

CLIENT ALERT

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Hungary's Telecom Market: Opportunities for a Foreign Investor

Hungary's telecoms and digital infrastructure market presents several developments worth monitoring for international investors, technology providers and telecoms operators. Against the backdrop of evolving EU funding programmes and growing demand for digital services, we highlight the following areas of particular relevance to businesses considering or expanding their presence in Hungary.

Foreign investment screening: authorization requirements remain relevant

Significant foreign investments in Hungarian telecoms operators may remain subject to prior government authorization under Hungary's foreign investment screening framework, depending on the nature and structure of the transaction. Investors should therefore assess the applicable screening requirements at an early stage of any proposed transaction to identify potential authorization obligations and related timing considerations.

Telecoms taxation: a more favorable operating framework

Hungary's abolition of the sector-specific tax on telecommunications turnover represents a notable shift in the industry's fiscal landscape, potentially reshaping cost considerations and investment strategies for telecoms operators.

EU-funded digitalization: public procurement opportunities

Hungary's Recovery and Resilience Plan includes a digital transformation component covering areas such as very high-capacity networks, public-sector digitalization and SME digitalization. These programmes may create opportunities for international technology companies, systems integrators, connectivity providers and digital transformation specialists to participate in relevant projects and public procurement procedures. Eligibility and funding availability should be assessed on a project-by-project basis.

Key considerations for businesses

Companies considering market entry, expansion or investment in Hungary should:

- ✓ Review the foreign investment screening requirements applicable to their proposed activities and transaction structure.
- ✓ Monitor the legislative developments expected before the end of 2026.
- ✓ Assess opportunities in connectivity, cybersecurity, IoT and digital transformation.
- ✓ Verify the eligibility criteria, procurement requirements and availability of EU funding for relevant projects.

Our take: Hungary's telecommunications and digital infrastructure sectors warrant continued attention from international businesses, particularly in light of changes to the sector's tax framework, evolving cybersecurity requirements and funding for digitalization. Nevertheless, a thorough assessment of the applicable legal and regulatory requirements remains essential when evaluating potential investments, service offerings and participation in publicly funded projects.

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