



KOVÁCS RÉTI SZEGHEŐ
ATTORNEYS AT LAW

Labour Law Newsletter December 2016



Rules regarding employment will be changed till 2018

In our newsletters, we continuously report on legislative changes concerning the world of work. We summarise the most important changes, which have recently entered or will enter into force, in the table below.

STAND-BY EMPLOYMENT	18. 06. 2016, 01. 01. 2017
TERMINATION NOTICE CAN BE WITHDRAWN, PROTECTION AGAINST DISMISSAL (FATHER)	18. 06. 2016
EMPLOYEE IN EXECUTIVE POSITION	18. 06. 2016
DELEGATION, LABOUR INSPECTION	18. 06. 2016
LABOUR SAFETY REPRESENTATIVE, LABOUR SAFETY ACT	07. 08. 2016
DECREE OF THE MINISTER OF LABOUR NO. 5/1993. (XII.26.) MŰM: ACCIDENTS AT WORK, PERSONS QUALIFIED IN HEALTH AND SAFETY ETC.	23. 09. 2016, 01. 01. 2018
STUDENT EMPLOYMENT SERVICES	01. 09. 2016
COMPENSATORY REST PERIOD	01. 01. 2017

- http://adozona.hu/munkajog/Itt_vannak_a_nyari_legfontosabb_mu_nkajogi_v_8R8WJ8
- http://adozona.hu/2016_os_valtozasok/Jol_megdolgoztathatok_a_diakmunkasok_hezago_4BVVJD

Cafeteria rules undergoing significant changes

Fringe benefits can be considered as a traditionally popular form of benefits in Hungary. However, we need to relearn the rules.

Popular forms of benefits such as Erzsébet-voucher, workplace catering, school start allowance, local travel pass, expenses of a training in a school type system assumed by the employer, furthermore contributions to voluntary mutual pension saving fund, to health saving fund, to self-administrative fund will be taxed less favourably next year, with health contribution (eho) of 27% to be paid instead of 14%. The reason is that all fringe benefits will be qualified as "certain specified benefits" from 1 January 2017. Relevant tax burdens are expected to be as follows: correction of tax base of 1.18%, personal income tax of 15%, and health contribution of 27%. According to the plans, the value of health contribution will be gradually decreased (27%, 22%, 20%). However, several new elements

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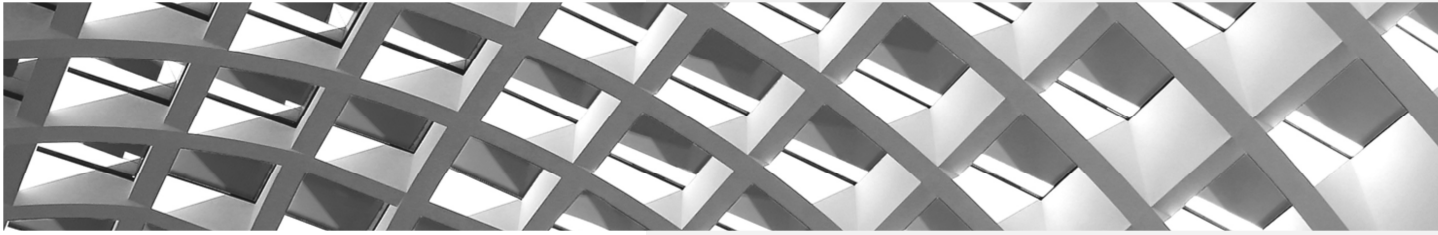
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will be introduced next year: cash benefit can be given up to the amount of HUF 100.000, health care service as well as housing allowance to facilitate mobility can be provided too.

The payroll accounting of public holidays causes problem to numerous employers

Significant wage supplement must be paid to the employees for work on public holiday, and both parties are usually aware of it. In certain cases, at the same time, absentee pay must be paid to the employee even if he has not performed any work. If he performed work on such a day then he may be entitled to his wage of 3 days.

The law exactly specifies all the cases when work can be ordered on public holidays. The employer can easily check it under Section 102 of the Labour Code. In such cases, supplement wage of 100% must be paid under Section 140 (4) of the Labour Code. At the same time, Section 146 of the Labour Code orders as such that the employee paid in hourly wage or incentive pay are also entitled to receive absentee fee to be compensated for his worktime decreased due to public holiday provided that the public holiday falls on a working day under general work schedule. It is important that employees who get paid every month are not entitled to absentee pay on this legal ground. Those who are entitled to such payment will receive entitlement due to the days of short-time rather than their work performance. If they also perform work, they are

entitled to receive wage, wage supplement and absentee pay to compensate their time days of short-time, totalling to three-fold wage.

- http://adozona.hu/munkajog/Kozelgo_es_sokasodo_munkaszuneti_napok_ki_d_ISH8KL

Minimum wage will significantly increase in several stages

The level of domestic minimum wage is significantly below the EU average; moreover it does not even reach the level in the neighbouring countries. As a result of a planned, two-stage increase, the minimum wage will not only significantly increase but will also reach subsistence level.

The parties to an employment contract may freely agree on numerous issues but there also are essential exceptions to it. One of them is the requirement specified in Section 136 (1) of the Labour Code that at least the minimum wage must be specified as basic wage in the employment contract. The government is entitled to establish the amount and effect of the compulsory minimum wage in a decree under Section 153 of the Labour Code, when it is also possible to establish compulsory minimum wage in different amounts for certain groups of employees. Accordingly, increased minimum wage exists in Hungary, which is called guaranteed minimum wage and the gross amount of which is currently HUF 129,000 per month. It will be sharply increased in the next two years, by

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25% expected next year. Albeit, the minimum wage will also substantially increase but not so drastically.

	Present	From 01 01 2017	From 01 01 2018
Gross wage			
Public employment wage	79.155	79.155	79.155
Minimum wage	111.000	127.650	137.862
Guaranteed minimum wage	129.000	161.250	180.600
Net wage			
Public employment wage	51.847	51.847	51.847
Minimum wage	73.815	84.887	91.678
Guaranteed minimum wage	85.785	107.231	120.099

According to the standpoint of the government, the increase of public employment wage is not an objective since the purpose of the scheme is to urge these persons to participate in the labour market. An increase in public employment wages would remove this incentive from the system. Furthermore, the government also promised a reduction in taxation and contributions in several stages simultaneously with the increase of minimum wage.

- <http://www.hrportal.hu/hr/megvalosul-a-minimalber-emeles--nohet-a-reszmunkaido-es-mas-trukkok-aranya-20161123.html>

The number of public holidays may increase next year

The government decision was made that Good Friday will be a public holiday; however, it is not set in stone. Let's see how the current situation looks:

Sunday, 01 January 2017 New Year's Day

Wednesday, 15 March 2017 National Holiday

Friday, 14 April 2017, Good Friday, Friday before Easter (long weekend)?

Monday, 17 April 2017, Easter Monday, the first day of the week after Easter Sunday

Monday, 01 May 2017 Labour Day (long weekend)

Monday, 05 June 2017 Whit Monday (long weekend)

Holiday of King Saint Stephen, the Founder of the State falls on Sunday, 20 August 2017

Monday, 23 October 2017 the Anniversary of the Hungarian Revolution of 1956 (long weekend)

Wednesday, 1 November 2017 All Saints Day (long weekend)

Sunday, 24 December 2017 Christmas Eve

Monday, 25 December 2017 Christmas Day

Tuesday, 26 December 2017 Second day of Christmas

- http://adozona.hu/munkajog/Kozelgo_es_sokasodo_munkaszuneti_napok_ki_d_ISH8KL

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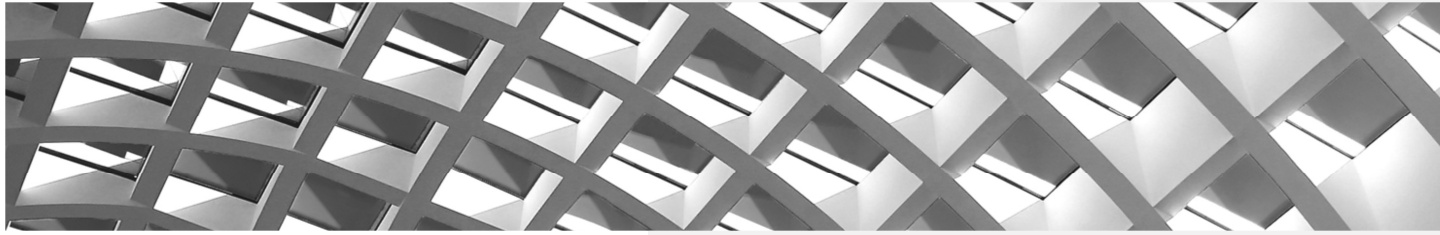
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Annual leave of employees must be granted, otherwise penalty may be imposed

The Labour Code includes clear provisions in respect of that, as a general rule, annual leave must be also granted to the employee in a particular year. The transfer of vacation time to the following calendar year is possible in exceptional cases. The basic rule is that no payment can be made in lieu of vacation days unless employment is terminated. The attention of employers must be drawn that they are liable for granting or not granting the leave, thus they cannot refer to that the employee did not request them to grant the portion of her/his annual leave s/he is allowed to take at her/his own discretion or the vacation days are expired as they have not been granted.

- <http://www.hrportal.hu/hr/hogyan-lehet-attolni-a-szabadsagot-a-jovo-evre-20161114.html>

Tightening labour and occupational safety inspections will follow

The first phase of **labour inspections** to take place in spring 2017 is aimed at enforcing compliance with the legal requirements relating to the issue of certificates to be handed out to employees in relation of the termination of their legal relationship for employment, , as well as regarding the actual settlement of accounts relating to the termination of employment. The inspections scheduled for June-July 2017 will examine the scope of simplified employment and casual

employment. Finally, personal and property protection will be dealt with from October to November 2017. **In the field of occupational safety**, the Authority will closely examine the building construction activity in the second quarter of 2017. The reason is that the rate of major work accidents is particularly high in this sector as well as a significant number of employees work under conditions exposed to harmful effects. This will be followed by the inspection of employment of disadvantaged persons in the third and fourth quarter of 2017 and the inspection of employers in the commercial sector in the last quarter. It is essential that the imposition of heavy fines is also possible within the framework of both labour and occupational safety inspections.

- <http://www.hrportal.hu/hr/fokozodo-munkaugyi-ellenorzések---erre-kell-2017-ben-szamítani-20161125.ht>

You can find further interesting analyses in the abovementioned topics in the actual issue of Válaszadó.

- http://static.hvgrt.hu/adozona/Adozona_Valaszado_2016_12.pdf

If you have any question, please feel free to contact us:

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