



Loss of Profits of a Service Company Following Its Expropriation

SITUATION

A producer and distributor of prepaid vouchers, mainly luncheon vouchers, had been operating in Hungary for 15 years, when Hungary introduced a new tax law, effective January 1, 2012.

This new law had two main impacts: the creation of a new type of paper voucher to be issued by the government and the modification of the applicable taxation rules to the detriment of non-Hungarian issuers. In parallel, Hungary introduced a new card system under regulations that excluded other non-Hungarian issuers due to its very restrictive conditions.

These various actions by Hungary eventually led to the expropriation of the company.

OUR ROLE

FTI Consulting was instructed to estimate the damages suffered by the company following its illegal expropriation.

Our analysis considered the following aspects:

- a market analysis of the employee benefits voucher sector in Hungary;
- the impact of potential dematerialisation of prepaid vouchers;
- the high exposure of this industry to any legislative changes; and

- the loss of revenue of a subsidiary of the company, which produces and supplies the vouchers.

We prepared two financial expert reports which were submitted along with the Claimant's statements, and our expert gave oral testimony at the hearings.

OUR IMPACT



We have extensive experience of quantifying damages suffered as a result of expropriation.

We have analysed the loss suffered by the Claimant in all its components and made a robust and documented quantification.

The Tribunal awarded to the Claimant a compensation in an amount equal to the quantification estimated by FTI Consulting.



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