The Rule of Law and Administrative Justice in Hungary

Abstract

The rule of law is a well-established state of public administration. Article B of the Fundamental Law of Hungary states that Hungary shall be an independent, democratic rule-of-law State. Administrative justice is part of the concept of modern definition of rule of law. The objective of this paper includes a general presentation of the current regulation of administrative procedure law and administrative justice in Hungary with a special focus on the realisation of individual rights in administrative procedures. As part of the Public Administration Reform in Hungary in 2016 a new Code of General Administrative Procedure and the first time in history a Code of Administrative Court Procedure were accepted. These codes entered into force on the 1st January 2018. In view these facts the first part of the paper is devoted to present the most important rules regarding administrative procedures in the new Code of General Administrative Procedure. Secondly, the paper presents the current legal remedy system of Hungary. These news codes includes fundamental changes in the regard of the legal remedy system too, in which not the appeal procedures, but the judicial review procedures over the administration decisions became the mostly used legal remedy tool regarding the protection of individual rights in administrative cases. Moreover the paper aims to examine the realisation of administrative justice in Hungary in three aspects: first, the organisation of administrative justice in Hungary. Hungary is still facing big changes in this aspect. The Hungarian Fundamental Law already mentions: "Courts are the ordinary and the administrative courts. Ordinary courts shall decide on criminal matters, civil disputes and other matters specified in an Act. The supreme organ in the ordinary court system shall be the Curia; the Curia shall ensure the uniformity of the application of law by ordinary courts, and shall make uniformity decisions which shall be binding on the ordinary courts Administrative courts shall decide on administrative disputes and other matters specified in an Act. The supreme organ in the administrative court system shall be the Administrative High Court; the Administrative High Court shall ensure the uniformity of the application of law by administrative courts, and shall make uniformity decisions which shall be binding on the administrative courts." The Hungarian administrative courts system (the Administrative High Court and the administrative courts) is currently under realisation. Secondly the paper mentions the general rules of the judicial review procedures over the administration decisions and we present a newly codified institution of the Code of Administrative Court Procedure, the Model Action. We believe that the legal regulation of the administrative procedures in terms of the rule of law is only relevant if the respect of the procedural rules is placed under the control of the administrative courts. With this in mind, the realisation of an independent administrative court system is indispensable in a modern, XXI. century rule-of-law state.
Points for Practitioners

The paper explains the main rules of the administrative procedures and judicial review procedures over administrative procedures in Hungary as the new codes: the Code of General Administrative Procedure and the Code of Administrative Court Procedure entered into force on 1st January 2018 and have fundamental changes. It also contains the latest Hungarian legal practice in the regard of the realisation of the protection of individual rights in administrative procedures.

Keywords

administrative justice, administrative courts, administrative decision, right to legal remedy
INTRODUCTION

The rule of law is a well-established state of public administration. Article B of the Fundamental Law of Hungary declares that Hungary shall be an independent, democratic rule-of-law State. Administrative justice is part of the concept of modern definition of rule of law. The objective of this paper includes a general presentation of the current regulation of administrative procedure law and administrative justice in Hungary. We should note that as part of the Public Administration Reform in Hungary in 2016 a new Code of General Administrative Procedure (Act CL. of 2016., the Hungarian abbreviation for this act is Ákr.) and the first time in history the Code of Administrative Court Procedure (Act I. of 2017., the Hungarian abbreviation for this act is Kp.) were accepted. These codes entered into force on the 1st January 2018.

The paper firstly presents the regulation of administrative procedures with a special focus on the realisation of the individual rights such as the right to legal remedy. The paper explains the current legal remedy system of administrative decisions in Hungary. From the 1st January 2018, in the new Code of General Administrative Procedure - not the appeal procedures, but - the judicial review procedures over administration decisions became the mostly used legal remedy tool regarding the protection of individual rights in administrative cases. Therefore the second part of the paper is devoted to the actual questions related administrative justice in Hungary. After a brief overview of the history and the constitutional basis of administrative justice in Hungary, we examine mostly current dilemmas related to the realisation of an independent administrative court system.

I. REGULATION OF THE NEW HUNGARIAN GENERAL ADMINISTRATIVE PROCEDURE ACT

First of all, we should emphasize that the first general administrative procedure act has been adopted relatively late in Hungary. From the beginning of the XXth century, several acts were adopted trying to codify the administrative procedure rules and create the Hungarian code of general administrative procedure rules. However the first GAPA was only adopted in 1957. In the ‘70s one significant amendment changed this Act: from 1972, the judicial review procedure was regulated in Chapter XX. of the Act III. of 1952 on the Code of Civil Procedure. In 1981, the Act IV. of 1957 was modified comprehensively by the Act I. of 1981. After ’89, according to the Decision of the Constitutional Court in 1990, the Parliament adopted the Act XXVI. of 1991 on the extensions of judicial review of the administrative decisions. This Act has established a system of two levels of review of the administrative decisions in official court proceedings regulated still in the Code of Civil Procedure. At the beginning of the new millennium, due to the socio-political changes in 1989, the importance of the new and improved international and European Union relations, the government of Hungary has set the objective of a complex overview of the general administrative procedures rules. After a long period of discussion, the Act CXL. of 2004 on the General Rules of Administrative Proceedings and Services (the Hungarian abbreviation for this Act is the Ket.) came into force on 1st of November 2005. In 2008, 2010, 2015 the Parliament substantially modified this Act to simplify the administrative procedures. Finally this Act was repealed with effect from 1st January 2018.

From 1st January 2018 the new Code of General Administrative Procedure entered into force. This Code includes all general regulations regarding administrative procedures. The new regulation on the general rules of the

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3 See for example Act XX. of 1901. on simplifying administrative procedures
4 This is the Act IV. of 1957 on the General Rules of State Administration Proceedings, which came into force on 1st October 1957
5 Decision of the Constitutional Court 32/1990.(XII.21.)
6 Several publications can be found in this topic, for example: TRÓCSÁNYI László: Milyen közigazgatási bírósodás? Közgazdasági és Jogi Könyvkiadó, Budapest, 1992., PATYI Andris: Közigazgatási bírósodásunk modelljei, Logod Bt., Budapest, 2002.
7 The new Act is Act CL. of 2016 on the General Administrative Procedure Rules (Ákr)
administrative procedures can be divided into three parts: the first part regards the proceedings of first instance in front of the administrative authorities; the second part is the legal remedies and review procedures of the administrative decisions and the third part is dealing with the enforcement procedures. The new Code of General Administrative Procedure recodifies the most important general rules of administrative proceedings. Chapter I. of the code defines the fundamental principles – such as the principle of legality, the principle of ex officio procedure, the principle of efficiency, the principle of good faith and principle of mutual trust – and the scope of the Act. Chapter II defines the Fundamental provisions like the obligation to proceed, the territorial competences, the exclusion rules, the language use, the general rules on communication and data protection. Chapter III. describes the general rules when the administrative procedure is commenced upon an application. The application shall be a statement made by the party in which he requests that an authority procedure be carried out or a decision be made by the authority for the purpose of asserting his right or legitimate interest [Section 35.]. The Chapter VII. states the different rules regarding Chapter III. if the procedures is ex officio started. The authority shall, in the area of its territorial competence, commence the procedure ex officio if it becomes aware of a circumstance which is the underlying reason to commence the procedure, or it has been obliged by a court to do so, or it has been ordered by its supervisory organ to do so, or it becomes aware of a life-threatening situation or an event threatening to cause serious damage, or it is otherwise prescribed by law. Chapter IV. explains the different kind of decisions of the administrative authority as follows: “The decision shall be a final decision or a procedural decision. The authority shall adopt a final decision on the merits of the case, while other decisions adopted in the course of the procedure shall be procedural decisions.” [Section 80.]. The decision of the authority shall reach administrative finality if the decision cannot be amended by an administrative authority anymore [Section 82]. Chapter V. names specific rules for special administrative decisions like for the official certificate (like the certificate from the penal register), the official verification card (like the ID card) and the entry in the official register (like the land register). Chapter VI. contains the general rules of administrative audit. The object of administrative audit is the compliance with provisions of the law as well as the fulfilment of enforceable decisions [Section 98-102.]. Chapter VIII. has few special provisions on certain administrative measures regarding like the security measures. Chapter IX. regulates the legal remedy system. Chapter X. expresses the procedural costs, advancing and bearing procedural costs. Chapter XI. states the specific rules regarding the enforcement procedures of the administrative decisions. The Code names the national tax authority as the general enforcement authority [Section 134.]. Chapter XII. contains the final provisions. The Code protects also the individual rights in numerous ways like with regulating the right to access files, the right to legal remedy etc.

Regarding the current legal remedy system of administrative decisions in Hungary we should note that under the definition of Hungarian administrative legal remedy system we understand all kind of procedures determined in the new Code of General Administrative Procedure and in the special acts. It can be classified according to several criteria, for example a distinction can be made between limited or full revision of the administrative decisions, or between ordinary and extraordinary remedies, or between the application of the redress after the client's request or ex officio or both. The Code of General Administrative Procedure uses a terminological distinction: a) legal remedy procedures commenced upon application are the administrative court actions and the appeal procedures; b) the legal remedy procedures ex officio are the amendment of a decision or its revocation within the authority’s material competence; the supervisory procedure and the procedure commenced upon the intervention or action of the prosecutor according to the Act on prosecution service. The legal remedy procedures commenced upon application serve the practice of the right to remedy declared in the Fundamental Law of Hungary. The common characteristics of these remedy procedures that they are primarily to protect the clients and the other participants of the proceedings against administrative decisions affecting their rights or their legitimate interest.

The new Hungarian Code of General Administrative Procedure includes a fundamental change: from the 1st January 2018 not the appeal procedures, but the judicial review procedures over the administration decisions became the mostly used legal remedy tool regarding the protection of individual rights in administrative cases. Therefore the following part of the paper gives an overview of the actual questions related to administrative justice.

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8 PATYI A. and others: Közigazgatási hatósági eljárásjog, Dialóg Campus kiadó, Budapest-Pécs, 2009. 114-117
II. HISTORY AND CONSTITUTIONAL BASIS OF ADMINISTRATIVE JUSTICE IN HUNGARY

First, we should point out that the right to remedy is a fundamental right declared in the paragraph 7 of Article XXVIII. Part Freedom and Responsibility, it states that: „Everyone shall have the right to seek legal remedy against any court, authority or other administrative decision which violates his or her rights or legitimate interests.” In Hungary, the right to remedy is part of the group of fundamental rights which cannot be excluded, but it can be restricted in case the conditions specified by the law.9 Paragraph 3 of Article I. Part Freedom and Responsibility of the Fundamental Law of Hungary define the general framework of the way of restricting the fundamental rights, including the right to remedy.10 This is the so-called necessity-proportionality test, which was specified in the Constitutional Court’s Decision in 1992.11 An additional novelty of this paragraph of the Fundamental Law of Hungary12 introduces the full respect for the objective essential content of such fundamental right following the Article 52 of the Charter of Fundamental Rights of the European Union.13

We should note that Article 25 of the Fundamental Law of Hungary states the following:

“(1) Courts shall administer justice. Courts are the ordinary and the administrative courts.

(2) Ordinary courts shall decide on criminal matters, civil disputes and other matters specified in an Act. The supreme organ in the ordinary court system shall be the Curia; the Curia shall ensure the uniformity of the application of law by ordinary courts, and shall make uniformity decisions which shall be binding on the ordinary courts.

(3) Administrative courts shall decide on administrative disputes and other matters specified in an Act. The supreme organ in the administrative court system shall be the Supreme Administrative Court; the Supreme Administrative Court shall ensure the uniformity of the application of law by administrative courts, and shall make uniformity decisions which shall be binding on the administrative courts.

(4) The organisation of the judiciary shall have multiple levels. Separate courts may be established for specific groups of cases.”

The Fundamental Law of Hungary also defines that until the cardinal Act establishing the administrative court system enters into force courts shall decide a) on criminal matters, civil disputes and other matters specified in an Act; b) on the lawfulness of administrative decisions; c) on the conflict of local government decrees with any other law, and their annulment; d) on the establishment of an omission by a local government of its obligation to legislate based on an Act.

After the brief overview of the constitutional basis of administrative justice, we would like to highlight to most important steps of the realisation of administrative justice in Hungary. From historical point of view, the first legal (organisational) forum for the judicial review of the administrative decisions was the Royal Financial Court in Hungary.14 The Royal Financial Court was incorporated in the Hungarian Royal Administration Court in 1886.15 Until 1949, this Court was a single-instance special court, separated from the ordinary court system adjudged both general administrative (including financial cases too) in non-litigation process.16 After the World War II., the

10 Paragraph 3 of Article I Part Freedom and Responsibility of the Fundamental Law of Hungary: „The rules for fundamental rights and obligations shall be determined by special Acts. A fundamental right may be restricted to allow the exercise of another fundamental right or to defend any constitutional value to the extent absolutely necessary, in proportion to the desired goal and in respect of the essential content of such fundamental right.”
13 Article 52 of the Charter of Fundamental Rights of the European Union: „Any limitation on the exercise of the rights and freedoms recognised by this Charter must be provided for by law and respect the essence of those rights and freedoms. Subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others.”
16 Act No. II of 1949 abolished the Hungarian Royal Administration Court
The administrative remedy system changed significantly: an almost complete absence of the regulation of the judicial review over the administrative decisions should be noted. In 1957, the judicial review procedures in minor cases were briefly reintroduced. In 1981, a Decree of the Council of Ministers listed the cases against a judicial review can be used. The first significant change was in 1989, the Act No. XXXI of 1989 modified the paragraph 2 of Article 50 of the Constitution of 1949, as follows: "The court shall review the legality of administrative decisions." The Parliament adopted the Act No. XXVI of 1991 on the extensions of judicial review of the administrative decisions. This Act has established a system of two levels of review of the administrative decisions in official court proceedings in the ordinary judicial system. Regarding to the organisation of the administrative justice the last important change happened in 2013. The Act No. CLXI of 2011 established the Administrative and Labour Courts from the 1st of January 2013.

III. THE ACTUAL HUNGARIAN JUDICIAL SYSTEM

The current Hungarian judicial system is formed as follows from the 1st January 2013: district courts, administrative and labour courts, regional courts, regional courts of appeal and the Curia.

Regarding administrative cases the District Courts, which are located in major cities of Hungary and proceed in first instance are not reviewing administrative authority’s decisions. In these cases the first instance is the separated administrative courts, named as Administrative and Labour Courts. The administrative courts share the same organisational background with the labour courts. The Administrative and Labour Courts are not legal entities. These courts have the same status as the former Labour Courts, which were aligned with the status of District Courts. There are only 20 separated Administrative and Labour Courts within the judicial structure of Hungary, located on the seat of Regional Courts.

The Regional Courts (19 in the seat of the counties and 1 in Budapest) decide in second instance, review appeals against the decisions of Administrative and Labour Courts. Nevertheless this is a limited appeal possibility.

The next judicial level is the Regional Courts of Appeal. There are only 5 in Hungary: in Budapest, in Debrecen, in Győr, in Pécs and in Szeged. These courts do not have specific tasks regarding to administrative appeals.

In the last instance in Hungary we can not find a special court for reviewing administrative judgements but the Curia of Hungary – highest general ordinary court in Hungary - has a review possibility of the final decisions if these are challenged through an extraordinary remedy. The Curia have material (first instance) jurisdiction regarding procedures for reviewing the conflict of a local government decree with other laws, procedures due to the failure of a local government to fulfil its obligation to legislate, and procedures for establishing the procedural means to remedy a constitutional complaint.

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17 Act No. IV of 1957 on the General Rules of State Administration Procedures
18 Decree No. 63/1981.(XII.5.) of the Council of Ministers
21 Act III of 1952on Civil Procedures Chapter XX. (Article 340)
IV. Current Dilemmas Related to Administrative Justice in Hungary

We should note that there are several fundamental questions related to administrative justice such as the general rules of administrative courts or the organisation of the administrative courts. In this paper we would like to highlight only aspects of this currents questions in Hungary.

One of the last years most important codification in Hungary was the adoption of the Act I. of 2017 Code of Administrative Court Procedure, which contains the rules of the judicial review procedures of administrative decisions.22 This is the first Code of this kind, because the judicial review procedures for administrative decisions was mostly regulated in the Code of Civil Procedure until the 1st January 2018. Part One of the new Code of Administrative Court Procedure defines first the scope of the Act, the responsibilities of the court and the obligations of the parties. The Act shall apply to administrative court actions seeking to adjudicate administrative disputes and to other administrative court procedures [Section 1.]. In this part we find also the definition of the basis notions which are used in the Act like administrative dispute, administrative act. The subject of the administrative dispute shall be the lawfulness of an act regulated under administrative law and taken by an administrative organ with the aim to alter the legal situation of an entity affected by administrative law or resulting in such an alteration, or the lawfulness of the administrative organ’s failure to carry out such an act (named as “administrative activity” in the Act). Legal disputes relating to public service and administrative contractual relationships shall also qualify as administrative disputes. Administrative acts shall include individual decisions; administrative measures; administrative acts of general scope to be applied in a specific case, and not falling under the scope of the Act on law-making and administrative contracts [Section 4]. It also describes the administrative court system and names in which type of case which court is the first instance; regulates the material jurisdiction and territorial jurisdiction; names the parties and the interested persons in the court proceeding and contains rules regarding the representation. Part II. of the Code regulates precisely the procedure of the first instance and states rules regarding the different types of the statement of claim and the joinder of claim, forwarding the statement of claim, the measures based on the statement of claim, the preparatory arrangements for the court action, the hearing, the taking evidences, etc. Part III. of the Code names the types of court decisions, defines the limits of the court’s power of decision and the legal effects of the court decision. Part IV. of the Code contains the legal remedy possibilities (such as appealing a judgement or the extraordinary procedural remedy, the review and the retrial) which could be used against the judgement of the courts. This part states also the rules of procedure to follow in respect of a constitutional complaint. In Part V. of the Code we can find the different rules of the special administrative court actions and other administrative court procedures liked the simplified procedure, the action for failure to act, the procedures for reviewing the conflict of local government decrees with other laws and to procedures due to the failure of a local government to fulfil its obligation based on an Act, etc. Part VI. of the Code defines the final provisions.

We would like to point out two very new regulation of the Code of Administrative Court Procedure:
- First the so called model action. Section 33 of the Code of Administrative Court Procedure states: “If at least ten actions with the same legal grounds and identical factual basis are launched before the court, the court, ensuring the parties' right to make statements, may decide to adjudicate one of these actions in a model action and suspend the other procedures until the decision closing this procedure is adopted. The court, if coming to the conclusion that the suspended actions have the same legal and factual aspects as this action, may adjudicate them according to the outcome of the model action without holding hearings. Using evidence taken in the model action shall not prevent the court from ordering evidence to be taken. The court, while ensuring the parties' right to make statements, may also adjudicate legal disputes launched after the judgment of the model action became final by applying the provisions of this section.” The first model action had it’s final decision in January 2019.23
- The second regulation is the leapfrog appeal. Section 101 of the Code explains this institution as follows: “If the first instance decision was adopted by the administrative and labour court, the parties, in a joint application attached to the appeal against the decision, may request that the appeal submitted for a breach of substantive law be decided

22 The Code of Administrative Court Procedure was first accepted on 6th December 2016, and abolished by the Constitutional Court by the Decision 1/2017. (I. 17.) because one part of the Act was unconstitutionally accepted by Parliament.
by the Curia. The Curia shall accept the leapfrog appeal if the appeal is based on a violation of substantive law that is of fundamental importance in ensuring the uniformity of case law. The Curia shall decide whether to accept the leapfrog appeal in sitting as a panel within thirty days. The Curia, if it does not accept the leapfrog appeal, shall send it to the second instance court to decide.”

As we see the new Code of Administrative Court Procedure completely regulates the procedural rules regarding the administrative justice and new institutions were also presented in this Code as the model action or the leapfrog appeal; but the organization of the courts are still in question. Therefore, the second dilemma what we need to examine is the need for independent, specialised administrative courts.

We should emphasize that this question was a very actual dilemma in this last years in Hungary. The basic dilemma was on the necessity of an independent administrative courts. While several scholars, such as Toldi Ferenc,24 Trócsányi László,25 Patyi András,26 and others supported the idea of the foundation of the independent administrative courts for decades; few experts for example Kilényi Géza,27 Petrik Ferenc28 and others always considered this problem as a secondary question, and they believed that it was not necessary to realize it. Secondly, if there are independent administrative courts, the other question is related to the responsibility of these administrative courts. If they are needed to be organised in national or regional or local level.29

Act CXXX of 2018 on administrative courts was promulgated on 21 December 2018 and would have entered into force the 1st January 2020. This Act states that administrative courts shall be the Supreme Administrative Court and the regional administrative courts. The administrative courts shall proceed in and decide on administrative disputes and other matters referred to the material jurisdiction of administrative courts in an Act. As the supreme organ of the organisation of administrative courts, the Supreme Administrative Court shall act in matters falling within its material jurisdiction throughout Hungary. The Supreme Administrative Court and the regional administrative courts shall be autonomous legal persons. In matters falling within their material jurisdiction, regional administrative courts shall have territorial jurisdiction as specified in Annex 1. There would have been created 8 regional administrative courts. For the transition period (from until the 1st January 2020) the Act CXXXI of 2018 on the Entry into force of the Act on Administrative Courts and certain Transitional rules was also accepted containing important rules like the National Assembly shall, by 15 June 2019, on a proposal put forward by the President of the Republic by 31 May 2019, elect the first President of the Supreme Administrative Court from among the persons who fulfil the conditions specified in the Act on Administrative Courts.

We should also note that an opinion adopted on 15th March 2019 by the Council of Europe’s constitutional experts of the Venice Commission raises questions over these two acts establishing a separate system of administrative courts, with its own high court (the Supreme Administrative Court) and its own judicial council (the future National Administrative Judicial Council).30 Finally we should state that in the end of May 2019, the Hungarian Government postpones the introduction of the new administrative court system and also the new Acts (Act CXXX. of 2018. and Act CXXXI. of 2018.) due to international pressure.

26 PATFY András: Szervezet és hatáskör alapkérdései közigazgatási bíráskodásunk hatályos rendszerében, Igjutalomhely Közlöny, 2002/3 p. 127
30 See: https://search.coe.int/directorate_of_communications/Pages/result_details.aspx?ObjectId=0900001680937270
CONCLUSION

As a conclusion, after the short examination of the regulation of the general rules of the administrative procedures in Hungary with a special regard of the legal remedy system, we analysed several questions related to administrative justice. The brief overview of the legal history and of constitutional basis of Administrative justice in Hungary we presented the actual Hungarian judicial system and highlighted some of current dilemmas related the realisation of independent administrative courts.

We believe that the legal regulation of the administrative procedures in terms of the rule of law is only relevant if the respect of the procedural rules is placed under the control of the administrative courts. With this in mind, the realisation of an independent administrative court system is indispensable in a modern, XXI. century rule- of- law state.

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