

**The rules governing the protection of wages are based on ILO C95 Convention concerning the protection of wages which were promulgated by Act LIV of 2000 and also contained in the Labour Code**

It is the basic responsibility of employers to pay wages. Therefore, in case of contracts of employment to be made with more than one employer, it is the requisite for validity to designate the employer that is obligated to pay wages (however, employers have joint and several liability for it). In addition, I would like to point out again that the basic salary which must be designated in the written contract of employment and the wage including all benefits are not the same. Here, we are talking about the latter one.

Claims for wages may arise under legislation (Labour Code), collective bargaining agreement, unilateral act of the employer (Section 16 of the Labour Code), but never under works council agreement (Section 268 of the Labour Code) as wage issues may not be validly regulated in such agreement. Wages must be determined and paid in HUF except for work abroad. It implies a few important things. On the one hand, the rules governing severability must be applied to the determination of wages in foreign currency; namely, it must be converted and paid at the valid exchange rate quoted by the National Bank of Hungary on the date when wages are paid. The amount of increase, however, can be adjusted to the change in the exchange rate of any currency. Another implication is that no wages may be validly paid, in whole or in part, as in-kind benefit or voucher. The former Labour Code still allowed a limited scope for this purpose. Another issue is that in enforcing the principle of equal pay for equal work, all kinds of wage elements must be uniformly examined. As at that point we examine whether everyone has received the same amount as a whole for the works we consider equal.

Wages must be paid in cash or by wire transfer to bank accounts. These methods of payment are treated as equivalent in the Labour Code. If wages are paid by wire transfer to employees, the related costs shall be borne by the employer. The costs for transfer to a foreign account shall be reimbursed only to the amount of cost accrued when remitting to a Hungarian account. It covers one-time cash withdrawal and possibly the opening of a bank account. The place of payment in cash shall be the place of work or the premises of the employer. On the other hand, payment of wages at the premises may not place a disproportionate burden on the employees under Section 6 of the Labour Code and the time s/he spends travelling to the premises shall be included in the hours of working in this respect (as wages must be paid in cash during office hours). In addition, wages may only be paid to the employees or the person authorised by them.

Wages shall be paid each month in arrears at least on one occasion. However, it may be varied if agreed by the parties or provided in the collective bargaining agreement. The employer, however, may not unilaterally depart from it. Accordingly, it is possible to



make an agreement for a longer period of time. The Labour Code requires only in the case of piece rate workers that monthly advance payment must be paid prior to or on the 10<sup>th</sup> day of the ensuing month. The amount of the advance payment is not less than the half of the basic salary which can also be less if provided by the collective bargaining agreement, and can be more if regulated in the contract of employment. The Labour Code also requires that wages must be paid prior to or on the 10<sup>th</sup> day of the ensuing month and contemporaneously thereto a detailed statement of accounts must also be provided to the employees. The accounts shall be settled in a way that wages, wage elements, reductions and the accuracy of the same can be identified.

It can also turn out that the payment or the settlement of accounts has not been properly effected. The reason behind it can be either absence or extra work (overtime). In such a case, the adjustment must be made together with the next month's wage also in respect of wages and settlement of accounts. On the other hand, it is an important rule that the parties and the collective bargaining agreement may also depart from, or even ignore, the rules for settlement of accounts (similarly to the due date of the payment of wages). Employees, however, may not validly waive their wage claim by a unilateral notice.