Péter Pázmány Catholic University

Faculty of Law and Political Science

Doctoral School

The legal legitimacy and internal coherence of church funding in Hungary within the context of public finance

Dr Bernadett Szólláth

DOCTORAL THESIS ABSTRACT

Supervisor: Dr Ildikó Szabó PhD, University adjunct

Budapest, 2026

Table of Contents

1. Background to the research and reasons for choosing the topic

Church funding is a subject that has been extensively covered in Hungarian academic literature from the perspectives of constitutional law, ecclesiastical law and, to some extent, administrative law. Previous studies have primarily focused on issues relating to freedom of religion, the constitutional model of the relationship between the state and the church, ecclesiastical autonomy, and the legal status of churches. By contrast, less emphasis has been placed on a systematic dogmatic examination of the legal implications of church funding under public finance law, the legal nature of the various funding arrangements, and the associated public law obligations.

The current regulations employ a number of arrangements of varying legal nature, based on different funding techniques. Budgetary subsidies, tax law arrangements, allocations from a specified portion of personal income tax, and grants from the national wealth give rise to different legal relationships; consequently, their regulation and the associated public law obligations are not necessarily identical. However, neither the academic literature nor the current legislation has established a comprehensive analytical framework within public finance law that would enable a consistent examination of the legal nature of these funding arrangements, their interrelationships, and their implications for public finance.

A separate doctrinal issue concerns the identification of public law obligations associated with individual financing legal relationships, the determination of their legal basis, content, temporal and material scope, and the delineation of the relationship between these obligations and the state's powers of control. Under the current regulations, it is not always possible to determine unequivocally how long a public-law obligation remains in force, whether it extends to the financial value replacing the original grant or to the returns thereon, or when the funding relationship is deemed to be concluded in terms of public finance law. Clarifying these issues is also significant because the scope of state control can only be determined by precisely delineating the public law obligations associated with the specific funding relationship and the independent statutory powers of oversight.

The thesis therefore does not seek to develop a uniform legal model for state funding of churches, but rather to systematise and analyse, from the perspective of public finance law, funding relationships of differing legal nature. Within this framework, it develops its own typology of funding relationships and analytical framework, defines the dogmatic category of public-law bindingness, explores its relationship with guarantees of oversight and enforcement, and, on this basis, assesses the legitimacy and internal coherence of state church funding under public finance law.

2. The aim of the research

The central aim of this thesis is to examine the constitutional and public finance legal frameworks, as well as the public finance guarantees, under which the legitimacy and internal coherence of the Hungarian church funding system can be ensured, and to identify the legal instruments suitable for strengthening the financial autonomy of the churches.

The research is based on the premise that state funding of churches is not in itself contrary to constitutional requirements; however, its legitimacy cannot be automatically derived either from freedom of religion or from the constitutional possibility of cooperation between the state and the church. Assessing the legal legitimacy of state funding of churches under public finance law therefore requires an examination of whether the various funding arrangements comply with the requirements arising from the constitutional and financial-legal protection of public funds and national assets, whilst also ensuring that the requirements of church autonomy are duly upheld.

State funding of the church is not a uniform legal institution, but is comprised of legal relationships of varying legal nature and involving different funding mechanisms. These legal relationships have varying effects on public finances through budgetary expenditure, loss of revenue or transfers of assets; it is therefore necessary to analyse them from a unified financial-legal perspective, whilst also taking their specific characteristics into account.

Accordingly, this research explores the system of funding sources for churches, distinguishes between autonomous and public finance funding relationships, defines their internal typology, and analyses their legal nature, regulatory techniques, public law constraints and the guarantee mechanisms ensuring their enforcement. Although the study focuses on state funding of churches, the research also covers the legal conditions for autonomous fundraising. The reason for this is that the churches' capacity for self-financing may influence the extent of their dependence on state funding, and thereby the necessity, structure and extent of state funding.[1]

[1] The indirect public finance implications of autonomous funding do not mean that the legal relationship of autonomous funding is classified as a public finance relationship. From a legal-theoretical perspective, no public law obligations or state supervisory powers may be attached to autonomous resources merely because the ecclesiastical legal entity receives state funding under a different legal basis. Their relevance to public finance is systemic: the capacity to generate autonomous resources may influence the degree of dependence on state funding and, through this, the resource structure of the church funding system. The thesis does not derive any independent public-law legal effect from this relationship.

In order to carry out this research, it is necessary to develop a unified dogmatic framework within public finance law that enables a systematic description, analysis and critical evaluation of the church funding system. Building on this framework, the ultimate aim of the research is to define the public finance law model of state church funding, to assess its legitimacy and internal coherence under public finance law, and to formulate *de lege ferenda* proposals based on the results of the analysis.

The international overview is not presented as an end in itself; rather, it serves to implement the comparative legal analysis defined in the methodological section.

3. Research Methodology

In view of the stated objective and the hypotheses put forward, the thesis is based on a legal-dogmatic approach, supplemented by legal-historical, comparative legal and critical analysis. The research focuses on the public finance law analysis of state funding of churches, with particular regard to the system of public finance funding relationships, their public finance requirements, guarantees and the associated regulatory solutions. The study does not extend to an analysis of the internal legal systems or theological characteristics of the churches; it addresses these only insofar as they are relevant from the perspective of financial law.

The aim of the legal-historical analysis is to demonstrate the historical development that led to the current system of state funding of churches in Hungary, and how the state's role in church funding has changed. The comparative legal study adopts a functional approach: it is not aimed at adopting specific foreign models, but rather at exploring what forms of state involvement, public law obligations and guarantees are associated with different funding structures. The presentation of foreign models provides an independent comparative legal foundation, whilst the conclusions relevant to Hungarian legislation are drawn within the framework of a critical analysis.

A key element of the research methodology is critical legal-dogmatic analysis, which assesses the current legislation on the basis of the constitutional and public finance law requirements defined earlier. Within this framework, the thesis examines the conceptual and dogmatic definition of public finance funding relationships, the internal coherence of the legislation, and the relationship between public law obligations and the safeguards designed to ensure their enforcement. The study is of a normative nature; therefore, it is not aimed at measuring the empirical effectiveness of control mechanisms, but rather at assessing their legal adequacy.

The aim of the research is not to provide normative justification for or to reject a specific funding model, but to develop a unified framework of financial legal doctrine that enables the systematic analysis and critical evaluation of church funding legal relationships of differing legal nature. In the absence of a uniform conceptual basis, the thesis establishes its own conceptual framework, which then forms the basis for the description, analysis and evaluation of the system. Accordingly, it defines its own concepts of 'church funding' and the 'church funding system', and develops a specific typology of legal relationships concerning public finance funding.

Building on this methodological framework, the research derives *de lege ferenda* proposals from the results of a dogmatic and critical analysis of current Hungarian legislation, as well as from a comparative law study. The reform proposals are not aimed at harmonising the rules governing different financing arrangements, but rather at resolving the specific regulatory uncertainties identified during the study.

Due to the complexity of the research topic and the absence of prior comprehensive research, the depth of analysis in each area is tailored to its function within the thesis. The central focus of the study is the legal doctrine and critical evaluation of Hungarian state church funding under public finance law. The examination of autonomous funding covers its legal framework, its role within the system and its indirect relationship with state funding. Local authority, European Union and other forms of international funding are analysed to the extent necessary to present the system as a whole, whilst foreign funding models are examined to the extent required for a comparative legal assessment.

This methodological delimitation also gives rise to the distinct function of the section describing the system. Its task is not to provide an independent, comprehensive dogmatic or critical analysis of every funding arrangement, but rather to explore the current regulatory and legal framework in sufficient detail to provide an adequate positive legal basis for the dogmatic analysis in Part Four and the critical analysis in Part Six. The overview nature of these chapters is therefore not a limitation of the study, but stems from the dissertation's interlinked methodological structure.

4. Research hypotheses

The research centres on the following hypotheses:

1. Despite fragmented legal regulation, church funding can be regarded as a unified legal institution.
2. The financial-legal concept of state church funding cannot be limited to direct budgetary expenditure, but encompasses all legal relationships of funding that have an impact on public finances.
3. The legitimacy of state funding of churches under public finance law can be derived from constitutional principles and the legal framework governing church funding arrangements.
4. Due to the lack of uniform legal regulation of the Hungarian state church funding system, the system's internal coherence is only partially realised.
5. The legal regulation of the churches' autonomous funding arrangements is of significance in terms of public finance.

On this basis, the research focuses on six central questions, which also determine the structure of the thesis:

1. What constitutes church funding, and within what financial-legal framework can state funding of churches be interpreted?

Firstly, the research defines the concepts of church funding and the church funding system, as well as the content of the legal relationship of public finance funding as a central doctrinal category.

2. Which funding relationships fall within the scope of state funding of churches, and on what grounds can they be distinguished and categorised?

In seeking to answer this question, the research aims to delineate the legal relationships governing church funding and to develop a typology of church funding systems.

3. Under what conditions can the legal legitimacy of state funding of churches under public finance law be justified?

In addressing this question, the thesis examines the constitutional and financial law constraints on public finance funding arrangements (collectively referred to as public law constraints), as well as the system of safeguards ensuring legitimacy under public finance law.

4. Is the financial-legal coherence of the Hungarian state church funding system realised?

The examination of internal coherence covers conceptual, dogmatic, functional and regulatory coherence.

5. What role do autonomous funding arrangements play in the church funding system?

In answering this question, a distinction is drawn between public finances and autonomous resources, and an analysis is carried out of the relevance of autonomous resource generation to public finances, as well as the interrelationships between public financial exposure and financial autonomy.

6. What *de lege ferenda* regulatory directions follow from the results of the dogmatic, critical and comparative legal analysis?

The research aims to develop a *de lege ferenda* reform programme which, whilst respecting the constitutional framework, promotes the coherent regulation of public finance funding relationships, ensures the consistent application of the associated public law obligations and public finance guarantees, and strengthens the internal coherence of the church funding system.

5. Structure of the thesis

Given the complexity of the research topic and the length of the thesis, it is worth briefly outlining the structure of the thesis and how its individual sections build upon one another.

The thesis examines the Hungarian church funding system in seven sections. The structure follows the methodological logic of the research: the definition of conceptual and legal foundations is followed by a description of the current system, and then by a dogmatic analysis of that system from the perspective of public finance law. This forms the basis for the comparative legal analysis and the critical evaluation of Hungarian legislation, culminating in a summary of the research findings and a *de lege ferenda* reform programme derived from them.

Part 1 sets out the fundamentals of the research. It presents the subject matter and relevance of the research, its objectives, hypotheses, central research questions and the methods employed. It then defines the basic concepts used in the thesis, in particular the concepts of church funding, the church funding system and the legal relationship of church funding, and distinguishes between public finance and autonomous funding legal relationships. To systematise public finance legal relationships, the thesis employs its own typology, which, based on the source of funding and the form it takes within the public finance system, enables a consistent examination of constructions of differing legal nature.

The first part also defines the two fundamental categories of assessment for the subsequent critical analysis: legal legitimacy in public finance and internal coherence. These concepts are not independent legal principles, but rather analytical criteria applied by the thesis. This part also presents the main models of the relationship between the state and the church, and then, through a historical overview of the law, explores the changes that led to the development of the current Hungarian church funding system.

Part 2 examines the legal foundations of church funding. Firstly, it defines the constitutional and public finance legal framework for state funding of churches, with particular regard to freedom of religion, ecclesiastical autonomy, the state's ideological neutrality and the requirement of equal treatment, as well as the constitutional protection of public funds and national assets. It then reviews the current body of law relevant to church funding: regulations governing ecclesiastical law, public finance, tax law, property law and sector-specific legislation, as well as the legal framework for agreements between the state and the churches. This exploration of the normative framework is supplemented by a presentation of the relevant case law of the Constitutional Court, the ordinary courts, the European Court of Human Rights and the Court of Justice of the European Union.

Finally, the second part systematises the constitutional and public finance law requirements against which the legal relationships of funding can subsequently be analysed and assessed. These requirements do not apply with the same content in all funding arrangements: the differing legal nature of budgetary support, tax law arrangements and allocations from national assets may give rise to different specific requirements.

Part 3 outlines the structure and operation of the current Hungarian church funding system. At this stage, this part does not yet assess or evaluate the regulations, but rather explores the forms of funding, the legal relationships associated with them, their participants, subject matter, purpose, origin and content. In the context of autonomous funding, it focuses in particular on religious contributions, donations, income derived from economic activities and the utilisation of assets, as well as foundation and other private-law sources. In the context of public finance, it discusses separately budgetary expenditure-side, revenue-side and asset-based forms of funding, as well as European Union and other forms of international public finance.

The third part examines separately the systemic role of agreements between the state and the churches, as well as the legal relationships concerning reparations arising from the historical settlement of church property. The presentation of the latter is justified by the need to distinguish them from legal relationships concerning church funding: whilst their fulfilment may involve public funds or national assets, their primary purpose is to settle past property-related grievances, rather than to finance the churches' current operations or the performance of their duties. Finally, this section examines the guarantee and control mechanisms associated with the current funding system.

Part 4 carries out a dogmatic analysis under public finance law of the regulations outlined above. It begins by defining the characteristics of public funds and national assets under public finance law, and then, on this basis, analyses the legal nature of the various state funding relationships. It examines separately the legal relationships concerning the expenditure side of the budget, tax exemptions and tax reliefs, the *sui generis* legal relationship regarding the disposal of a specified portion of personal income tax, and financing carried out at the expense of national assets.

The central question of the dogmatic analysis is to explore what public law obligations are attached to the various legal relationships of financing, on what legal basis they arise ( ), what constitutes their content, how long they remain in force, and when they cease to exist. Within this framework, this section specifically analyses the termination of the funding legal relationship, as well as the legal status of the value replacing the transferred asset (*surrogatum*) and its benefits (*fructus*). The task of the fourth section is dogmatic reconstruction. The assessment of the adequacy of the regulatory solutions identified is not carried out here, but in the subsequent critical section.

Part 5 provides a comparative legal foundation for European models of church financing. The analysis reconstructs the selected foreign systems by applying the conceptual and dogmatic categories previously established in the thesis. Among the Western European examples, Germany, Italy and France are examined; amongst the Central European systems, Austria, Poland, the Czech Republic and Slovakia are analysed. The comparison focuses on financing techniques, the role of the state, public law obligations and guarantees relating to financing, and the fiscal implications of financing.

The aim of this section is not to evaluate foreign systems or to assess the applicability of any particular model in Hungary, but rather to provide an objective presentation of comparable regulatory solutions. A critical comparison of these models with Hungarian regulations will therefore only take place in the following section.

Part 6 carries out a critical assessment of state funding of churches. The analysis is based on the constitutional and public finance law requirements identified earlier, as well as on the funding arrangements and public law obligations reconstructed in Section 4. It first assesses the legitimacy of state funding of churches under public finance law, and then the internal coherence of the regulatory framework. It subsequently examines in detail the relationship between the public law obligations and the system of guarantees ensuring their enforcement.

The critical analysis of the system of safeguards aims to determine whether, for each public law obligation, there are safeguards in place suitable for monitoring and enforcing compliance, through which institutional and supervisory mechanisms these are enforced, and whether the intended purpose of the grant, the relationship between the public law obligation and the guarantee ensuring its enforcement, is maintained. A separate issue of investigation is the scope of state control and the limits of ecclesiastical autonomy. Based on the critical analysis, regulatory problems do not generally stem from differing financing or guarantee arrangements, but primarily from cases in which the classification, duration or material scope of a public-law obligation cannot be clearly determined.

The final chapter of the critical section provides a comparative legal analysis. In doing so, it does not repeat the country models presented in Part Five, but compares foreign experiences with Hungarian regulations from the perspectives of the normative definition of funding relationships, the relationship between public law obligations and funding techniques , the scope of state control, and ecclesiastical autonomy. Based on this comparative legal analysis, the mixed funding structure of the Hungarian system cannot in itself be regarded as a shortcoming. The critical question is whether, in each legal relationship, the legal basis for funding, the associated public law obligations and the scope of state control can be clearly defined.

Part 7 summarises the findings of the research and sets out the *de lege ferenda* recommendations. It begins by evaluating the hypotheses formulated at the outset of the research and provides answers to the central research questions. Based on the findings, church funding cannot be understood as a single legal institution, but rather as a system of interrelated funding legal relationships of differing legal nature; the regulatory differences between them do not in themselves constitute a lack of coherence.

The reform programme based on this is two-tiered. The system-level proposals concern the normative demarcation of public finance legal relationships, the termination of the legal relationship, the substantive continuation of public law obligations, control and enforcement guarantees aligned with these obligations, the demarcation of independent statutory supervisory powers arising from the funding relationship, and the clarification of transparency and justification requirements for funding decisions based on individual assessment. In contrast, the legal relationship-specific proposals set out amendments only for those funding arrangements where the critical review revealed specific regulatory uncertainties. This section deals specifically with the legal framework for autonomous funding and, finally, examines possible legislative solutions for the normative implementation of the reform. The aim of the reform is not to homogenise the various funding legal relationships, but to resolve the specific regulatory problems identified during the research.

The seven parts of the thesis thus form a sequential analytical process. The first three parts define the conceptual, normative and positive legal foundations of the research, the fourth part, building on these, reconstructs the legal doctrine of state church funding under public finance law, the fifth part provides the foundations for comparative law, the sixth part carries out a critical evaluation of Hungarian legislation, and the seventh part systematises the findings and, building on them, formulates targeted *de lege ferenda* proposals.

6. An evaluation of the research hypotheses in the light of an analysis of the church financing system

Based on the thesis's examination of dogmatic, public finance law, constitutional and comparative law aspects, the hypotheses formulated at the outset of the research were partly confirmed, whilst others required clarification or were rejected:

1. The research did not confirm the hypothesis that, despite fragmented regulation, church funding can be regarded as a unified legal institution.

Church funding consists of several funding arrangements of differing legal nature. A distinction must be made between state-originating, public finance funding arrangements and those relating to the churches' autonomous fundraising. Within state funding, a further distinction exists between budgetary subsidies, tax law arrangements, personal income tax provisions and allocations from the national wealth. Owing to these differences, church funding cannot be interpreted as a single legal institution, but rather as a system of interrelated funding relationships.

2. The research confirmed the hypothesis that a legal analysis of state funding for churches under public finance law cannot be limited to direct budgetary expenditure.

The impact on public finances may manifest itself on the expenditure side of the budget, through arrangements affecting tax revenues, and also at the expense of the national wealth. This justifies the inclusion, alongside budgetary subsidies, of tax exemptions and tax relief, the personal income tax provision, and the transfer of national assets free of charge within the scope of the public finance legal analysis. Compensation intended to redress historical expropriations, however, cannot be classified as church funding despite its impact on public finances, as its purpose is not to finance the operation of the church or the performance of its duties.

3. The research has partially confirmed the hypothesis regarding legitimacy under public finance law.

The constitutional justification for state funding of the church cannot be derived solely from freedom of religion, from cooperation between the state and religious communities, or from the state origin of the grant. The legitimacy of individual funding arrangements requires an identifiable legal basis and a purpose in the public interest, to which are linked public law obligations appropriate to the nature of the arrangement in question, together with guarantees ensuring their enforcement. However, the research did not confirm that these obligations and guarantees must be applied with identical content in all funding relationships.

4. The research partially confirmed the hypothesis regarding a lack of internal coherence in the regulations.

Regulatory differences between funding relationships do not in themselves constitute a lack of coherence. Different public law obligations and guarantees may be attached to budgetary support, tax relief, personal income tax provisions and asset transfers, provided this is justified by the legal nature and purpose of the relationship in question. The critical analysis identified specific shortcomings primarily where the classification, duration or material scope of a public-law obligation cannot be clearly established. This includes, in particular, the determination of the termination of a financing legal relationship, as well as the legal status of *surrogatum* and *fructus*.

5. The research confirmed the hypothesis that autonomous funding relationships have indirect public finance significance.

Autonomous sources are not public finance legal relationships; therefore, public finance control cannot be extended to their use merely on the basis of the legal status of the ecclesiastical legal entity. At the same time, the extent of autonomous revenue generation influences dependence on state funding and, through this, the structure of the church financing system as a whole. This indirect link, however, does not alter the nature of autonomous revenues as falling within the scope of private law or ecclesiastical autonomy.

7. Answers to the key questions at the heart of the research

The following answers can be given to the six central questions at the heart of the research:

1. What constitutes church funding, and within what financial legal framework can state funding of the church be understood?

The research defined the concepts of church funding and the church funding system, and distinguished between state-sourced and autonomous funding arrangements. State church funding is not a single legal institution, but rather a collection of public finance funding arrangements of differing legal nature. Their joint treatment is justified not by regulatory similarity, but by the fact that in all cases a financial or property-related effect of state origin can be identified, along with the associated public-law obligations and the related issues of supervision and enforcement.

2. Which funding arrangements fall within the scope of state funding of churches?

The research distinguished between financing arrangements on the expenditure side of the budget, schemes based on tax exemptions and tax relief, the *sui generis* legal relationship involving the allocation of a specified portion of personal income tax, and benefits provided from national assets. The differing regulatory techniques applied to these legal relationships do not, in themselves, justify the application of obligations or guarantees of the same nature. At the same time, compensation for historical confiscations of property does not serve to finance the churches' current operations or the performance of their duties; therefore, given its reparatory purpose, it does not fall within the scope of church funding.

3. Under what conditions can state funding of churches be considered legitimate from the perspective of public finance law?

According to the research, each funding arrangement must be linked to an identifiable legal basis and a purpose in the public interest. A further condition of legitimacy is that the content of the resulting public-law obligations must be definable, their fulfilment verifiable, and any breach legally enforceable. The content of these requirements may be adapted to the differing nature of individual legal relationships; it is not necessary for the same safeguards to apply to all forms of funding.

4. To what extent is the current state regulation of church funding coherent?

The investigation did not confirm that the diversity of funding techniques in itself results in a lack of coherence. A significant proportion of the discrepancies stem from the specific characteristics of budgetary, tax and property law arrangements. Regulatory problems arise where the content, expiry date or material scope of a public-law obligation cannot be clearly defined. The most important such issues are the termination of the funding relationship and the legal status of *the surrogatum* and the *fructus*.

5. What is the role of autonomous funding relationships within the church funding system?

Autonomous funding relationships do not fall within the scope of public finance; therefore, their use cannot, in itself, be subject to state control over public finances. Their indirect significance in terms of public finance, however, lies in the fact that the extent of autonomous fundraising influences the degree of dependence on state funding and, consequently, the structure of the church funding system as a whole.

6. What de lege ferenda regulatory approach follows from the research findings?

The research has not demonstrated the need for a new funding mechanism or for the establishment of uniform regulations applicable to all legal relationships. The reform must focus on those issues where the critical analysis has identified actual regulatory uncertainty. These include, in particular, defining the termination of the funding legal relationship, clarifying the extent to which public law obligations apply to *surrogatum* and *fructus*, specifying the limits of state oversight regarding religious income, the consistent application of control and enforcement rules in line with public law obligations, and the clarification of the transparency and justification requirements for funding decisions based on individual assessment. At the same time, differences specific to the legal relationship must be maintained where justified by the legal nature of the funding arrangement in question.

8. The academic findings of the research

1. The thesis defines the concept of church funding and the church funding system in a manner suitable for analysis under public finance law, and distinguishes between autonomous and public finance funding.

According to the findings of the research, church funding cannot be regarded as a single, uniform legal institution, but is composed of a system of interrelated funding legal relationships and forms of funding of differing legal nature. Accordingly, a distinction must be drawn between state funding and other forms of public finance on the one hand, and autonomous funding based on the churches' own revenue-generating capacity, assets and private-law relationships on the other.

2. This thesis develops its own typology and a public finance legal analysis model for examining the legal relationships of differing legal nature within state church funding.

The analytical model does not proceed from the assumption that all funding arrangements share the same legal nature, but rather from the premise that they can be consistently examined – based on common dogmatic criteria, in particular the source of funding, the legal basis of the relationship, the structure of the parties involved, its subject matter, purpose, content, public law obligations and guarantees – they can be consistently examined and distinguished from one another. The common analytical model therefore serves not to homogenise the legal relationships, but to systematically explore their legal characteristics.

3. The thesis demonstrates that the legal examination of state funding for churches under public finance law cannot be limited to direct budgetary expenditure.

The impact on public finances may manifest itself on the expenditure side of the central budget, through arrangements affecting tax revenues, and also at the expense of the national wealth. The source of funding determines the applicable constitutional and public finance legal framework, but does not in itself determine the legal nature of the specific funding relationship or its public law obligations. This requires an examination of the legal basis, purpose, structure and content of the legal relationship.

4. The thesis makes a dogmatic distinction between church funding arrangements linked to the revenue side of the budget.

The thesis classifies arrangements based on tax exemptions and tax relief as tax law relationships that fulfil a financing function and have an impact on public finances, the legal nature of which remains that of tax law. This is distinct from the provision concerning a specified portion of personal income tax, where, on the basis of the taxpayer's choice, the state makes an actual monetary payment to the church beneficiary, whilst no state decision on the allocation of support is made regarding the selection of the beneficiary. On the basis of this dual characteristic, the thesis classifies the personal income tax allocation as a sui generis public finance funding relationship.

5. The thesis develops a distinct dogmatic category of public-law constraints and defines its function within the funding relationship.

A public-law constraint denotes a specific condition, obligation or restriction within a given financing legal relationship that is based on an identifiable normative foundation under public law. Such constraints cannot be automatically derived merely from the public-finance origin of the funding, the former state ownership of national assets, or the legal status of the ecclesiastical legal entity. Their content and scope are determined by the legal basis, purpose and legal nature of the specific funding relationship.

6. The thesis draws a dogmatic distinction between public-law constraints and the state's powers of control.

Binding under public law determines which conditions, obligations or restrictions must be met within the funding relationship, thereby defining the potential scope of supervision. However, it does not in itself give rise to a state right of supervision. The supervisory body's powers require a separate statutory authorisation. Separate statutory supervisory powers may therefore continue to exist even after the termination of the funding relationship, without this implying the continuation of the funding relationship or the public law obligation that has already ceased to exist.

7. This thesis defines the dogmatic criteria for the termination of a funding relationship under public finance law.

The existence of a funding relationship under public finance law is not synonymous with the duration of the provision of financial or property-related benefits. According to the dogmatic conclusion of the research, the legal relationship may be regarded as terminated when the last public-law obligation arising directly from it also ceases to exist. This is not a general rule of termination expressly laid down in current law, but a dogmatic criterion reconstructed from the specific provisions.

8. The thesis defines the dogmatic basis for the assessment, under public finance law, of the value replacing the transferred asset (*surrogatum*) and its benefits (*fructus*).

According to the findings of the research, the public-law obligation associated with the original grant does not automatically extend to the substitute asset or its proceeds, whether on the basis of the asset's prior public-finance origin, the economic relationship, or civil-law subrogation alone. For the obligation to continue to apply, an identifiable legal basis under public law is required, and it must follow from the material scope of the applicable legislation that the obligation also extends *to* the *surrogatum* or the *fructus*.

9. The thesis distinguishes between state funding of the church and reparations for historical expropriations.

Compensation relating to historical expropriations, regardless of its impact on public finances and, where applicable, the method of budgetary or financial settlement, does not constitute a legal relationship involving church funding. The decisive criterion for this distinction is the legal basis and primary purpose of the legal relationship: reparation is aimed at redressing past financial wrongs, whilst state funding for churches is aimed at ensuring the financial conditions for a church's current operation, activities or the performance of its duties.

10. This thesis sets out the criteria for assessing the legal legitimacy of state funding of churches under public finance law.

The legitimacy of state funding of churches cannot be derived solely from freedom of religion, the constitutional possibility of cooperation between the state and religious communities, or the state origin of the grant. Each funding arrangement must be linked to an identifiable legal basis and a purpose in the public interest; furthermore, there must be public law obligations appropriate to the nature of the arrangement in question, together with guarantees suitable for ensuring their enforcement. At the same time, legitimacy does not require all funding relationships to have obligations and control mechanisms of the same content.

In this context, the research also establishes that state funding based on individual discretion is not, in itself, a problem under public finance law. The condition for the acceptability of such discretion is that its legal framework and substantive criteria can be identified, and that the funding decision can be legally justified retrospectively.

11. The thesis defines the legal-relationship-specific assessment criteria for the internal coherence of state funding of churches.

According to the findings of the research, differences in funding techniques, legal sources, public law constraints and guarantee mechanisms do not in themselves constitute a lack of coherence. Funding legal relationships of differing legal nature may justify differing regulation. A lack of coherence can be established if the divergence cannot be attributed to the specific characteristics of the legal relationship, or if the classification of the legal relationship, the content of the public law obligation, its temporal or material scope, or the relationship between the obligation and the guarantee of supervision or enforcement cannot be determined with sufficient clarity.

The research thus also confirms that the structural pluralism of the Hungarian system is not in itself a functional incoherence; the subject of the assessment is whether the form of funding, the purpose, the legal nature of the legal relationship and its public-law content are consistent with one another.

12. The thesis defines the indirect public finance significance of autonomous funding and the limits of this significance in legal doctrine.

Autonomous funding legal relationships do not fall within the scope of public finance; therefore, no public law obligations or state financial control may be attached to autonomous resources merely because the same ecclesiastical legal entity also receives state funding on a different legal basis. At the same time, the capacity to generate autonomous revenue may influence the degree of dependence on state funding and, through this, the funding structure of the church financing system as a whole. However, this systemic relationship does not alter the legal nature of autonomous revenue.

9. Conclusions of the research de lege ferenda

The findings of the research do not justify a complete re-regulation of state church funding or the standardisation of differing funding arrangements. The reform is aimed at resolving the specific regulatory uncertainties identified by the dogmatic and critical analysis. The specific rules governing funding arrangements of a different legal nature must be maintained, provided that the difference is justified by the legal nature or purpose of the arrangement in question.

1. Clarification of the normative demarcation of public finance funding relationships.

It is necessary to clarify the criteria for distinguishing between the main types of legal relationships governing state funding of churches. Legal relationships involving funding from the expenditure side of the budget, tax law relationships based on tax exemptions and tax relief, the *sui generis* legal relationship under the personal income tax provision, and allocations from national assets must be distinguished on the basis of their legal basis, source, subject matter and purpose. Autonomous funding, as well as reparations for historical confiscations of assets from state church funding, must also be defined in law.

2. The statutory definition of the termination of the funding relationship.

It is appropriate to establish the common criterion whereby the public finance funding relationship is terminated when the last public-law obligation arising directly from it ceases to exist. Specific rules must continue to define the content and duration of individual obligations on a case-by-case basis. The aim of the reform is not to standardise these, but to clarify the point at which the legal relationship is terminated.

3. Regulation of the continued existence of public-law obligations.

The legislation must clearly define the legal basis and scope within which an existing public-law obligation may pursue the value replacing the original asset (*surrogatum*) or the proceeds thereof (*fructus*). Such continuation cannot be based solely on the previous public financial or state origin, nor may it extend beyond the period during which the original public-law obligation existed.

4. Ensuring safeguards for monitoring and enforcement in line with public-law obligations.

Every existing public-law obligation must be accompanied by oversight and enforcement mechanisms which have an appropriate legal basis and are tailored in content and scope to the obligation being monitored. There is no justification for establishing a uniform reporting, audit or sanction system for all funding relationships; the legal consequences applied must also be tailored to the nature of the specific relationship and the obligation that has been breached.

In this context, the audit of funding relationships must also be legally distinguished from the independent statutory audit powers of state bodies. The latter may continue to exist even after the financing legal relationship has been terminated, but it must not give rise to a new public-law obligation, nor may it retrospectively extend the scope of the financing legal relationship.

5. Strengthening the transparency of funding decisions based on individual assessment.

The aim is not to exclude individual or discretionary funding decisions, but to place them within a legally verifiable framework. The regulations must ensure that, in addition to the legal basis, beneficiary, subject matter and amount of the decision, the substantive criteria for the selection of the beneficiary and the level of the grant can also be reconstructed retrospectively.

6. Targeted resolution of regulatory uncertainties specific to legal relationships.

In the case of budgetary subsidies, it is primarily necessary to clarify the temporal limits of the funding relationship, as well as the maintenance, usage and other public-law obligations that remain in force following financial settlement. In the case of religious funding, the reform should not aim to extend state control, but rather to clarify the classification of religious and non-religious income, as well as the associated limits on scrutiny. In the case of asset-based funding, it is particularly necessary to clarify the temporal and material scope of the restrictions, the status of *surrogatum* and *fructus*, and the settlement procedures applicable upon the return of assets – including the treatment of value-enhancing investments made from church funds.

With regard to the personal income tax provisions, as well as tax exemptions and tax reliefs, the critical review did not reveal any independent, legal-relationship-specific regulatory shortcomings that would justify a fundamental overhaul of the current arrangements.

7. Opportunities for encouraging autonomous funding.

One possible avenue for strengthening autonomous fundraising is the review of tax incentives relating to donations, as well as the creation of a technology-neutral and adequately documentable regulatory environment for digital donations. However, such incentives must not alter the private-law and autonomous nature of donations, nor may they provide a basis for state control over their subsequent use.

8. The normative implementation of the reform.

The reform can be achieved either through a new, standalone law dealing exclusively with common issues affecting multiple legal relationships, or through the coordinated amendment of the existing regulations governing church affairs, public finance, tax law and property law. The findings of the research do not necessarily imply the need to draft a new code on church financing. What is crucial is that the uncertainties identified are resolved by norms that are consistent with one another.

The constitutional limits on reform are set by the requirements arising from church autonomy, ideological neutrality, and the protection of public funds and national assets; furthermore, Hungary's obligations under international law must also be taken into account.

10. Publications

Ildikó SZABÓ – Bernadett SZÓLLÁTH: *Church finance, the system of church funding and its legal regulation in an international perspective*, International Journal of Science and Research Archive (2582-8185) 20 1 pp 533–545 (2026)

Bernadett SZÓLLÁTH: *Death benefits in favour of the Church: implications under civil and ecclesiastical law*, German International Journal of Modern Science (2701-8369 2701-8377): Vol. 132, pp. 23–32 (2026)

Bernadett SZÓLLÁTH: *Death benefits in favour of the Church: implications under civil and ecclesiastical law,* World Journal of Advanced Research and Reviews (2581-9615): 1 pp 291–301 (2026)

Bernadett SZÓLLÁTH: *Responsible church financial management. Transparency and accountability – new foundations of trust* IN*:* Zoltán LITERÁTY (ed.): Money and the Church, Budapest, Dunamelléki Reformed Church District, pp. 178–196 (2026)

Bernadett SZÓLLÁTH: *Church criteria for good governance,* Confessio – The Journal of the Reformed Church in Hungary (0133-8889 2631-1097): 48 3, pp. 68–75 (2024)

Bernadett SZÓLLÁTH: *Financial and technological innovations in church financing*, Infokommunikáció és Jog (1786-0776): Issue 85, pp. 36–42 (2026)

Bernadett SZÓLLÁTH: *New Asset Management Models. Fiduciary Asset Management and Asset Management Foundations in Hungary* IN: Tibor Nochta (ed.): Annual Review of Central and Eastern European Civil Law 2025, Partium Kiadó, pp. 271–281 (2025)

Bernadett SZÓLLÁTH: *Public Service: The Christian Ethics of Governing the Interstitial Period,* Glossa Iuridica (2064-6887 2061-0556): Vol. 11, No. 3–4, pp. 219–234 (2024)

+++