

The primary objective of this chapter is to collect and briefly present all the information related to labour affairs, the labour market and labour legislation in Hungary. This collection of information shall provide assistance to young people intending to work during or after their studies.

The collection of “**Labour market information**” responds briefly the following questions and indicates the access for the sources containing further information:

WHERE DO I HAVE THE OPPORTUNITY TO WORK?

- general information on the Hungarian labour market
- information resources for vacancies/job announcements

HOW MUCH CAN I EARN?

- wages: minimum wage, guaranteed wage minimum, average wage of some professions
- taxes paid by employees

HOW CAN I BE EMPLOYED?

- work permit / employment without permit
- stay
- health insurance
- taxation

WHAT KIND OF LABOUR MARKET Assistance AND SERVICES PROVIDE HELP TO GAIN EMPLOYMENT? WHAT KIND OF BENEFITS AM I ELIGIBLE TO AFTER A CERTAIN PERIOD OF EMPLOYMENT?

- labour market allowances and benefits
- labour market services
- job-seeking benefits
- labour market organizations

The chapter on “**The Basics of Labour Law – possible forms of employment**” summarises:

- the regulation on the various forms of employment
- the handling of employment complaints

The English version of the referred acts/legislation is available at:

<http://www.lexadin.nl/wlg/legis/nofr/eur/lxwehun.htm>

## GENERAL INFORMATION ON THE HUNGARIAN LABOUR MARKET

This chapter provides access to the information resources of the Hungarian labour market.

Statistical data and information related to the Hungarian labour market are available in English on the website of the National Employment Service. Go to:

[www.afsz.hu](http://www.afsz.hu) (English) / Statistics / Small area and seasonally adjusted labour force data.

## INFORMATION RESOURCES FOR JOB OPPORTUNITIES

Along with the website of the National Employment Service ([www.afsz.hu](http://www.afsz.hu)), the following websites help to find a job; these portals are available also in English or German.

Portal Website	E-mail Address	Languages
<a href="http://www.workania.hu">www.workania.hu</a>	-	English, German
<a href="http://www.cvonline.hu">www.cvonline.hu</a>	<a href="mailto:info@cvonline.hu">info@cvonline.hu</a>	English
<a href="http://www.profession.hu">www.profession.hu</a>	<a href="mailto:ugyfelszolgalat@profession.hu">ugyfelszolgalat@profession.hu</a>	English
<a href="http://www.workforce.hu">www.workforce.hu</a>	<a href="mailto:titkarsag@work-force.hu">titkarsag@work-force.hu</a> Countryside branch offices: <a href="mailto:zalaegerszeg@work-force.hu">zalaegerszeg@work-force.hu</a> <a href="mailto:kecskemets@work-force.hu">kecskemets@work-force.hu</a> <a href="mailto:miskolc@work-force.hu">miskolc@work-force.hu</a> <a href="mailto:debrecen@work-force.hu">debrecen@work-force.hu</a>	English, German
<a href="http://www.trenkwalder.hu">www.trenkwalder.hu</a>	HuJob(city name)@trenkwalder.com Branch offices: Budapest, Miskolc, Debrecen, Nyíregyháza, Szolnok, Kecskemét, Szeged, Pécs, Székesfehérvár, Zalaegerszeg, Győr, Szombathely	English, German (Available in: Albania, Austria, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Greece, Germany, Italy, Macedonia, Montenegro, Poland, Romania, Switzerland, Serbia, Slovakia, Slovenia and Turkey)
<a href="http://www.topjob.hu">www.topjob.hu</a>	-	English
<a href="http://www.jobline.hu">www.jobline.hu</a>	<a href="mailto:jobline@hvg.hu">jobline@hvg.hu</a>	English
<a href="http://www.manpower.hu">www.manpower.hu</a>	<a href="mailto:manpower@manpower.hu">manpower@manpower.hu</a> Countryside branch offices - <a href="mailto:ajka@manpower.hu">ajka@manpower.hu</a> - <a href="mailto:debrecen@manpower.hu">debrecen@manpower.hu</a> - <a href="mailto:gyor@manpower.hu">gyor@manpower.hu</a> - <a href="mailto:kecskemets@manpower.hu">kecskemets@manpower.hu</a> - <a href="mailto:miskolc@manpower.hu">miskolc@manpower.hu</a> - <a href="mailto:siofok@manpower.hu">siofok@manpower.hu</a> - <a href="mailto:szekesfehervar@manpower.hu">szekesfehervar@manpower.hu</a>	English (Available in 82 countries from Argentina to Uruguay)
<a href="http://www.jobmonitor.hu">www.jobmonitor.hu</a>	<a href="mailto:ugyfelszolgalat@jobmonitor.hu">ugyfelszolgalat@jobmonitor.hu</a>	English, German
<a href="http://www.cvcentrum.hu">www.cvcentrum.hu</a>	<a href="mailto:info@cvcentrum.hu">info@cvcentrum.hu</a>	English (Available in: Czech Republic, Estonia, Latvia, Lithuania)
<a href="http://www.workline.hu">www.workline.hu</a>	<a href="mailto:allasportal@workline.hu">allasportal@workline.hu</a>	English

## **WAGES**

**This subsection intends to give an overview on how much you can earn in Hungary.**

The information is grouped around two sub-questions:

- how much is the minimum wage fixed by law,
- how the average wages of certain professions have been formed.

It is important to note that these are only informative data; wages may differ on the basis of different factors.

### **Minimum wage, guaranteed wage minimum**

Regulations on wages and on minimum wage shall be applicable if the work is carried out in the framework of employment. Information on employment relationship is contained in the “Basics of Labour Law – possible forms of employment relationship” chapter.

#### **Minimum wage**

Full-time employees shall at least receive the minimum wage as personal basic wage or performance-based wage, the sum of it is:

- monthly wage 78.000 ft / month      - weekly 17.950 ft / week
- daily wage 3.590 ft / day              - hourly wage 449 ft / hour

#### **Guaranteed wage minimum**

If the employees are employed in a position requiring at least secondary school education or vocational education, they shall receive at least the guaranteed wage minimum. Their basic wage shall not be lower than the following sums:

- monthly wage 94 000 ft / month              - weekly wage 21 650 ft / week
- daily wage 4 330 ft / day                      - hourly wage 541 ft/ hour

## **TAXES PAYABLE BY EMPLOYEES**

Employees employed in the Hungarian labour market **become insured in social security;** and therefore both employees and their employers are **subject to pay certain contributions.** The insurance is created by law together with the underlying relation (employment). Under the Labour Code, insurance is established on the day the employee actually starts work. In order to make it effective **the employer –not the employee– is liable to report, keep record as well as to settle, deduct and pay contributions and to declare taxes.**

**This subchapter presents the contributions payable by the employees. It helps to calculate the net income paid to the employees after deducting taxes from the gross income based on the information included in the “INCOMES” subchapter.**

As of 1 January 2011 the amount of the contributions is as follows:

<b>Contribution payable by employee</b>	Pension Contribution		<b>10 %</b>
	Health insurance and labour market contribution	In-kind health insurance contribution	<b>4%</b>
		Cash health insurance contribution	<b>2%</b>
		Labour market contribution	<b>1.5%</b>
	TOTAL		<b>17.5 %</b>
<b>The maximum amount of pension contribution payable per calendar day</b>			<b>21 000 ft/day</b>

## **RULES CONCERNING THE EMPLOYMENT OF FOREIGN CITIZENS IN HUNGARY**

Different rules apply to the employment of EEA nationals and their family members and to third country (i.e. non-EEA countries) nationals and their relatives in Hungary. Family members are the spouse of the EEA citizen, the descendent of the EEA citizen or the spouse if younger than 21 and the ascendant of the EEA citizen or the spouse. ***This subchapter briefly summarizes the rules of employment.***

### **1. Employment of EEA citizens and their family members**

EEA citizens and their family members **do not need a work permit** in Hungary. The employer shall **notify** the competent labour centre of the employment not subject to work permit. The commencement of the employment shall be reported no later than the starting date of employment, the termination of the employment shall be reported the day following the termination.

The labour centre **confirms** that the notification obligation has been fulfilled and keeps record of the received data. Fulfilling and confirming the reporting obligation does not determine the creation and the commencement of a new employment.

## **2. Employment of third country nationals**

Pursuant to the effective legal regulations, as a **general rule** third country nationals (i.e. non-EEA) in Hungary shall only be engaged in employment – except for a few cases specified by national legislation – in possession of a valid **work permit**. The work permit is issued by the labour centres. The **work contract** aiming at creating employment shall be concluded only after the issuance of the permit and for **the period determined by the work permit**.

The employer shall submit **application for the permit** on the form prescribed by law to the competent labour centre. Before submitting the application the employer shall prove that he needed the third country national's workforce. The work permit issuance depends also on the condition that the labour centre could not mediate any registered jobseeker Hungarian or EEA country nationals or their family members who meet the necessary requirements prescribed by law to the certain position. The foreign national shall also meet all requirements set in the workforce demand of the employer.

The employment of foreign citizens may only be authorised if all legal conditions are met and this shall be certified with the relevant documents. The labour centre decides on authorising or rejecting the employment and sends the relevant decision to the employer. The work permit shall be issued for maximum two years and may be renewed once for additional two years.

If the law allows so, the work permit shall be **issued without examining the labour market situation**; in such cases, prior to the application for the work permit the employer does not need have valid workforce demand for the tasks that shall be performed by the third country national. The labour centre does not need to examine whether there is available workforce among the registered unemployed who meets the requirements set in the employer's request. The work permit shall be issued without labour market examination in cases as follows:

- family members living together for at least five years with the foreign national who has been employed in Hungary for at least eight years,
- spouses living together for at least a year with the foreign national,
- spouses living together for at least a year with the foreign national (considered as refugee, asylum seeker or resident) who is subject to employment without work permit pursuant to Act IV of 1991,
- if the employer intends to employ the employee in the same position after the expiry date of the work permit and submits the application ten days prior to the expiry date of the valid work permit,
- employment considered as seasonal agricultural employment not exceeding sixty days of simplified (occasional) employment.

In Hungary no work permit is required for people recognised as refugees or asylum seekers as well as for people with immigrant or resident status, and for people having the right to move and reside freely. No work permit is needed in cases listed below:

- application for postdoctoral employment or for employment within the framework of the Bolyai János Research Scholarship,
- employment of foreigners having study contracts with foreign higher education institutions within the framework of professional practice organised by an international student organisation,
- employment of foreigners having study contracts and studying at full-time courses in vocational training schools, secondary schools, basic-level art education institutions, or higher education institutions in Hungary during the effective term of their contracts,
- foreign languages teaching activities of foreigners (foreign language teachers) in primary, secondary and higher education institution within the framework of international educational programmes signed by the competent ministers of the states concerned, and certified by the Ministry of National Resources,
- educational, scientific or artistic activities of foreigners for no more than 10 working days in a calendar year,
- employment of third country nationals participating in an internship or apprenticeship in the Comenius, Erasmus, Leonardo da Vinci and Grundtvig programmes of the Lifelong Learning Programme,
- professional sport activities performed by professional athletes and professional training activities of sports trainers.

The employer must prove that the requirements for the exemption from work permit have been fulfilled. This exemption does not apply to work performed by foreigners over and above the scope of exemption.

The employer shall **notify** the competent labour centre of the employment of third country nationals who are exempt from holding work permit. The commencement of the employment shall be reported no later than the starting date of the employment, the termination of the employment shall be reported on the day following the termination.

The labour centre confirms that notification obligation has been fulfilled and keeps record of the received data. The employer shall keep the documents certifying the commencement and termination of the employment for three years and shall present them during inspection. Fulfilling and confirming the reporting obligation does not determine the creation and the commencement of a new employment.

## **TAXATION OF FOREIGN NATIONALS**

If foreign nationals have taxable income (e.g. they are employed or apply for financial government aid) in Hungary or they shall provide data related to taxation (e.g. they purchase/sell real estate) or they use services provided by financial institutions (e.g. they open a bank account or apply for a bank card), they must request a tax card from the competent tax authority. **Tax card** is a bank card-size official document (authority certificate) that certifies the **tax identification number** of its owner.

Application for the tax identification number shall be submitted to the **competent tax authority branch office** of the Hungarian tax authority using form 'T34' whereafter the tax authority shall issue a tax card. For foreign nationals the competent tax authority the one covering the taxpayer's permanent or temporary address, or usual place of stay. In case of a non-resident individual who has no seat, place of business, permanent or temporary home address or place of stay Hungary, the Észak-Budapest NAV Directorate of the Hungarian National Tax and Customs Authority has exclusive authority.

More information on the taxation of foreign nationals studying/working in Hungary as well as on the application for tax card, tax identification number is available on the official website of the Hungarian National Tax and Customs Authority (NAV): <http://en.apeh.hu/>

## **LABOUR MARKET SUPPORT**

**Labour centres provide assistance to registered jobseekers with several forms of support and services. This subchapter aims at briefly presenting the support system available for young workers and recent graduates.**

### **Who is a jobseeker?**

As a general rule a jobseeker is someone who:

- satisfies all the requirements of establishing employment,
- does participate in a full-time course in any education institution,
- is not entitled to old-age pension and does not receive rehabilitation benefit,
- is not employed, apart from occasional employment, and does not pursue any other earning activities,
- co-operates with the labour centre in order to find employment,
- is a registered jobseeker at one of the labour centres.

Young workers and fresh graduates do not have enough work experience and they face some disadvantages when applying for a position. Therefore young workers and fresh graduates as well as their future employers shall be considered as preference group when deciding on providing certain forms of support.

### **Who can be considered as a career-starter jobseeker?**

A career-starter jobseeker is an individual under 25 or, in the case of individuals with higher level qualifications, 30 years of age, who satisfies all the requirements for engaging in employment, is registered by the office of the regional NES centre as a jobseeker, providing he did not acquire eligibility for job search support after the completing his studies.

On the basis of an additional rule to the abovementioned, the following categories shall not be considered as career-starter jobseekers:

- persons subject to preliminary arrest or detention as well as persons in prison.
- persons receiving pregnancy–confinement benefits, child-care fee or aid,
- persons participating in reserve or regular military/civil service.

## Forms of support and benefits to employers employing career starters and young workers

If employers employ career starters and young workers, employers are *eligible to certain forms of support and benefits*, the most important of which are:

**1. Wage subsidy**, which shall be granted to support the employment of people with disadvantages including career starter jobseekers under the age of 25.

The main characteristics of the wage subsidy are:

- it is non-refundable,
- the amount shall be up to 50% of the wage and the contributions,
- as a general rule it shall be granted for a maximum of one year.

Wage subsidy shall be granted on the basis of an application submitted by the employer prior to the employment. The employer and the labour centre enters into an official contract defining the amount, the period and the detailed conditions of the subsidy (employees have no tasks concerning this).

**2. Support to gain work experience** may be provided for career starter jobseekers.

The support:

- can be granted for the period of employment but no longer than 365 days,
- the amount shall be 50-100% of the wage costs incurred in connection with the employment of the career starter.

The employer and the labour centre branch office enter into an official contract defining the amount, the period and the detailed conditions of the support.

*Detailed description of the various supports and benefits is available on the website of the National Employment Service ([www.afsz.hu](http://www.afsz.hu)) as well as in the labour centres and their branch offices.*

3. The employment of career starters is supported by the **START card** and **by paid internship employment**.

Employers are entitled to pay fewer contributions if they employ career starters holding a **START card**.

Career starters are entitled to apply for a START card if:

- they are under 25 years of age, if graduating from post-secondary education are under 30 years of age,
- have finished or interrupted their studies,

- they establish employment or paid internship employment for the first time after completing their studies,
- has not worked on the basis of a work contract or as self-employed

Application for the card shall be submitted to the competent Hungarian National Tax and Customs Authority (NAV) branch office. If the card holder has elementary or secondary level education the card is valid for two years but maximum until the holder reaches 25 years of age; if the card holder holds post-secondary level qualification, the card is valid for a year but maximum until the holder reaches 30 years of age. If the card is issued for the first time or if there are certain modifications in the related data. The issuance is free of charge. If the card is lost or damaged, a fee shall be paid.

Instead of the general amount of contributions, the employer shall:

- pay 10% of the gross wage in the first year and 20% of the gross wage from the year if the career starter has elementary or secondary level education,
- pay 10% of the gross wage in the first nine months and 20% of the gross wage for the remaining three months if the career starter has post-secondary level education.

Regulations of the contribution base:

- up to 1.5X of the minimum wage if the career starter has elementary or secondary level education,
- 2X the amount of the minimum wage if the career starter has post-secondary level education,
- if the remuneration is above the ceiling the employer shall pay contributions in line with the general rules.

The same applies to the employer of those participating in paid internship employment during the validity period of the START card. Detailed information on the legal relationship can be found in the “Basic Labour Law Information – possible forms of work and employment” chapter.

More information on START card and on paid internship employment is available on the website of the Hungarian National Tax and Customs Authority (NAV): <http://en.apeh.hu/>

## **II. Supporting self employment**

### ***Self employment support***

If career starters intend to set up a business, the support of self employment may provide assistance. The following support may be provided to jobseekers registered by the NES centre for at least three months, who employ themselves as individual entrepreneurs, as a member of a business association contributing to its activities in person, or as agricultural producers:

- a capital injection of up to HUF 3 million, either in the form of repayable or non-refundable support,
- monthly support up to the mandatory minimum wages for the maximum term of six months,
- remuneration of the costs of professional counselling necessary to start and continue business activities.

The detailed conditions of the support is included in the tenders published by the labour centres; if the tender is successful, these conditions are will be included in the official contract entered into by the applicant and the labour centre.

## **LABOUR MARKET SERVICES**

**This subchapter gives a brief overview of the active tools that is the labour market services that support career starters and young workers to enter the labour market.**

### **I. Job mediation**

Job mediation is the core service of the labour centre aiming at facilitating the match between jobseekers and possible employers. Main tasks of the labour centre include:

- conducting an interview with the jobseeker, providing information on work opportunities,
- revealing the conditions hindering employment, providing adequate labour market service in order to eliminate the obstacles,
- keeping continuous contact with the possible employers.

Methods of job mediation:

- individual mediation – after a personal interview informing the jobseeker of the vacant positions available in the database,
- group mediation – a group of applicants meet the employers and are provided with the opportunity of a job interview

### **II. Information supply**

Information can be found on labour market situation, the various forms of employment, trainings, and conditions of the use of job search support as well as on labour market legislation. Self-provision information is available on the official website of NES ([www.afsz.hu](http://www.afsz.hu)), on job fairs as well as on counselling sessions.

A form of self-provision information is **browsing the vacant position database** available on the website of the employment service: [www.afsz.hu](http://www.afsz.hu).

In this database jobseekers can browse the positions posted through labour centres, jobseekers can check and print the data and read job descriptions. Visitors to the site can

search by setting their criteria and can receive notifications on new vacancies matching their search criteria.

Another useful source of information is the **list of private job mediators**.

In Hungary private job mediators may operate if they satisfy the requirements defined under the relevant legal regulations and if they figure in the register of the competent NES centre.

The register kept by the NES centres is a public document allowing those looking for a job to check whether the contacted private job brokerage agency is operating legally. (The database of the private job mediators is also available at the [www.afsz.hu](http://www.afsz.hu) website, but information displayed there is based on the periodical data supply of the NES centres, and is not updated daily.)

It is guarantee rule that private job brokers may not collect any fees or claim expenses from people looking for a job.

### **III. Counselling**

**Counselling** services, available in the form of individual and group service, fall within the following categories.

The purpose of **work counselling** is to identify the conditions hindering the employment of persons using the service as well as to work out a plan to overcome the barriers and to promote successful employment.

A related service is **job search counselling** within the framework of which jobseekers receive individual counselling and master job search techniques. The jobseekers' club assists in the placement of individuals intending to work but lacking the adequate knowledge required for finding a job.

**Rehabilitation counselling** helps those unemployed, whose working capability has changed, with special regard to their particular circumstances, i.e. the fact that they cannot be mediated to jobs in line with their qualification level.

**Psychological counselling** is also available for jobseekers as a complementary service of various other counselling services and labour market training. This type of counselling helps jobseekers identify the lifestyle or personality problem based conditions hindering their placement.

### **IV. Mentoring service**

The offices of the NES centres have the opportunity to offer **mentoring service** for jobseekers or any other persons receiving support and using the services of the NES centres. Mentoring services are utilized if a personal meeting suggests that personal counselling is needed in order to fulfil the requirements set down in the cooperation agreement, to use the services and benefits, to keep in contact with state or other authorities, to start work individually or to fit in the workplace. Mentoring service shall only be provided by mentors having the adequate qualification required by the law.

## JOB SEARCH BENEFITS

In Hungary persons employed for the statutory minimum of employment - currently 200 days - regulated by the Employment Act may become entitled to job search benefits.

*The aim of this subchapter is to present these benefits, the conditions and period of entitlement, the reasons for termination and cessations.*

### I. Registered jobseekers

One of the key principles of the Hungarian unemployment service system is that only those registered jobseekers may receive job search support, the National Employment Service (branch office of the regional NES centre) performs the registration. In addition to meeting other conditions, a jobseeker is a person who would like to find employment (again) and is therefore engaged in active job search and makes all reasonable efforts to find a job. The jobseeker closely co-operates with the labour centre and accepts a proposal for an appropriate job. The individual's active job search is the key aspect when defining concept of jobseekers.

*Let's take a look at the relevant regulations of the Employment Act and the related legislation.*

#### 1.1. Who is a jobseeker?

**A jobseeker** is a person without a job looking for employment co-operating with the regional NES centre office competent according to his home, place of residence or accommodation in order to find employment, and who also satisfies the applicable legal requirements.

*Under the provisions of the Employment Act, a jobseeker is a person who:*

- 1. satisfies all the requirements of establishing employment, and*
- 2. does not conduct studies in any full-time courses of an education institution, and*
- 3. is not entitled to old-age pension and does not receive rehabilitation benefit, and*
- 4. is not employed, apart from casual employment, and does not pursue any other earning activities, and*
- 5. co-operates with the labour centre in order to find employment, and*
- 6. is a registered jobseeker at the labour office.*

Pursuant to the provisions of the Act on entry to Hungary and stay of people having the right to free movement and entry, people having the right of free entry and residence (EEA citizens and their relatives) may also be registered as jobseekers. This may be the case if they can only engage in employment in Hungary with a work permit. The person concerned satisfies the **co-operation obligation**, defined as a legislative requirement for acquiring jobseeker status, if the person:

- requests to be registered as jobseeker, and
- visits the labour centre as required, or at least every three months, and

- reports changes in the legislative requirements defining his status as a jobseeker to the labour centre within 8 days from the occurrence of the event, and
- is actively looking for a job himself, and
- accepts appropriate job offers.

**Active jobseeker** is a person who is capable and willing to take job offered by the NES office or found a job alone with weekly work time of at least 16 hours, within 30 days.

## **II. Job search assistance**

There are three types of job search assistance:

- job search benefits,
- job search aid,
- reimbursement of expenses.

### ***Job search benefit***

**Job search benefit** is a mixed-type support containing insurance and social components. Besides the improvement of social security, it also enhances the insurance principle and encourages people increasingly to look for jobs and accept work opportunities. The amount of the job search benefit is regressive, i.e. the support is gradually reduced as time passes. If simultaneously several other conditions are met, the allowance can be granted to jobseekers who were employed for at least 365 days in the four years before they became unemployed. As eligibility for one allowance day requires five days of employment, the shortest period of the job search benefit disbursement is 73 days; the longest period is 270 days.

Experience shows that the chances of re-employment are much better during the first few months of job search than after a longer period of unemployment. Based on this consideration, the Employment Act breaks down the job search benefit disbursement period into two phases:

a) In the first phase, which lasts for half of the disbursement period, but at most for 91 days, the job search benefit amount corresponds to 60% of the previous average wages, with a fixed lowest and a fixed highest limit corresponding to 60% and 120%, respectively, of the mandatory minimum wages ever.

b) The second phase equals to the number of remaining eligibility days, but no more than 179 days. In this phase, the benefit amount is a uniform 60% of the mandatory minimum wages. (If the previous average wages are lower than the bottom limit of the benefit, then the benefit amount shall be identical with the average wages in both phases.) The first day of benefit disbursement is the day on which the jobseeker contacts the labour centre. In derogation from that, if employment was terminated by the employee by ordinary notice by the employee or by extraordinary dismissal by the employer, then the job search benefit can be disbursed 90 days after the date of the termination of employment, providing that the jobseeker satisfies all the requirements of disbursement.

*When is the disbursement of the job search benefits interrupted?*

If the jobseeker:

- receives pregnancy–confinement benefit or child-care fee or aid, for the term of disbursement of such support,
- is in preliminary arrest, detention or in prison serving punishment, unless the imprisonment was established as a result of a fine conversion,
- does community work during its period,
- performs a short-term income-earning activity for up to 90 days, providing this work was reported to the NES centre in advance,
- receives wage supplementing benefit, or
- performs work with the occasional employment book.

If the reason for interrupting the disbursement of the job search benefit no longer exists, and conditions of eligibility to job search benefits are satisfied again, then the disbursement of the job search benefit shall be continued.

*When is the disbursement of the job seeking allowance terminated?*

If the jobseeker:

- requests it,
- receives job search benefits and is deleted from the register,
- becomes eligible for old-age, disability or accident-related disability pension,
- performs an income-earning activity, unless it is for a term of less than 90 days, and the activity has been reported to the NES centre in advance,
- accepts a training opportunity, during which he receives regular support in the amount of at least the mandatory minimum wages,
- conducts studies at a full-time course of an educational institution,
- dies,
- has already exhausted the disbursement period of the job search benefit,
- is under the authority of Community regulations providing for the coordination and implementation of social security networks, leaves to another EEA country and does not return to the Republic of Hungary three month after the departure.

## **2. Job search aid**

There are three special types of **job search aid** supporting different categories of people with a benefit disbursed to them in the amount of at least 40% of the mandatory minimum wages.

The **first type** of job search aid is payable to jobseekers who were entitled to job search benefit for at least 180 days, but have already exhausted the benefit disbursement period. An application for the disbursement of such job search aid shall be submitted within 30 days of the termination of the job search benefit. According to the main rule, the disbursement

period is 90 days, but if the jobseeker has reached 50 years of age when submitting the application, then the job search aid disbursement period will be extended by 90 days.

The **second type** of job search aid may be granted to jobseekers that are not eligible for job search benefit, but served at least 200 days in employment in the four years prior becoming a jobseeker. The disbursement period is 90 days.

Those jobseekers are eligible to the **third type** of job search aid who do not need more than 5 years to reach the applicable retirement age at the time when submitting their application for the aid. Jobseekers are required to have received job search benefit for at least 140 days, and they would reach retirement age within three years after the exhaustion of the disbursement period of the benefit; a further requirement is that the jobseeker shall have acquired the required service period for old age pension. The aid may be disbursed until acquiring eligibility for pension.

### **3. Reimbursement of expenses**

Within the framework of **reimbursement of expenses**, the competent office of the NES centre reimburses to the jobseeker the expenses related to the establishing job search support and entrepreneurial allowances well as all eligible long-distance travel expenses involving public transport vehicles which relate to job-seeking activities (including travelling from home to the NES office and back, as well as trips required for obtaining an occupational health expert opinion proposed by the NES centre). In exceptional cases defined by law, eligible local travel expenses may also be reimbursed to the jobseeker. Reimbursement of expenses may be requested and relevant administration activities will take place at the NES office registering the jobseeker.

## **STRUCTURE OF THE LABOUR MARKET INSTITUTIONS**

In Hungary employment promotion and unemployment management tasks are fulfilled by a state-run public organisation. The National Employment Service was established two decades ago. As of 1991 state laws regulate the prevention of unemployment and define all services and benefits aiming at alleviating the negative consequences of unemployment. The primary task of the National employment service is to achieve the government's employment policy objectives.

The National Employment Service consists of the following organisations:

- National Employment Office
- labour centres.

**This subchapter gives an overview of the organisations included in the National Employment Service so that enquirers will have adequate information which organisation could help them if they would like to apply for aids or use the various services.**

## **I. National Employment Office**

**The National Employment Office** functions as a central office and acts as the medium-level management body controlling NES centres, and performing the following tasks:

- establishes the internal rules of procedure, regulations and main requirements for labour centres,
- compiles policies and methodological guidelines and make recommendations to assist the professional and administrative services,
- collects and analyses data;

in addition, it has regulatory competences of second instance, and operates and develops the relevant registration and IT systems.

The International and Migration Department of the National Employment Office provides counselling on unemployment benefits available to foreign nationals in Hungary and it also organises and operates the EURES network (European Employment Services) in Hungary

Availability:

- Address: H-1089 Budapest, Kálvária tér 7.
- Telephone: 36 – 1 - 303-9300
- Fax: 36 – 1 - 210-4255
- E-mail: [FH@lab.hu](mailto:FH@lab.hu)

Availability of the EU Integration Branch Office:

- Address: H-1086 Budapest, Szeszgyár u. 4.
- Opening hours:  
Monday - Thursday: 9.00 am – 3.00 pm

## **II. Labour centres**

Labour centres are specialised bodies of the capital and county government departments consisting of county organisations or of county (capital) organisations and branch offices.

The county (capital) organisation of the competent labour centre:

- manages and monitors the activities of the labour centre branch offices,
- performs the tasks associated with the operating funds of the Labour Market Fund and assists planning and utilizing the available fund,
- operates the support system of jobseekers and provides support for operating support and service systems.

Main tasks of the approximately 170 NES branch offices are:

- registration of jobseekers,
- performance of tasks for the establishment of eligibility for job,
- searching support forms and the disbursement of the support,

- performing traditional job mediation activities and provide other labour market services,
- fulfilling all tasks related to the establishment and disbursement of various forms of employment policy.

It seems that as a general rule, jobseekers can turn to the branch offices of the labour centre with issues, such as job search, supports, services and employment. The competence of the branch offices, that is, which office will deal with the above-listed issues, depends on the customer's place of residence. The availability of the branch offices competent in the area can be found on the following site: [www.afsz.hu](http://www.afsz.hu)

## **BASIC LABOUR LAW INFORMATION – POSSIBLE FORMS OF WORK AND EMPLOYMENT**

**This subchapter introduces the main legal relationships that provide framework for work and employment in Hungary.**

### **1. Employment relationship**

#### **1.1. Basic features of employment relationship**

Employment relationship is regulated by Act XXIII of 1992 ("The Hungarian Labour Code"). According to the definition developed in practice and in theory, employment is a legal relationship established between the employer and the employee by the agreement of the parties (work contract), for the purpose of work. The contract, the legal relationship established between the parties, is defined by its content. Some activities, however, can only be exercised under an employment relationship concluded by the parties. The main characteristics of employment are as follows:

- long-term relationship between employee and employer characterised by relationship of subordination and superiority between the parties;
- the employee
  - carries out specific job tasks, as instructed by the employer,
  - works for wages,
  - accomplishes his task in compliance with the employment regulations, the agreement of the parties, the instructions of the employer and the interests of the employer,
  - performs work at the place specified under the work contract, in a state fit for work, in the prescribed working hours, personally, continuously and regularly, under the extensive inspection right of the employer;
- the employer shall
  - employ the employee as specified in the work contract, the employment regulations and other legal regulations,
  - provide the conditions required for safe work,
  - provide the employee work instructions,

- pay the employee the labour wages and other benefits (remuneration) specified under the work contract.

## **1.2. Parties of employment relationships**

Parties of the employment relationship are the employee and the employer. All persons entering into an employment relationship as **employees** shall be at least sixteen years of age. The employer may be a natural entity (private person or individual entrepreneur), a legal entity (e.g. public company, trust, other public business organisation, co-operative, incorporated business association, social organisation, the company of individual legal persons, a subsidiary, foundation, municipality) or an unincorporated association (e.g. civil association, building society, unincorporated business association such as a general partnership or a limited partnership).

## **1.3. Establishing employment relationship**

Employment relationship is established by an **employment contract** concluded in writing. Three mandatory content elements shall be specified in order to conclude an employment contract: personal base wage, job profile and place of work. The employer and the employee may agree on any other issues as well (e.g. specifying the date of commencement of employment, compulsory trial period, specifying reasons of extraordinary dismissal, benefits in addition to the wages, etc.). If the parties agree on an issue in the employment contract, the agreement shall be binding for both the employer and the employee.

As a guarantee, the employer and the employee shall modify the employment contract with mutual consent.

Employment relationship is generally established for full-time employment. Part-time employment shall be specified in the employment contract. Without specification the employment relationship shall be considered full-time employment. Employees employed in part-time position are entitled to cash and in-kind benefits on a pro rata basis. Regardless of the pro rata principle, part-time employees are entitled to the reimbursement of costs and paid vacation equally to full-time employees

If authorisation is required to establish employment relationship (e.g. employment of young workers or **third country nationals**), the employment contract shall be concluded **for the period set in the permit** and only after the permit is issued.

## **1.4. Period of employment**

Employment may be of a fixed duration (fixed term) or an unfixed (indefinite) duration. In the absence of an agreement to the contrary, an employment relationship is established for an unfixed duration.

### **1.5. Remuneration for work - wages**

Work performed in employment relationship shall always be remunerated, the employee receives wages. In some cases the employer shall pay wages even if the employer does not work (e.g. paid vacation, downtime).

The specification of **personal base wage** is a necessary content element of the employment contract. As a personal base wage full time employees are entitled to at least **the mandatory minimum wage** or **to the guaranteed minimum wage** on the basis of their qualifications required to the certain position. Full-time mandatory minimum wage or guaranteed minimum wage shall be applied to part-time employees on a pro rata basis.

### **1.6. Cessation and termination of the employment relationship**

An employment relationship shall “automatically” **cease** upon the employee's death, upon the employer's dissolution without legal successor, upon the expiration of the fixed term, if the employer subject to Labour Code changes due to the fact that the employer is transferred fully or partly to another employer subject to the Act on the Legal Status of Public Employees or the Act on the Legal Status of Civil Servants.

We shall speak of the **termination of an employment relationship** if employment is terminated on the basis of a unilateral or unanimous intent and legal statement of the parties or as a consequence of their behaviour.

The employment relationship **may be terminated**:

- by the mutual consent of the employer and the employee,
- by ordinary notice,
- by extraordinary dismissal,
- with immediate effect during the trial period,
- if the employer terminates the employment relationship of an employee employed for a fixed term by unilateral legal statement; in this case, however, the employee shall be paid one year's average salary, or his average salary for the period remaining if such period is less than one year.

#### **1.6.1. Termination of employment with mutual consent**

The employer and the employee can terminate the employment relationship established by and between them at any time, by the unanimous expression in writing of their free will, i.e. by **mutual consent**. Their agreement shall expressly declare their common intent to terminate the employment relationship and the date of termination.

#### **1.6.2. Ordinary notice**

Both the employee and the employer may terminate the employment relationship established for an unfixed term by **ordinary notice**. Unless the notice is put in writing, the legal statement will be ineffective. The dismissal shall come into force when it is handed

over the party concerned or to the party entitled to take it over. After notification, the dismissal can only be repealed with the consent of the other party.

The law specifies no restrictive provision in regard of the **ordinary notice of the employee**. That is, the employee may terminate the employment relationship established for an unfixed term by ordinary notice at any time (e.g. even when he is on holiday or sick leave), by written legal statement, without justification.

**In the event of ordinary dismissal**, employers must justify their dismissals. The justification shall clearly indicate the specific reason for dismissal. In the event of a dispute, the employer must prove the authenticity and substantiality of the reason for dismissal. The employer is entitled to a **30 days notice period**. Notice period shall be extended by 5-60 days on the basis of the period spent at the employment relationship but it shall not exceed one calendar year.

The employers shall not terminate the employment relationship if any of the statutory prohibitions (incapacity due to illness, sick leave, maternity leave, etc.) persists.

### **1.6.3. Severance pay**

Employees shall be entitled to **severance pay** if their employment relationship is terminated by ordinary dismissal or as a consequence of the employer's dissolution without legal succession. Eligibility for severance pay shall be conditional on an employment relationship of at least three years with the employer; the amount of the severance pay may increase with the amount of one to six months wage depending on the time spent at the employment. Collective bargaining agreement or employment contract may establish more favourable severance pay rates than those defined under the law.

### **1.6.4. Extraordinary dismissal**

Both the employer and the employee may terminate employment relationship established for a fixed or indefinite term by an extraordinary dismissal if one of the parties gravely violates the employment relationship. The legal statement pertaining to the unilateral termination of the employment relationship shall be **put in writing**.

### **1.6.5. Termination of the employment relationship during trial period**

During trial period, either of the parties may terminate the employment relationship with immediate effect, without justification. The legal statement to the effect of the termination of the employment relationship shall be **put in writing** also during the trial period.

### **1.6.6. Settlement after the cessation or termination of the employment**

After the cessation or termination of the employment the employees shall transfer their work and arrange settlement with the employer. On the very last working day or in certain cases defined by law, within three working days the employer shall pay the employee all

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**wages and other emoluments** and shall issue all **certificates** and documents related to the employment.

## **2. Hiring-out**

Hiring-out of workers means an activity whereby the temporary employment company hires out one of its employees for the user undertaking for work purposes against compensation. So this is a three-party employment arrangement consisting of a **temporary employment company**, a **user undertaking** (i.e. the client) and an employee. The employer entity, that is, the **temporary employment company** is established especially for the purposes of entering into employment with the employee and of hiring-out the employee for another company (client, user undertaking) under a civil law contract. The **work contract** shall be concluded **in writing**.

The **temporary employment company** shall be a **limited liability company, non-profit company or a co-operative registered in Hungary**, the latter for employees other than its members, which complies with all statutory requirements and is registered with the labour centre. The temporary employment company should indicate the number of the registration decision in his business relationships, advertisements, and correspondence, and the registration decision should be displayed in its office at a well visible place. **Any employer** may hire out temporary employees.

**No employee may be leased** for a job prohibited by law, for a job at the user undertaking's workplace or premises where there is a strike from the date of the preliminary negotiations to the date on which the strike is finished or if the employee's employment with the user undertaking was terminated no later than six months.

## **3. Paid internship employment**

Paid internship employment is regulated by Act LXXIII of 2005 on Incentives to Promote the Employment of Young persons, Unemployed People Aged 50 Years and over and People Returning to Work after Child Care or Nursing, and on the Amendment of Act CXXIII on the Paid Internship Employment. In order to facilitate the employment of **young graduates** under 30, a specific employment relationship, paid internship employment may be established. Paid internship employment may be initiated once, at any employer, two years after acquiring a tertiary education degree, for a **definite period** of 9-12 months.

Paid internship is established with a **written contract**. On the basis of the agreement the intern shall fulfil all tasks set by the employer, participate in professional meetings and other programmes with the aim of gaining experience. The employer shall provide the intern with tasks defined in the individual professional programme and with opportunity to acquire and practise professional skills. In addition the employer shall pay remuneration to

the intern and ensure safe working conditions. During paid internship employment there shall be no trial period, posting or assignment.

The legal relationship of paid internship employment is not employment relationship however certain labour law rules shall be applied. The intern is considered **insured** in the social security system.

#### **4. Simplified employment**

Simplified employment is regulated by Act LXXV of 2010. **Occasional agricultural and touristic work** shall be concluded **in a simplified manner**. Simplified employment in agricultural or touristic work shall be established for no longer than 120 days within a calendar year. Occasional employment between the employer and employee shall not be established for no longer **than 5 consecutive calendar** days within a months, for no longer than **15 calendar days** within a calendar month and for no longer **90 calendar days** within a calendar year.

The employment relationship is established by the mutual consent of the parties and by the employer fulfilling of the **notification obligation**. The work contract shall only be put in writing if the employee requests. In such case the **simplified work contract** shall be concluded by the commencement of the work. The employee **shall notify** the state tax authority prior to the commencement of the work. After registration the notification obligation may be fulfilled electronically or by phone

In simplified employment the employer fulfils the taxation and contribution obligation by paying the lump sump payments. Taxation payable by the employer is HUF 500 per employee per calendar day if the employee performs touristic or agricultural work. If the employee performs occasional work, the amount is HUF 1000 per employee per calendar day. If the employer's public debt reaches HUF 300 000 in the employment month, then he is not eligible to simplified employment.

Employees employed in simplified employment are not considered social security insured but **gain entitlement to pension, emergency health care treatment and job search aid**.

**EEA citizens** may be employed in all three forms of simplified employment with the same conditions as Hungarian employees.

**Third country citizens** may only be employed **in occasional agricultural work** in possession of **work permit**. If the employment does not exceed 60 days within a year, the work permit shall be issued without labour market examination.

#### **5. Employment established for household work**

Employment established for housework is regulated by Act XC of 2010. Activities related to providing all the necessary conditions of everyday life for natural persons and other persons living in their households are considered **household work**, (household work such as

cleaning, cooking, washing, ironing, baby-sitting, home teaching, nursing care, housekeeping and gardening).

However, the above-listed works shall not be considered household work if the household employee performs the work as individual entrepreneur or as member of a partnership in framework of business activities. Similarly, the work is not considered household work if the natural person employer receives any remuneration - even if indirectly - from a third party as a consideration for the work.

Employment of the household employee shall be reported monthly prior to the commencement of the work. After registration the notification obligation may be fulfilled in any Office of Government Issued Documents electronically or by phone.

The employer of household employee shall pay a **monthly registration fee of HUF 1000** regardless of the number of employment days. The payment due date is the 12<sup>th</sup> day of the subsequent month. If the employer fails to fulfil the notification obligation and/or the payment of the fee, he shall pay all necessary taxes and contributions related the remuneration of the employee in the given month.

Any remuneration that the employer provides the household employee is considered as **income not related to the tax system**. The household employee may ask the employer for a certificate of the income gained. Neither the employer nor the employee have reporting obligation related to this income.

Regardless of paying the registration fee the household employee is not considered insured therefore **is not entitled to social security benefits or health care**.

## **6. Public interest voluntary work**

Public interest voluntary work is regulated by Act LXXXVIII of 2005. Work performed **without any remuneration** at a non-profit host organisation is considered public interest voluntary work. In order to be entitled to employ people as public interest voluntary workers the host organisation shall register at to the registration of the ministry lead by the minister responsible for the development of social and civil relations (currently the Ministry of Public Administration and Justice).

On the basis of the agreement (**voluntary agreement**) between the people carrying out voluntary work and the hosting organisation employment relationship is established. Any public or municipal budgetary organisation or non-profit social ("civil") organisation can be a **host organisation** as part of its core tasks. Any person over the age of 18 can become a **voluntary worker**. Young people between 10-18 years of age shall only be employed under strict conditions. Voluntary workers **shall not be considered insured** in social security but are entitled to emergency healthcare service in the event of an accident happening during voluntary work.

**Third country nationals** may carry out public interest voluntary work if the host organisation has concluded a general liability contract to cover any damage caused by the voluntary worker and if the accommodation, meal, return trip and health insurance of the voluntary worker is provided or the voluntary worker holds an insurance covering the costs of healthcare services.

## **7. Civil law relationships (assignment, business entities)**

### **7.1. Assignment**

Some tasks may be performed as part of assignment and not as employment relationship. Assignment agreements are subject to the regulations stipulated by Act IV of 1959 (the "Hungarian Civil Code) allowing significantly greater freedom to the parties as opposed to the regulation stipulated by the Labour Code.

Assignment exists if tasks are performed for a shorter, fixed period of time and the place of work is not defined. The principal does not provide detailed instructions and pays remuneration as lump sum. Assignments are established by written or oral agreement by and between the parties.

### **7.2. Undertakings**

Act XXIV of 1988 on the Investments of Foreigners in Hungary governs the investment of foreign nationals in Hungary. **Foreign nationals may conduct business activities** as sole proprietors, as self-employed or as members of joint ventures. Foreign nationals shall also pursue business activities in branch and representative offices. They may also have share in domestic companies, trade associations and cooperatives.

#### **7.2.1. Sole proprietorship**

In Hungary **sole proprietors** shall only be natural persons with the right of residence. They are liable with all their assets for the obligations arising from their business activities as sole proprietors. Sole proprietors may be Hungarian citizens, EEA nationals or persons enjoying the same legal status and having the right of free movement and stay. Third country nationals may be sole proprietors if they have resident or immigrant status and hold a permit to be engaged in employment or family reunification or are granted a residence permit to study or are considered stateless.

The commencement of sole proprietor business activities may be initiated electronically or in person at the competent Office of Government Issued Documents. Reporting the commencement of sole proprietor business activities, changes in data, termination or interruption of activities is **free of duties and fees**. Official registration of sole proprietors is done by the **Central Office for Administrative and Electronic Public Service**. ([https://www.nyilvantarto.hu/kekhh/kozok/index\\_en.php](https://www.nyilvantarto.hu/kekhh/kozok/index_en.php) ).

**Sole proprietorship is established by the natural person, registered in the sole proprietor's registration**, after registration at the Registry of Companies. The company may gain rights and obligations, acquire property, enter into contracts, sue and may be sued. The registration is subject to the provisions of Act V of 2006 on Public Company Information, Company Registration and Winding up Proceedings

Such companies shall have only one member (founder). Natural persons may only be the founders of individual companies. In order to establish individual companies a notary public document or private document countersigned by a notary public is required. This document shall be signed by the member (founder).

The Registry of Companies shall be notified of the establishment of the company. The individual company shall operate as of the date of entry to the registration. Under the provisions of the Companies Act individual companies may be transformed into joint ventures.

### **7.3. Joint ventures**

Employment may be established as membership in a joint venture. EEA nationals are subject to the same regulations as Hungarian citizens when pursuing business activities as member of joint ventures. The competent labour office shall be notified of the employment without work permit. The employment of third-country nationals as members of a joint venture may only be exempt to work permit if they work as executives or members of the supervisory board in the joint venture. If third-country nationals intend to participate in the business activities of the joint venture, they shall apply for a work permit.

The county Registry of Companies shall be notified within thirty days after the establishment (adopting the Memorandum of Association and the Articles of Association) of the joint venture. The joint venture is established on the day of the entry to the Registry of Companies.

### **8. Labour complaints**

In Hungary labour complaints are dealt with by the Hungarian Labour Inspectorate. The Hungarian Labour Inspectorate controls if laws regulating the establishment of employment, the mandatory elements of employment contracts, wages, vacation and rest periods, specific cases (women, young workers, and people with changed abilities), registration, posting, hiring-out and employment of foreign citizens are duly complied with. The Hungarian Labour Inspectorate may apply sanctions (e.g. fine) against employers failing to keep the laws.

Anybody shall file a complaint at the local branch offices of the Hungarian Labour Inspectorate. The complaint shall be submitted in writing, electronically or in person.