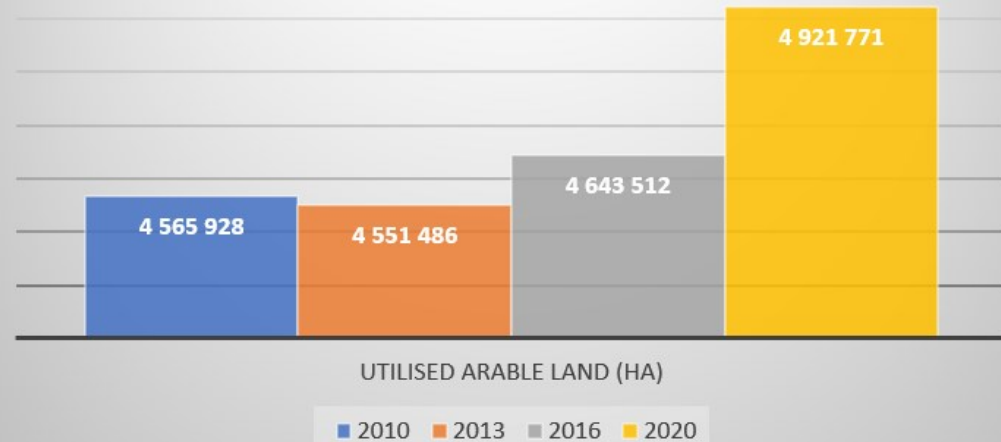
Ikons: <https://www.vecteezy.com/free-vector/farming-icon>

# Farm structure 2020

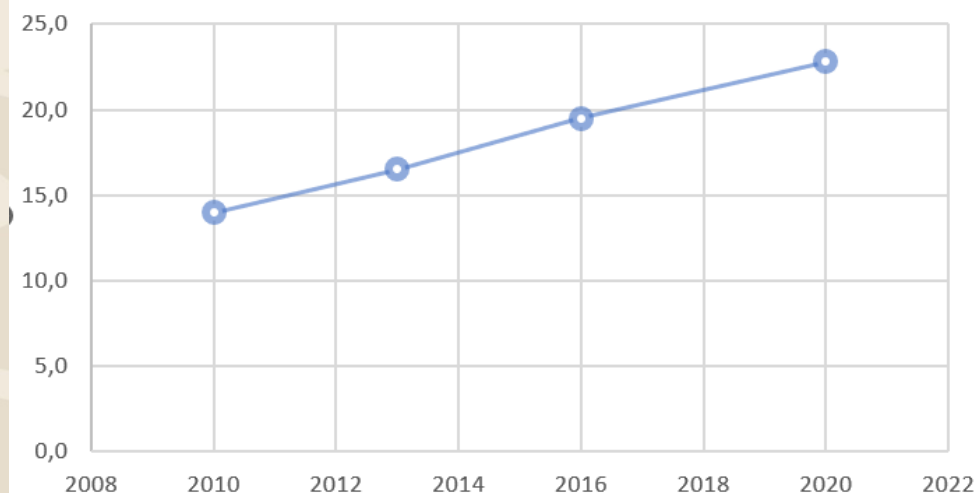
## Number of agricultural farms



## Utilised arable land (ha)



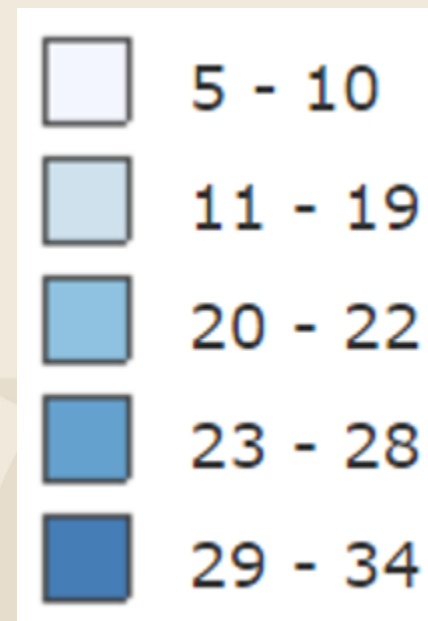
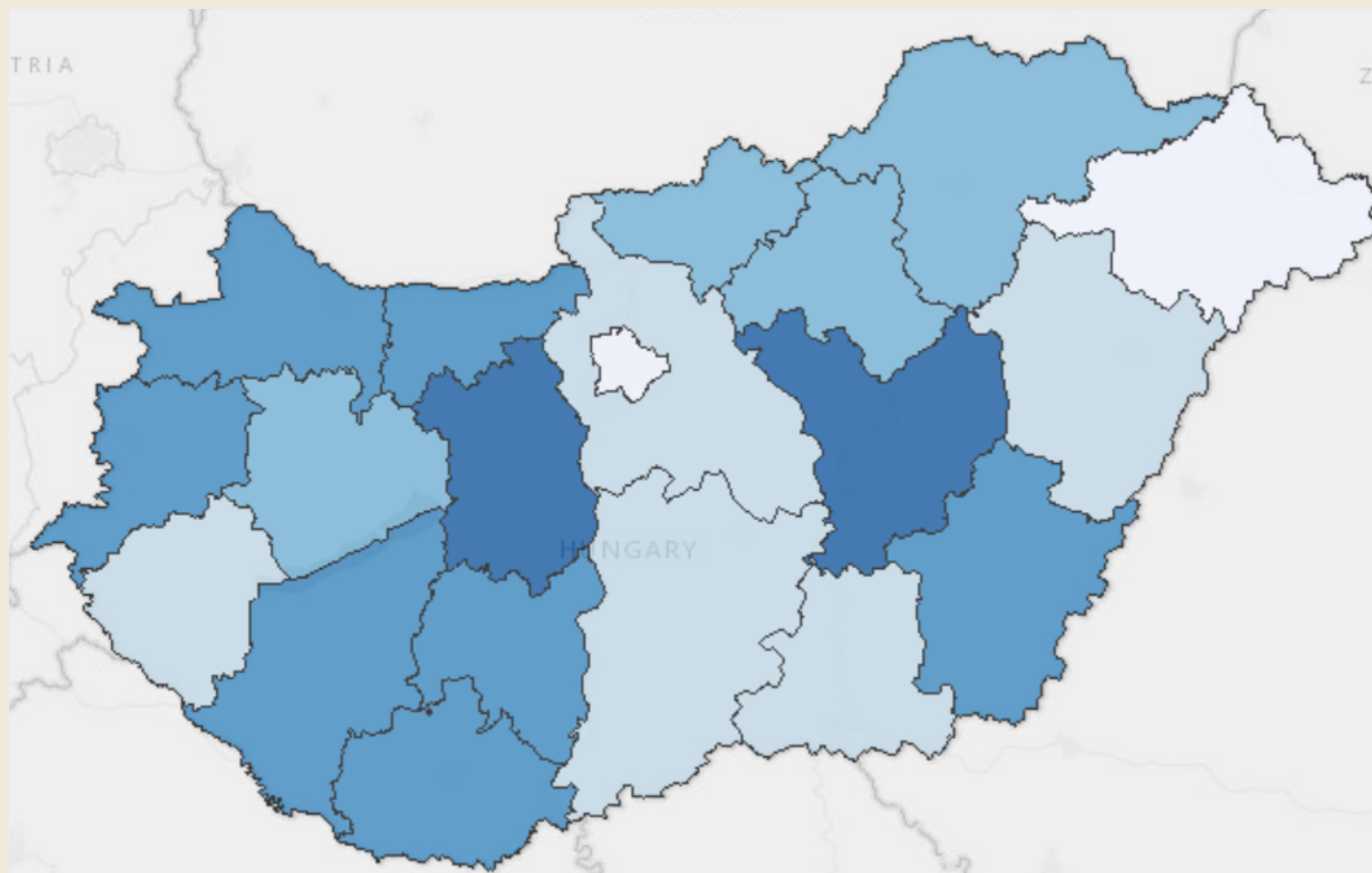
## average farms size (ha)



Source: [https://www.ksh.hu/agrarcenzusok\\_agrarium\\_2020](https://www.ksh.hu/agrarcenzusok_agrarium_2020)

# Farm Structure

## Agricultural area per farm, 2020 (ha/farm)



Source:  
[https://www.ksh.hu/agrarcenzusok\\_agrarium\\_2020](https://www.ksh.hu/agrarcenzusok_agrarium_2020)

# Number of Family Farms

2021:

64.000 family farm of household farmers with 180.000 members

225 Family Agricultural Company with 613 members (half of them has just with 2 members)

Data from National Food Chain Safety Office, 2021

2020:

40.000 joint household farmers (with 112.000 members), 23.000 civil society contracted family farm (with 83.000 members)

Data from Institute of Agricultural Economics, 2020

# Challenges in agriculture

- Increasing input costs
- Low producer price
- Digitalised agriculture
- New consumer and farming trends
- Aging agricultural population
- Labour shortage
- Climate change
- Lack of networking and cooperation among individual farmers
- Small proportion for rural development versus direct agricultural support (no switch to producing higher value-added products)

# Family Farm in Constitution

Regulations on family farms may be enacted with cardinal Act (2/3 of the votes of the Members of the Parliament).

Artical P) of The Fundamental Law of Hungary as amended with the Fourth Amendment

# Family Farm regulations

Act No. CXXIII of 2020 on family farms – effective from January 1 2021

Government Decree of 665/2020. (XII. 28.) executing the Family Farm Act

Act No. CXXII of 2013 on land transactions

# Family Farm regulations

## Form:

- **Family farm of household farmers** -registered at National Food Chain Safety Office
  - Created by civil law agreement acting under common name
  - Members (without limitation) are relatives: close (parents and children and their spouse) and sibling and spouse
  - not to live in one household
  - agricultural activity must not be the main activity/profession
  - taxation benefit up to 4 members
- **Family Agricultural Company** – registered in company registry (limited company, cooperative, forestry association)
  - Minimum 2 private persons, relatives
  - EU rules do not allow provide sectorial tax benefits

# Family Farm regulations

Tax exemption for Family farm of household farmers – flat rate taxation applies for maximum 4 members:

- Applicable if annual revenue does not exceed 10X of annual minimal wage (in 2022: ≈59,000 euro)
- No income tax and social security is paid up to 5 x annual minimal wage up to ≈29,000 euro income
- 15 % income tax is paid after 10 % of the revenue between ≈29,000 and ≈59,000 euro
- **It means that a 4-member family farm of household framers does not pay tax and costal security up to ≈117,000 euro**

Land regulations:

- Pre-emptive right for family farm in the case of land purchase

Land purchase duty:

- No land purchase duty for transaction between parent and child and between siblings

# Transfer of Agricultural Farm

- New Act!
- Act No. CXLIII of 2021 on the transfer of agricultural farms – effective from January 1, 2023
  - subject the farm, i.e. land and all elements of the farm
  - parties - household farmer and private agricultural entrepreneur
    - Transferor party – reaches the retirement age of 65 within 5 years and conducts agricultural activity as a business for 10 years or owns 2/3 of forestry plot at lease for at least 3 years
    - Receiving party – below 50 years and minimum 10 years younger than the transferring party, relative of the transferring party and works for the farm in labour relationship for minimum 7 years
  - Form of transaction: sale and purchase – gift agreement – annuity contract
  - Execution regulations are now prepared - VAT exemption will be granted for asset transfer

# CAP Strategic plan supporting family farms

## Pillar I:

Basic income support that promotes sustainability: HUF 141 euro per hectare for small and medium-sized farmers without regional discrimination, which should contribute to income security throughout the country (DP01\_E01\_BISS\_16).

There will also be an income regrouping: in the case of the smallest farmers of 10 hectares, the area-based support increases by 34% over the BISS value, and in the case of the 300 hectares typical of medium-sized family farmers by 18%.

# CAP Strategic plan supporting family farms

## Pillar II:

### Economic Development

- Agricultural farms sustainability developments (at least 10,000 euros for SOs-sized plants)
- Increasing the value of agricultural products within the farm
- Sustainability development of small agricultural plants (minimum 5,000 and maximum 10,000 euros for SOs-sized plants)
- Support for the diversification of activities within the farm
- Support for the diversification of off-farm activities
- Investment within the farm that improves the efficiency of water use

# CAP Strategic plan supporting family farms

## Young farmers support:

In pillar I and II, it is planned a total of five interventions directly serving generational renewal, with three times the amount of funds compared to the current period (112 billion forints). Furthermore, through the selection criteria and the intensity of support, all other investments for the development of agricultural farms a priority is given to young farmers in the case of measure.

In the case of the support granted to young farmers under Pillar I, the goal of more than doubling the amount of support (from 25.2 thousand to 57.4 thousand forints) and more than tripling the territorial limit (from 90 to 300 hectares) is also highlighted in our property and tax policy supporting 300-hectare small- and medium-sized family farms that play a role.

# National Support

The Hungarian government launched a national policy program for the sake of family farms, which includes tax relief, reduction of administrative burdens, attitude formation and transformation of the training system.

# Our work

Representing the interest of small-scale farmers,  
influencing law making

Family Farm Act changed beneficial taxation of village  
catering of the household farmers, a joint work with the  
Hungarian Chamber of Agriculture.



NEMZETI  
AGRÁRGAZDASÁGI  
KAMARA

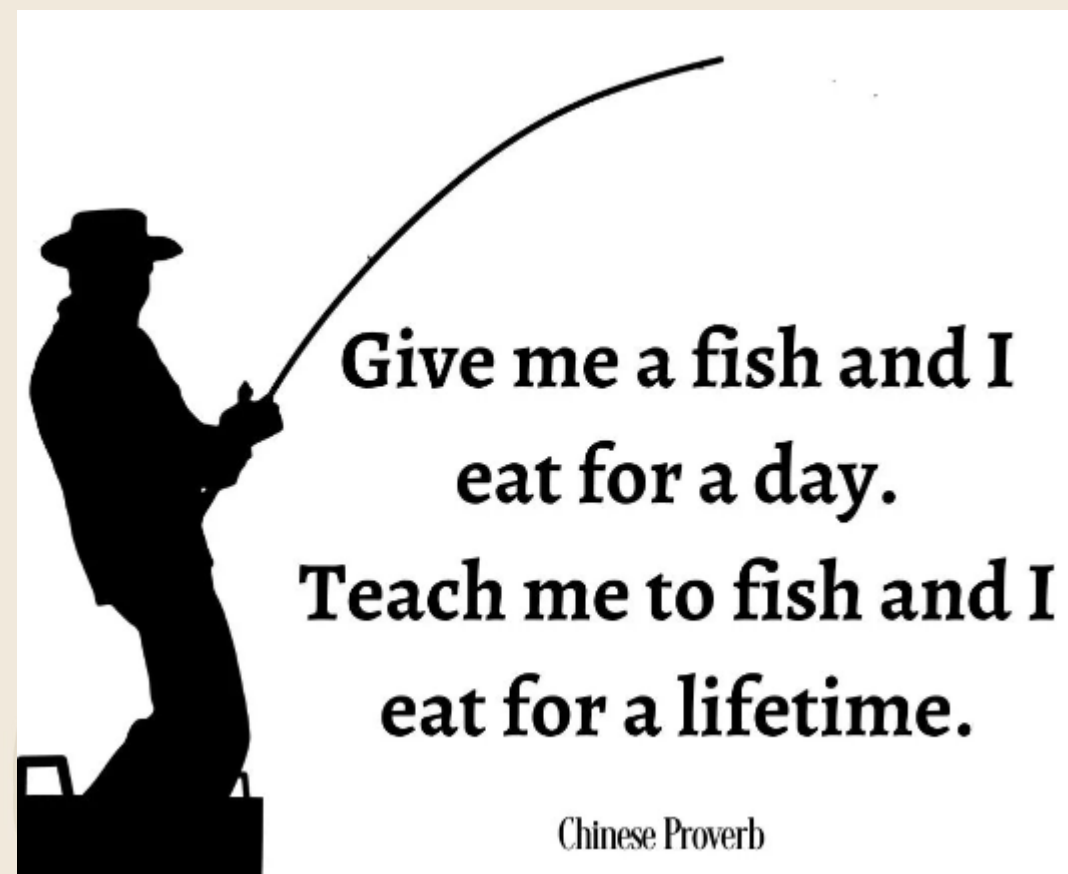
# Knowledge Transfer

Workshops

Courses on SFSC

Publications

Quarterly Newsletter



# Our Projects



## Rural Facilitator

Rural Facilitator Training in  
Agricultural Short Food Supply  
Chains

<https://www.ruralfacilitator.eu/en/>



Co-funded by the  
Erasmus+ Programme  
of the European Union

## EU4Advice



MULTI-ACTOR NETWORK TO BOOST  
SHORT FOOD SUPPLY CHAINS  
ACROSS EUROPE



Funded by  
the European Union

Started on September 1, 2022

[www.eu4advice.eu](http://www.eu4advice.eu)

## II. SFSC EXPO

Smart Solutions in SFSC - November 1, 2022 Kaposvár, Hungary

Chief Patron: Dr István Nagy, Agricultural Minister

June 25, 2021 – I. SFSC Expo, Gödöllő, Hungary

Chief Patron: Norbert Erős, State Secretary for Food Chain



Fenntartható csomagolás bemutatása a kiállítás során



Szállításra alkalmas teherbicikli bemutatása a kiállítók között





**Thank you for your attention!**

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