



**Global Employment  
Compass  
Hungary**

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# 1. Summary of applicable rights for different categories of workers

	Employees (part-time or full-time)	Independent contractors/ service providers	Volunteers
<b>Employment laws and regulations</b>	Yes	No*	No**
<b>Employees' compensation/ remuneration requirements</b>	See <a href="#">below</a>	See <a href="#">below</a>	See <a href="#">below</a>
<b>Minimum wage requirements</b>	Yes	No*	No
<b>Mandatory provident fund/retirement benefit fund contributions</b>	Yes	No*	No
<b>Immigration requirements including the right to work in your country</b>	Yes	Yes	Yes
<b>Personal Data (Privacy) laws and regulations</b>	Yes	Yes	Yes
<b>Anti-discrimination laws and regulations</b>	Yes	Yes	Yes

\*assumes a genuine self-employed independent contractor/service provider arrangement and the individual not being deemed to be an employee or an employer

\*\*assumes a genuinely voluntary arrangement and the individual not being deemed to be an employee or worker, or under a contractual obligation to carry out any work.



## 2. Legal requirements/rights/ practices for different categories of workers

### a. Employees

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#### *Definition of an employee*

An "employee" is any natural person who works under an employment contract.

### 1 Contracts of Employment

**What types of employment contracts are available? E.g. fixed term, part time, zero hour contracts, other? Are there any specific employment contracts available for non-profit organizations?**

Fixed-term and part-time contracts are available, however zero hour contracts are not permitted. There are no specific contracts available for non-profit organizations.

Additionally, it is possible for the employer and the employee to agree under the employment contract that the employee shall work remotely as a teleworker. Section 196 of the Labour Code specifies the following in relation to teleworking arrangements:

- a) the employer's right to give instructions covers the definition of duties to be discharged by the employee,
- b) the employer shall exercise the right of supervision remotely, via computing equipment,
- c) the employee performs work in the employer's facilities in not more than one-third of all working days in a given year, and
- d) the employer shall provide access to the employee for entering its premises and to communicate with other employees.





## What are the key terms of employment contracts?

The parties to an employment contract may include any employment related issues in the contract provided that the terms of the contract are compliant with Hungarian law and any relevant collective agreement (if any). The contract may of course stipulate more favorable terms than are provided by law or by a collective agreement.

The employment contract must include the following provisions as a minimum:

- names of the parties and any details which are relevant to their employment (e.g. the date of birth of the employee, the location of the employer, etc.);
- employee's "basic salary" (in Hungarian: "alapbér");
- job role; and
- the term of the employment relationship. If there is no term included, the employment relationship will be deemed to be for an indefinite duration;
- the workplace of the employee. If this is not specified in the contract, the place where work is normally carried out shall be considered the workplace;
- the work schedule. If this is not specified in the contract, the work schedule will be considered to be full-time daily employment.

When entering into the employment contract, the employer must provide the employee with the following information in writing within 7 days:

- the person who will have authority to act on behalf of the employer regarding employment;
- the commencement date and confirmation of duration of the employment contract;
- the place of work;
- the duties of the job;
- the duration of the daily working time, the days of the week on which working time may be allocated, the possible starting and finishing times of the scheduled daily working time, the possible duration of the extraordinary working time, the specific nature of the employer's activities;
- the method of accounting wages, how frequently wages will be paid and the date of payment;
- the remuneration and other allowances in excess of the basic salary;
- the number of days of leave, the method of calculating them and the rules for taking them;
- the rules relating to the termination of employment, in particular the rules for determining the period of notice;
- the employer's training policy and the duration of training which the employee may receive;
- the name of the authority to which the employer will pay the public charges relating to the employment relationship; and
- whether the employer is covered by a collective agreement.





The provisions listed above are usually included in an information sheet, which is prepared by the employer and should be handed over to the employee within 7 days of entering into the employment contract. The information sheet is not part of the employment contract. Provisions that are part of the employment contract can only be varied with the employee's consent, whereas the information sheet (which is usually attached to the employment contract) can be varied unilaterally by the employer.

It is also common to include the following provisions in employment contracts:

- a probationary (trial) period
- length of the notice period.

**Is it acceptable to have a probation period for employees? If yes, for how long?**

Yes. 3 months is common, although parties may agree to a shorter period. If the duration originally agreed upon is less than three months, the length of the period can be extended once, provided that the extended total period does not exceed the maximum limit of three months. If there is a collective agreement, the maximum period is 6 months.

Either of the parties may terminate the employment relationship with immediate effect without reason during this period.

**Are fixed term employment contracts permissible? Are there any limitations on fixed term contracts? Are there any requirements to have a fixed term contract?**

Fixed-term contracts are permissible. The duration shall be determined according to the specified end date (for example, a calendar date or the end date of a project) or by other appropriate means. If there is no specified end date, then the employer is obliged to inform the employee of the expected duration.

The maximum duration of a fixed-term contract is 5 years.

Renewal or extension requires objective justification. The duration of a fixed-term contract may not exceed 5 years, including the duration of an extended relationship and that of another fixed-term employment relationship concluded within 6 months of the termination of the previous fixed-term contract.

The fixed-term contract must be in writing.

The employer shall be permitted to terminate a fixed-term employment relationship by notice:

- if undergoing liquidation or bankruptcy proceedings; or
- for reasons related to the employee's ability; or
- if maintaining the employment relationship is no longer possible due to unavoidable external reasons.

Employees are required to give reasons for terminating their fixed-term employment relationship. The reason given for termination may only be of such a nature as would render the maintaining of the employment relationship impossible or that would cause unreasonable hardship in light of their circumstances.





**Do employment contracts have to be in writing? Are there any signatory requirements for employment contracts? For example, could they be signed in-person or electronically, etc.)?**

An employment contract may only be concluded in writing. An employee may be able to rely on the fact that the contract is not in writing to claim that the contract is invalid but can only do so within 30 days of the first day of work.

It is essential that both the employer and the employee properly understand the language of the employment contract. Although it is not explicitly declared by the Labour Code, the employment contract should be in Hungarian (or where relevant, in Hungarian with a translation into a second language).

An electronic signature is explicitly not required. If a contract is signed electronically, it should be ensured that it is executed by means of an electronic document with facilities for retrieving unaltered information contained in the legal statement, for identifying the person making the legal statement and the time when it was made. Advanced electronic signatures are advisable in this respect.

The contract can be signed in counterparts. It is sufficient to sign the employment agreement separately, one copy signed by the employer (i.e. the person exercising the employer's rights) and another copy by the employee. Copies signed in counterparts must be kept together to qualify as one signed agreement.

**Do employees have to be issued with a written employment contract before they start work?**

The employees have to be issued with a written employment contract at the date of commencement of work at the latest. An employment relationship is deemed established by entering into an employment contract, which may only be concluded in writing.

**Can you provide a simple template of the contracts mentioned above?**

N/A.

**Is there an obligation for an employer to run a criminal record check to the extent that any individual they hire will be working with children or vulnerable people?**

In case of employees with responsibility for providing care, custody, guidance or medical treatment to persons under the age of eighteen years, or providing recreational, entertainment and sports related services to persons under the age of eighteen years the employer must run a criminal check before entering into an employment relationship.

Compliance with such conditions shall be proved:

- by the person seeking employment before the employment relationship is concluded, or
- by the employee during the time of employment upon the employer's written request, within fifteen working days of such request, or if this is not possible for reasons beyond the employee's control, immediately when the said reason is eliminated,
- by producing an official instrument.

If the person seeking employment or the employee verifies that they meet the conditions (no criminal record), the employer shall reimburse the administrative service fee the person seeking





employment or the employee has paid for the procedure to obtain the official certificate from the body operating the penal register for the purpose of verification.

### **Can employers request references from former employers for new hires?**

The employees themselves can request references from their former employers. At the employee's request, the employer shall - at the time of termination (cessation) of the employment relationship, or in any case within one year from that time - provide a written assessment of the employee's work if the employment relationship lasted for at least one year. If the assessment contains any false facts the employee may bring action before the court for having such facts abolished or revised. The requested information and the information provided by the former employer should be in compliance with GDPR, and should not violate the employee's personal rights (e.g. the questions should not be concerned with family status, the desire to have children, financial status, former income, housing situation and smoking).

### **Is an employer required to set up any form of employee representative body? If so, what is the trigger for this?**

No. However, employees and employers have the right to establish or join representative organizations for the promotion and protection of their economic and social interests. Employees must not be subjected to detriment on the grounds of their membership of any such organizations.

Representative organizations are entitled to establish federations or associations or to join such associations, which also include international federations.

In Hungary, the key players in the employment relationship (aside from the employer and employee) are trade unions (in Hungarian: "szakszervezet") and Works Councils (in Hungarian: "üzemi tanács") or workers' representatives (agents) (in Hungarian: "üzemi megbízott"). It is compulsory to elect a Works Council for all employers or at all of the employers' independent operational facilities (divisions) which have more than 50 employees. A workers' representative must be elected for companies with at least 15 but no more than 50 employees. Works Councils are elected for a term of 5 years. The function of a workers' representative is the same as that of the Works Councils. The main role of Works Councils (or workers' representatives) is to ensure the representation and participation of workers in the decision-making processes of employers, while the purpose of a trade union is to protect employees' interests.

In addition, employees have the right to elect, under certain conditions, a "representative of labor safety" (in Hungarian: "munkavédelmi képviselő") to represent employees' rights and interests relating to occupational safety and occupational health.

### **Is it common to have collective agreements in your jurisdiction that apply to all employers in a particular region or sector?**

No, rather company collective agreements exist in Hungary. Collective agreements are typically applied in larger or former state-owned businesses.

A collective agreement may be concluded between:

- an employer, an employer's interest representation organization, or several employers as the first party; and
- a trade union or several trade unions as the second party.

The employer's interest representation organization may enter into a collective agreement only if it is authorized to do so by its members.







Collective agreements are regulated by the Labour Code.

The conclusion of a collective agreement is also subject to the condition that the number of trade union members must reach 10% of the number of employees either employed by the employer or, in the case of a collective agreement concluded with an employer's interest representation organization, covered by the collective agreement.

Sectoral collective agreements may also be established and these agreements are regulated outside of the Labour Code.

## 2 Conditions of employment

### **What is the minimum age requirement for employment?**

Employees must be at least sixteen years of age. However, any person of at least fifteen years of age receiving full-time school education may enter into an employment relationship during school holidays.

Subject to prior notification of the guardian authority at least fifteen days before the employment, young persons under sixteen years of age may be employed for the purposes of performance in cultural, artistic, sports or advertising activities provided for by other legislation.

### **What type of work may a child undertake? For example, are there any specific restrictions?**

Yes, a minor worker may only be employed in a particular position and under the condition that it has no detrimental effect on their health and physical integrity, or detrimental effect on their development.

The Decree of no. 33/1998. (VI. 24.) specifies the restricting or prohibiting conditions for a minor employee, such as: physical work, difficult physical work with heat exposure, work in cold temperature working environment, work involving vibration affecting the whole body, work performed in overpressure...etc.

### **Wages**

#### **What is the minimum wage requirement for employees? Are there any exceptions in minimum wages for young persons or people with disabilities?**

The gross minimum wage from 1 December 2023 is HUF 266,800 (approx. €700) per month. Such amount shall apply to all employees, who work on a full-time basis (regular daily working time is 8 hours) regardless of their age or disabilities.

The gross minimum wage for employees who are qualified to at least secondary school level is HUF 326,000 (approx. €850) per month.

#### **Are there any conditions which warrant a pay raise or extra pay? If yes, what are they?**

No pay raise is mandatory (except for the minimum wage).

Employees are entitled to wage supplements (extra pay) in addition to their wages for regular working time. Parties may derogate from these provisions to the benefit of employees, and any collective agreement may derogate from these provisions to the employee's disadvantage in the cases set out in the Labour Code.





Unless otherwise agreed, the amount of wage supplement is calculated based on the employee's base wage for one hour. In determining the base amount of wage supplement, the amount of the basic monthly salary shall be divided:

- by one hundred and seventy-four hours in the case of regular daily working time,
- by the commensurate part of one hundred and seventy-four hours in the case of irregular daily working time or part-time work.

Employees are entitled to the following supplements:

- **100% supplement (Public holiday premium):** Employees are entitled to a 100% wage supplement, if they are:
  - required to work on public holidays, or
  - required to work on Easter Sunday or on Whit Sunday, or on public holidays falling on Sundays.
- **50% supplement (Sunday premium):** Employees working on Sundays shall be entitled to a 50% wage supplement:
  - if the employee can be ordered to work on Sundays in regular working time based on the following conditions: (i) working in shifts; or (ii) in stand-by jobs, or (iii) at employers engaged in commercial activities or services auxiliary to commercial activities and providers of tourist services of a commercial nature
  - for overtime work in case of the above point;
  - if the employee cannot be ordered to work in regular working time based on the point above.
- **50% supplement or time off:** Employees shall be entitled to a 50% wage supplement or to time off in addition to the previous point:
  - for overtime work performed in addition to the daily working time shown in the work schedule;
  - over and above the hours covered within the framework of working time banking; or
  - for work performed above and beyond the payroll period.

The duration of time off may not be less than the overtime work ordered or the work performed and shall be remunerated by a commensurate part of the base wage.

Where overtime work is ordered on the scheduled weekly rest day (weekly rest period), a 100% wage supplement shall be paid. The wage supplement shall be 50% if the employer provides another weekly rest day (weekly rest period).

- **30% supplement (Shift premium):**
  - If the beginning of the scheduled daily working time of employees changes frequently, for work performed between 18:00 and 6:00 a 30% supplement (shift premium) shall be paid.





- (Changes shall be considered frequent if - on a monthly basis - the beginning of the scheduled daily working time differs for at least one-third of all working days, and if the earliest and the latest start time are at least four hours apart.)
- **15% supplement (Night premium):**
  - Employees - other than those entitled to shift premium defined above - shall be entitled to a 15% supplement for night work (between 10 PM and 6 AM), provided that it exceeds one hour.
- **Stand-by duty and on-call duty supplement**
  - Employees shall be entitled for 20% supplement stand-by duty
  - Employees shall be entitled for 40% supplement for on-call duty. If, in case of on-call duty, the work performed cannot be measured, the supplement is 50%.

**When are wages due? For example, is there any obligation to pay wages weekly, or monthly?**

The wages of employees shall be retrospectively paid at least once a month. Wages shall be paid by the tenth of the following month to which it pertains.

**Are employers obliged to provide employees with paid leave on public holidays?**

Yes, in Hungary the public holidays are: 1 January, 15 March, Good Friday, Easter Monday, 1 May, Whit Monday, 20 August, 23 October, 1 November and 25-26 December.

Regular working time may be scheduled for public holidays only in the following cases:

- if the employer generally operates on Sundays by the nature of its business, or in jobs normally performed on Sundays;
- in seasonal work;
- if working in continuous shifts,
- in connection with the provision of basic public services or trans-frontier services, where it is necessary to work on that day owing to the nature of the service:
  - meaning: if the service provided is required on that particular day by way of local tradition or commonly accepted social custom directly connected to the public holiday; or
  - if provided in the interest of the prevention or mitigation of any imminent danger of accident, natural disaster or serious damage or of any danger to health, the environment or property.
- in the case of work performed abroad.

**Are employers obliged to provide employees with annual leave?**

The minimum holiday entitlement is divided into 2 parts: statutory basic holiday and extra holiday. Statutory basic holiday is 20 working days per year, and this is increased up to a maximum of 30 days per year based on the employee's age. The amount of holiday increases by one day at the following ages: 25, 28, 31, 33, 35, 37, 39, 41, 43 and 45, up to a maximum of 30 days per year.





Some groups of employees are entitled to extra statutory holiday. This applies to certain categories of employees, such as employees under the age of 18, employees with responsibility for children/dependents and single parents. Increased holiday entitlements also apply to employees in certain working conditions (e.g., who are parenting a child who is younger than 3 years, or who are working underground or spending at least 3 hours a day on a job exposed to ionizing radiation) and employees with certain health conditions (e.g. blind workers).

Employers sometimes offer enhanced contractual holidays for senior executive employees.

**Are employees entitled to receive their usual salary during their annual leave?**

Employees are entitled to absentee pay during the period of leave. The Labor Code specifies the calculation of absentee pay based on the amount of base salary and any allowance or compensation if applicable at the due date of absentee pay, or the average amount of salary based on performance and specified allowances paid during the past six months.

**Is there a requirement to pay overtime? How is overtime compensated?**

Please see [above](#).

**Are there any extraordinary circumstances that could be relied on to temporarily cease paying employees for the hours worked?**

There are no such extraordinary circumstances.

**Are employees entitled to an end-of-year payment?**

No, there is no such requirement.

**Are employees entitled to payments when their employment contract is terminated, such as notice or notice pay, accrued or untaken holiday and/or statutory severance?**

The notice period must be a minimum of 30 days and a maximum of 6 months for both employer and employee. This is a mandatory rule and no deviation from these periods is valid. A 30-day notice period will be extended by statute by a maximum of 60 days if the employer terminates the employment, depending on the employee's length of service. The thirty-day notice period is extended:

- a. by 5 days after 3 years;
- b. by 15 days after 5 years;
- c. by 20 days after 8 years;
- d. by 25 days after 10 years;
- e. by 30 days after 15 years;
- f. by 40 days after 18 years; and
- g. by 60 days after 20 years

of continuous employment with the employer. The parties may agree on extending the notice period up to 6 months.

Reimbursement for accrued and untaken holiday and statutory severance is also due in line with the Labour Code.





## Working hours

### **What is considered a full time working week? If the employee is contractually required to work less than this amount are they considered a part time employee?**

The daily working time in full-time jobs is eight hours (regular daily working time). According to the regular work pattern, the employer shall schedule working time for five days a week, from Monday through Friday. If the employee is contractually required to work less than this amount, they are not automatically considered as part time employees.

If the parties wish to agree otherwise (part-time employment), they shall specify this in the agreement. Only the agreement of the parties (if they specify the part-time job in the agreement) can establish part-time employment. The daily working time applicable for a specific full-time job may be reduced by agreement of the parties (part-time work), there is no daily minimum working time.

### **Are there fixed public/statutory holidays each year? Can employees be required to work on public/statutory holidays? Are employees entitled to any other type of leave besides public/statutory holidays?**

1. Maternity leave: The statutory entitlement to maternity leave is 24 weeks. Maternity leave can also be taken by an employee who provides care for a child under a court decision or resolution of the guardian authority capable of enforcement on account of the mother's health condition or death. This means that in some circumstances, a father can take the maternity leave.
2. Paternity leave: 10 working days to be granted at the latest by the end of the second month following the birth of the child or, in the case of adoption, the finalization of the decision authorizing the adoption, to be taken in two installments at the time of their request.

The employer is obliged to pay 100% of the absentee allowance for the first 5 working days of paternity leave, but the employer can apply to the Hungarian State Treasury for reimbursement of these costs. The employer shall pay 40% of the absentee allowance for the second 5 working days of paternity leave.

3. Leaves for the purpose of taking care of a child or a relative and parental leave: employees are entitled to parental leave in the scenarios set out below. Such leave is unpaid – except in case of the parental leave detailed in point d) - by the employer but the employee may receive payments from the social security funds:
  - a. for childcare at home until the child reaches the age of 3. There is no limitation on the amount of leave which the employee can take for this purpose, but there are limitations on the entitlement to sick pay during these periods of leave;
  - b. to care for a child at home until the child reaches the age of 10 if the employee receives a child-care allowance because of the child's serious illness or disability;
  - c. for nursing or home care of a relative up to a maximum of 2 years;
  - d. from 1 January 2023 the Labour Code introduces the concept of parental leave, under which the employee is entitled to 44 working days of parental leave until the child is 3 years old.





4. Adoption leave: Employees are entitled to the same maternity leave in case of an adoption. Furthermore, during the period of preparation of lawful adoption, for the purpose of visiting with the child to be adopted in person, the employee — upon their request — may be exempted from work for a maximum of 10 working days per year.

**Do part time employees receive any particular protection on the basis of their part-time status?**

No, they have the same entitlements.

**Do part-time employees receive the same pro-rated terms to full time employees, e.g. in relation to pay and benefits?**

According to the principle of equal treatment, part time employees are entitled to at least pro-rated pay and benefits for their work. However, they are entitled to have the same amount of annual leave (but prorated absentee pay).

**Social security**

**What social security contributions are employers obliged to pay? Presumably, pro-rated contributions are required for part time employees?**

Employers are obliged to pay 13% social security contribution per employee.

Further, employers must deduct and pay to the tax authorities:

- the employee's personal income tax: 15%
- the employee's social security contribution: 18.5%.

Pro-rated contributions are required for part-time employees.

**Are employers obliged to provide health insurance to their employees?**

There is no such requirement according to the relevant legislation. However, employers are obliged to pay 18.5% social security contribution per employee, 37.9% of this 18.5% accounted by the national tax authority under the legal title of health insurance contribution, based on which the employee is entitled to use Hungarian public healthcare services.

**Are employees entitled to unemployment insurance/benefits following the end of employment?**

Following the termination of employment relationship, the entitlement of the employee to healthcare services shall remain in effect for a period of forty-five days, if the eligibility criteria was satisfied without any interruption for a period of at least forty-five days before the time of termination.

There is no unemployment insurance which is granted automatically, but following the end of employment, the employee could apply for jobseekers' benefit. Job seeker's benefit shall be granted to a person who:

- is in search of a job;
- has spent at least three hundred and sixty days in employment over the three-year period prior to becoming a jobseeker





- wishes to find employment, but their efforts to find a job have not succeeded and the competent government employment agency is unable to offer suitable employment.

**Are employers obliged to provide sick leave? If yes, for how long? How many days have to be paid by employers? Is it possible to have unpaid sick leave?**

Employees are entitled to 15 working days of sick leave per calendar year. This does not include time off as a result of accidents at work and occupational diseases as specified by social insurance provisions.

Employees are paid at the rate of 70% of absentee pay by the employer for the duration of sick leave. Absentee pay is defined in the Labour Code and calculated using an employee's basic salary and any performance based pay/wage supplements over the previous six months.

After 15 working days of sick leave the employee is entitled to sick pay (in Hungarian "táppénz"). This is a benefit paid by the state to the employee for the duration of the incapacity to work (subject to the paragraph below). The employer then must reimburse the state a third of the sick pay paid by the state to the employee.

Sick pay is based on 60% of the average salary. Sick pay is payable for a maximum of one year provided that there is a relevant insurance policy in force. If the employee is still unable to return to work after one year, they may be entitled to receive incapacity benefits or a disability pension.

**Are employers obliged to provide maternity leave for employees? If yes, for how long? How many days/months have to be paid by employers? Is it possible to have unpaid maternity leave?**

Please see [above](#). Maternity leave is unpaid leave, but employees could be entitled to government benefits for this period (child-care allowance etc.).

**Is paternity leave available to employees? If yes, for how long? How many days/months have to be paid by employers? Is it possible to have unpaid paternity leave?**

Please see [above](#).

**Are employers liable for absence due to work-place injuries?**

Yes, employers are liable to provide compensation for damages to employees caused in connection with the employment relationship.

**Are employees entitled to retirement benefits from the employer? If yes, what benefits?**

Yes. Employers are only obliged to deduct and pay the employer's and the employee's contribution to the state pension scheme.

However, employers may voluntarily set up a company pension scheme. In this case, the provisions of the Act CXVII of 2007 on the Employment Pension and its Institutions will apply.

Most pension rights are regulated by the Act LXXXI of 1997 on Social Security Pension Benefits. For the schemes mentioned above, the regulation of the Act CXVII of 2007 on the Employment Pension and its Institutions also applies.

There are two types of pensions under this legislation:

- the mandatory state pension provided by the Hungarian State Treasury (Magyar Államkincstár); and





- the voluntary social security pensions (of which there are several types e.g. voluntary pension insurance, employment pension).

Company pension plans may provide benefits on retirement, death or incapacity.

### **Are employers obliged to introduce reporting channels and legal safeguards for whistleblowers?**

Any organization employing at least 50 but no more than 249 persons, regardless of their type of operation, shall set up an internal reporting system by 17 December 2023. Organizations with at least 250 employees were required to establish a reporting system by 25 July 2023.

Regardless of the number of employees, an employer must set up an internal reporting system if they are engaged in the following specialized economic activities, including but not limited to organizations falling under the scope of Section 1 (1) and (1a) of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing:

- credit institutions, financial services institutions;
- institutions for occupational retirement provision;
- voluntary mutual insurance funds;
- operators accepting and delivering international postal money orders;
- providers of real estate agency or brokering and any related services;
- providers of auditing services;
- providers of accountancy (bookkeeping), tax expert, certified tax expert services, tax advisory activities under agency or service contract;
- operators of casinos, card rooms, or providers of gambling services - other than distance gambling -, distance gambling services, online casino games;
- traders in precious metals or articles made of precious metals;
- traders in goods, involving a cash payment in the amount of three million forints or more;
- attorneys, law firms, European Community jurists, law firms of European Community jurists, registered legal counsels, notaries public;
- fiduciary managers;
- providers engaged in exchange services between virtual currencies and legal tender, and/or between virtual currencies;
- custodian wallet providers;
- service providers trading or acting as intermediaries in the trade of cultural goods (works of art, antiques) where the value of the transaction or a series of linked transactions amounts to three million forints or more;
- service provider storing, trading or acting as intermediaries in the trade of cultural goods (works of art, antiques) when this is carried out by free ports, where the value of the transaction or a series of linked transactions amounts to three million forints or more; and







- providers of corporate headquarters services.

Organizations engaged in the aviation and shipping sectors are also required to set up an internal reporting system, regardless of the number of employees. The organizations listed above are obliged to operate a reporting system from 25 July 2023.

### 3 Safe and supportive work environment

#### **Broadly what measures have to be in place to ensure employers uphold health and safety? (such as fire or earthquake drills)**

Basic regulations are included in the Act XCIII of 1993 on Labor Safety.

Minimum Requirements for the Protection of Workers at Work according to the Joint Decree No. 3/2002 (II. 8.) SzCsm-EüM:

As a general obligation the employer shall be responsible for:

- ensuring that buildings and structures qualifying as workplaces have a structure and stability appropriate to the nature of their use; using electrical equipment which do not present a fire or explosion hazard; ensuring that workers and other personnel in the work area are protected against risk of electrical accidents caused by direct or indirect contact; and that materials and protective equipment are selected with regard to voltage, work conditions, and the skills and competence of workers using the electronic equipment.
- The employer shall be required to arrange: the regular and ongoing maintenance of workplaces, work equipment, tools and instruments, and remedying defects posing a danger to the safety or health of workers as soon as possible; the regular maintenance and verification of the operability of safety equipment and other means used to prevent and signal hazards; keeping equipment used for rescue and escape in an easily accessible location and in good working condition; providing information to workers and their occupational safety representatives on all envisaged occupational health and safety related measures applicable to the workplace; that workers and occupational health and safety representative bodies are consulted on issues affecting the health and safety of workers in the preparation of decisions; that proven human carcinogens, likely human carcinogens can only be selected for technological purposes.

In relation to the health and safety requirement the employer is obliged to take into account relevant regulations relating to:

- Escape Routes and Emergency Exits;
- Fire Detection and Fire Fighting;
- Workplace Waste Management;
- Ventilation of Enclosed Workplaces;
- Room and Ambient Temperature;
- Natural and Artificial Room Lighting;
- Floors, Walls, Ceilings, and Roofs of Rooms
- Windows and Skylights





- Doors and Gates
- Traffic Routes, Danger Areas
- Escalators and Travelators
- Loading Bays (Ramps)
- Room Dimensions and Air Space in Rooms, Free Movement at the Workplace
- Rest Rooms
- Pregnant Women and Nursing Mothers
- Changing Rooms
- Showers and Lavatories
- First Aid Rooms
- Workstations for Handicapped (Disabled) Workers
- Outdoor Workplaces
- Supply of Drinking Water in the Workplace
- Protection Against Noise and Vibration in the Workplace.

**Is there a requirement for an employer to issue any form of non-discrimination policies? (such as gender equality policies, equal employment opportunities, diversity, and inclusion policies, etc.)**

There is no such requirement for private companies. Government-financed institutions employing more than fifty people and legal entities with majority state ownership are obliged to adopt an equal opportunities plan.

**Is there a requirement to provide employees with training designed to combat discrimination and harassment?**

There is no such requirement for private companies.

**Is there a requirement to have a data protection policy?**

Employers constitute controllers under the GDPR, and they are required to prepare a Privacy Notice (information sheet about processing of personal data), which shall be presented to employees. Employers are required to have internal data protection and data security policies if this is proportionate to the data processing activity (based on the nature, scope, circumstances and purposes of data processing, as well as the risk affecting the rights and freedoms of natural persons).

**Is it mandatory for employers to have a Child Protection Policy (CPP)? Are employees obliged to provide training on CPP to its employees?**

There is no such requirement for private companies.





## 4 Tax

### **Which taxes are mandatory for employers to pay and deduct on behalf of their employees?**

Please see [above](#).

### **Are all employee taxes deducted from the salary that the employer pays or is there a requirement for employees to pay certain taxes directly?**

All employee taxes are deducted from the employees' salary, there is no requirement for employees to pay taxes relating to the employment relationship directly.

## 5 Remote work

### **Are employers required to have a registered legal entity in the jurisdiction in order to employ employees in the jurisdiction?**

There is no general requirement to have a registered legal entity, but this could be necessary in relation to taxation and other laws.

### **Are employers required to provide any form of physical working space for employees working in your country?**

There is no such requirement, the parties are allowed to agree on teleworking. Where employees telework, they work at a place other than the employer's facilities for some or all of the working time.

### **Please provide general instructions for employers on what to check if the employer has remote employees, including concerning employee tax liabilities.**

In the absence of an agreement to the contrary, in teleworking arrangements:

- the employer's right to give instructions covers the definition of the duties to be performed by the employee (the employer gives less frequent instructions and is not in daily contact with the employee in a teleworking arrangement),
- the employer shall exercise the right of supervision remotely, via computing equipment,
- the employee performs work in the employer's facilities in not more than one-third of all working days in a given year, and
- the employer shall provide access to the employee for entering its premises and to communicate with other employees.

If the employer exercises the right of supervision at the place of teleworking, any inspection must not bring unreasonable hardship on the employee or on any other person who is also using the property designated as the place of teleworking.

Work equipment for teleworking may be provided by the employee as well, subject to an agreement with the employer. As regards such work equipment the employer shall conduct a risk assessment in order to ascertain that the work equipment is in a safe state from the perspective of occupational safety and health. To that end, the responsibility to ensure that the work equipment is in a safe state at all times from the perspective of occupational safety and health lies with the employee.





In the case of teleworking with information technology and computing equipment, system (hereinafter referred to collectively as “computing equipment”):

- a. the employer shall inform the employee in writing of the rules relating to working conditions to ensure compliance with occupational safety and health requirements;
- b. the employee shall choose the place of work taking into account the level of compliance with working conditions defined in Paragraph a);
- c. the employer shall be entitled to remotely monitor compliance with occupational safety regulations via computing equipment unless there is an agreement to the contrary.

The employee has the same tax liabilities as for regular employees.

## 6 What to do when things go wrong

### Dispute resolution

**Do employees (including volunteers) need to go through any form of dispute resolution before bringing a claim to a court or tribunal?**

There is no such requirement.

Employees and employers may pursue their claims arising from the employment relationship or out of the Labour Code, and trade unions and works councils may pursue their claims arising out of the Labour Code or a collective agreement or a works agreement by judicial process.

### Resignation

**What grounds do employees have for resignation?**

Employees are not required to give reasons for terminating their permanent employment relationship.

Employees are required to give reasons for terminating their fixed-term employment relationship. The reason given for termination may only be of such a nature as would render the maintaining of the employment relationship impossible or that would cause unreasonable hardship in light of their circumstances.

### Termination

**What grounds do employers have for the termination of employment contracts?**

The employment contract cannot be terminated at will and the employer must justify the dismissal of the employee unless the employee is a pensioner or an executive officer.

The justification must clearly indicate the reason for the dismissal. In the event of a dispute, the employer will be required to prove that the reason given was a genuine and substantial reason for dismissal.

A dismissal in Hungary may be either (i) an “ordinary” dismissal or (ii) a dismissal with immediate effect.

For the dismissal to be a dismissal with immediate effect, one of the parties must:

- a. willfully or by gross negligence commit a grave violation of any substantive obligations arising from the employment relationship; or





- b.** otherwise engage in conduct rendering further existence of the employment relationship impossible.

Where there is a dismissal with immediate effect, the following will apply:

- termination will take place with immediate effect;
- provided that the employee has been employed for a minimum period of 3 years, a severance payment will be due to the employee where the employee terminates the employment with immediate effect due to conduct of the employer falling within the categories referenced above; and
- the right of immediate dismissal must be exercised within a period of 15 days of gaining knowledge of the grounds for such termination, and within one 1 year (or in the case of Executives, 3 years) of the occurrence of such grounds, or in the event a criminal offense, up to the statute of limitation.

In the case of “ordinary” dismissals, an employee may be dismissed only for reasons in connection with (i) performance (ii) conduct or (iii) redundancy.

Where there is an ordinary dismissal, the following will apply:

- the notice period applies;
- the employer must pay for the notice period; and
- a severance payment will be payable.

### **How do employers have to document the termination of an employment contract?**

Employers must justify dismissals.

In the case of “ordinary” dismissals, an employee may be dismissed only for reasons in connection with (i) performance (ii) conduct or (iii) redundancy. In an “ordinary” dismissal by the employer, the employer should suspend the employee for at least half of the notice period. In some cases the employer may choose to suspend the employee for the whole notice period. Suspension should be paid (calculated as absentee pay).

Employees are entitled to a severance payment if their employment is terminated by way of ordinary dismissal or as a result of the dissolution of the employer’s business without legal succession. An employee is only entitled to a severance payment if they have worked for the employer for 3 or more years. No severance payment is due to an employee who has worked for the employer for less than 3 years. Severance pay increases with the number of years of employment but is capped at 6 months’ salary as a general rule.

Severance pay shall be a sum equivalent to the absentee pay of:

- a.** one month for minimum three years’ service;
- b.** two months for minimum five years’ service;
- c.** three months for minimum ten years’ service;
- d.** four months for minimum fifteen years’ service;
- e.** five months for minimum twenty years’ service; or
- f.** six months for minimum twenty-five years’ of employment.





It is to be noted that the employee shall not be entitled to receive severance payment if:

- a.** They are recognized as a pensioner at the time when the notice of dismissal is delivered or when the employer is dissolved without a successor;
- b.** they are dismissed for reasons in connection with their behaviour in relation to the employment relationship or on grounds other than health reasons.

**What is the responsibility of employers for damages incurred by an employee's actions within his/her work?**

The employer shall be liable to provide compensation for damages to the employee caused in connection with the employment relationship.

The employer shall be relieved of liability if able to prove:

- a.** that the damage occurred in consequence of unforeseen circumstances beyond their control, and there had been no reasonable cause to take action to prevent or mitigate the damage; or
- b.** that the damage was caused solely by the unavoidable conduct of the aggrieved party.





## b. Independent contractors/consultants\*

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#### *Definition of an independent contractor/consultant*

Agreements established with independent contractors/consultants do not fall under the scope of the Labour Code, but under the Civil Code (Act V of 2013). The Civil Code does not specify a single definition as several types of agreements can be established, see [below](#). A contractor, therefore, is a party that establishes any of the service agreements listed below, to perform specific services or carry out a specific project for the principal (the entity/organization).

The Ruling 22 April 2020 of the Court of Justice of the European Union specifies guiding points for employers and labor courts in EU member states to differentiate between employment contracts and independent contractors/consultants service contracts as follows:

- The ability to appoint a substitute or contract with another person to perform the services they provide to the entity/organization.
- The freedom to accept or decline work, and to set a maximum number of tasks to be performed for the entity/organization.
- The provision of services to other organizations, including competitors of the entity/organization.
- The freedom to set their own hours of work (within certain parameters), and the ability to adjust working hours to suit their needs, and not the needs of the entity/organization.

*\*The term consultant will be used to also refer to independent contractors, or any other term that would mean a person that provides goods or services under a written contract or a verbal agreement but does not work to meet the definition of employee.*

### 1 Contracts

#### **What types of independent contractor/consultant agreements are available? Are there any specific agreements available to NGOs?**

There are several types of independent contractor agreements regulated by the Act V of 2013 on the Civil Code. On this basis we refer to contracts for professional services and engagement-type contracts. A contract for professional services may be either a works contract or a contract of carriage. The sub-types of works contracts specified by law are the following: works contracts, design contracts, construction contracts, research contracts, contracts for travel services,





agricultural services contracts and public service contracts. The engagement-type contracts include the following contracts: personal service contracts, consignment contracts, agency contracts, shipping contracts and fiduciary asset management contracts.

According to the Act CLXXV of 2011 on the Right of Association, Public benefit Status and the Functioning and support of Non-Governmental Organizations, a civil society association, a registered association (with the exception of political parties, trade unions and mutual insurance associations) and foundation (with the exception of public foundations and party foundations) are considered NGOs in Hungary. Under this Act, natural persons have the right to set up a partnership working for a common objective aiming to achieve their non-economic goals, by means of a civil law partnership agreement (civil company). These civil companies shall have no legal personality, and may be created without capital contribution. There are no specific contracts applicable for NGOs.

### **What are the main elements of consultant agreements?**

The main elements of consultant agreements are the following: the independent contractor/consultant undertakes to perform services to achieve the result agreed upon. The customer undertakes to accept delivery thereof, and pay the contracted fees for such services. In addition to that, the contractor should act in accordance with the customer's instructions, but no instructions shall be specified for the contractor's method of operation/organization of their performance of the services and the customer should not exert too much control over the consultant.

### **Is it possible to have probation periods for independent contractors/consultants? If yes, for how long?**

Independent contractors/consultants are not in an employment relationship with the principal, rather a civil-law legal relationship, and the Act V of 2013 on the Civil Code is applicable. As such, there is no requirement to include a probation period. Probation periods should therefore be avoided and if included, could suggest the contract is in fact a concealed employment relationship.

### **Is it possible to have a fixed term consultation/independent contractor agreement? Are there any restrictions around fixed term consultant/independent contractor agreements?**

There are no specific rules regarding fixed-term consultation/independent contractor agreements. According to the general provisions, the time of performance may be determined by setting a delivery date or delivery period. If the delivery date is set, the service shall be performed on that date. In the case of a delivery period, the service may be performed any time during that period, except if the circumstances of the case suggest that the contractor's principal/customer is allowed to choose the delivery date.

### **Do independent contractor/consultant agreements have to be in writing? Are there any signatory requirements? For example, could they be signed in-person or electronically, etc.)?**

In case of contracts for professional services and engagement-type contracts, the Act V of 2013 on the Civil Code is applicable. Under Hungarian law, a written signature is not necessarily required for a valid contract - contracts are generally valid if legally competent parties reach an agreement, whether they agree verbally, electronically or in a physical paper document (Section 6:63 of the Hungarian Civil Code). However, it is suggested to conclude a written contract if the contracted fee exceeds the amount of 200.000 HUF (approx. €528) according to the provisions on reference for expenditure verification of Act LXXXI of 1996 on Corporate Tax and Dividend Tax. It is also







fundamental to the validity of a contract that an agreement is reached by the parties concerning all essential issues as well as those deemed relevant by either of the parties.

In addition, Regulation (EU) No 910/2014 on electronic identification and trust services for electronic transactions in the internal market (the “eIDAS Regulation”) came into force on 1 July 2016. The eIDAS Regulation repealed and replaced the e-Signatures Directive (1999/93/EC) and is directly applicable in the 27 member countries of the European Union. The eIDAS Regulation is technology neutral and defines three types of electronic signature (simple electronic signature (SES), advanced electronic signature (AES) and qualified electronic signature (QES)). Based on Hungarian judicial practice, only electronic documents signed with QES or AES can be deemed as legally binding written documents when the law requires written form (for example employment contracts).

**Do all types of independent contractors/consultants have to be under contract in order to be able to work?**

The mentioned professional services and engagement-type contracts require that independent contractors/ consultants have to be under contract in order to be able to work. The contract may specify personal contribution from the contractor/consultant, or alternatively, if the agreement permits, the contractor/consultant can establish contracts with subcontractors to perform the services.

**Can you provide a simple template of the agreements mentioned above?**

N/A.

**Is there an obligation to run a criminal record check to the extent that any independent contractor will be working with children or vulnerable people?**

There is no such requirement.

## 2 Conditions of work for consultants

**Are there any minimum age requirements for an individual to work under a consultant/independent contractor agreement?**

According to the Act V of 2013 on the Civil Code, minors under the age of fourteen years are legally incompetent, they are not allowed to enter into a contract. The legal statements made by incompetent minors shall be null and void; their legal representatives shall proceed on their behalf.

Persons who have not yet reached the age of eighteen years shall be deemed minors. The legal statements of a minor with limited capacity shall not be deemed valid without the consent of that minor’s legal representative. As such, a person between the age of 14 and 18 years may enter a contract with the consent of their legal representative.

**Does a consultant/independent contractor need to obtain a license or any other permission in order to work?**

Depending on the nature of the work, an independent contractor may only carry out an activity subject to qualification if they meet the qualification requirements specified in the legislation, or if they do not meet the qualification requirements themselves, their employees who personally contribute to the performance of the given activity hold the required qualifications.

### Payment





**Are there any minimum pay requirements for consultants/independent contractors?**

There is no minimum pay requirement for consultants/independent contractors.

**Are there any exceptions in minimum wages for young persons or people with disabilities?**

Exceptions can be found in taxation matters. From January 1, 2022, young persons under the age of 25 can take advantage of a new tax base discount: they do not have to pay personal income tax up to a certain amount on their legally defined income belonging to the consolidated tax base.

The personal (severely disabled) discount: The discount can be claimed by a severely disabled person who suffers from one of the diseases listed in the government decree on diseases considered as serious disabilities - for example, hearing, vision, locomotor disabilities, or disability pension, or you receive disability support. This discount can reduce the income included in the consolidated tax base (for example, employment, contract of employment, income from real estate rental, primary producer income, entrepreneurial exemption for sole proprietors, flat-rate income of sole proprietors). The amount of the discount is one-third of the minimum wage per qualifying month, which is currently 88,900 HUF per month as of December 2023.

**Is there any requirement to provide statutory/paid leave to consultants for statutory holidays?**

Independent contractors are not entitled to statutory leave.

**Is there any requirement to pay annual leave to consultant/independent contractors? If so, how is this compensated, if at all?**

No and this is not advisable as it can indicate that the consultant is actually an employee.

**Is there an obligation to provide consultant/independent contractors with overtime? How is this compensated if required?**

The contractor shall perform the work covered by the works contract but not taken into consideration for the calculation of the contract price, as well as the work that is considered essential for the completion of the works in a condition proper for use or the intended purpose (additional work). The contractor shall perform works ordered subsequently, prompted, in particular, by changes in the plans or designs, if carrying out such works is unlikely to impose unreasonable burden upon the contractor (extra work). If the parties agreed on a fixed sum, the contractor shall have the right to charge for extra works only in addition to the fee agreed upon and shall not be entitled to charge for additional works. However, the customer shall reimburse the contractor's expenses incurred in connection with carrying out additional works, which could not have been foreseen at the time of conclusion of the contract. If the contract price is to be paid according to progress, the contractor shall be entitled to invoice for the work phases completed. The contract price shall be payable upon contractual performance.

**Are consultants entitled to an end-of-year payment?**

No, unless agreed upon by the parties (agreement to this effect may indicate that the consultant is in fact an employee).

**Are consultants entitled to a final payment when the contract is terminated?**

No, unless agreed upon by the parties (agreement to this effect may indicate that the consultant is in fact an employee).





## Working hours

### **Are consultants entitled to any type of leave, whether paid or unpaid?**

No, as they are not in an employment relationship.

## Social security

### **Does the end user engager need to make any social security contributions on behalf of a consultant/independent contractor? Are independent contractors entitled to health insurance from the end user engager?**

Assuming a genuine self-employed independent contractor/service provider arrangement and the individual not being deemed to be an employee, the end user engager does not need to make any social security contributions on behalf of the consultant/independent contractor, and independent contractors are not entitled to health insurance from the end user engager.

### **Are independent contractors/consultants entitled to unemployment insurance/ benefits after termination of their independent contractor/consultancy agreement from the end user engager?**

Independent contractors/consultants are not entitled to unemployment insurance or benefits from the end user engager, however, they may be insured under the social security system of the State.

### **Are independent contractors/consultants entitled to sick leave from the end user engager? If yes, for how long? How many days have to be paid?**

Assuming a genuine self-employed independent contractor/service provider arrangement and the individual not being deemed to be an employee, an independent contractor/ consultant is not entitled to sick leave from the end user engager. The independent contractor/consultant is entitled to suspend or terminate their performance due to sickness according to the agreement with the engager. An independent contractor/consultant is required to pay social security contributions, based on which they are entitled to sick pay.

### **Are independent contractors/consultants entitled to maternity leave from the end user engager? If yes, for how long? How many days/months have to be paid?**

Assuming a genuine self-employed independent contractor/service provider arrangement and the individual not being deemed to be an employee, an independent contractor/ consultant is not entitled to maternity leave from the end user engager. The independent contractor/consultant is entitled to suspend or terminate their performance due to maternity according to the agreement or with the engager. An independent contractor/consultant is required to pay social security contributions, based on which they are entitled to infant care benefits and child-care benefits.

### **Are independent contractors/consultants entitled to paternity leave from the end user engager? If yes, for how long? How many days/months should be paid?**

Assuming a genuine self-employed independent contractor/service provider arrangement and the individual not being deemed to be an employee, an independent contractor/ consultant is not entitled to paternity leave from the end user engager. The independent contractor/consultant is entitled to suspend or terminate their performance due to paternity according to the agreement or with the engager. An independent contractor/consultant is required to pay social security contributions, based on which they are entitled to child-care benefits.

### **Are employers obliged to cover work-place injuries for independent contractors/consultants?**





No, the general rules for compensation for damages shall apply.

**Are independent contractors/consultants entitled to retirement benefits from the end user? If yes, what benefits?**

Independent contractors are not entitled to retirement benefits from the end user, however, they may be insured under the pension system of the State.

### 3 Safe and supportive work environment

**Are there any differences in terms of the regime that applies to employees?**

The main difference is that the relationship between employee and employer is governed by the Act I of 2012 on the Labor Code, while independent contractors/ consultants' contracts are regulated by the Act V of 2013 on the Civil Code.

The contractor and not the customer shall arrange the conditions for carrying out the activity to ensure that the works will be completed safely and professionally in due time, in a manner that is economically viable.

### 4 Remote work

**Are end user engagers required to have a registered legal entity in the jurisdiction in order to hire independent contractors/consultants there?**

End user engagers are not required to have a registered legal entity to hire independent contractors/ consultants. Depending on the type of services provided (i.e. license-based or license and professional registry-based services), independent contractors may be required to be registered on a professional registry to carry out specific professional services.

### 5 What to do when things go wrong

#### Resignation

**Do consultants/independent contractors need a reason to terminate the contract or can they terminate it for any reason in accordance with the terms of the contract?**

The contractor shall be entitled to refuse to commence work until the work site is rendered suitable for carrying out the activity. If the customer fails to make available the work site in spite of being asked to do so by the contractor, the contractor shall be entitled to withdraw from the contract and demand compensation for damages.

In case of engagement-type contracts the consultants/ independent contractors are entitled to terminate the contract. In the event of termination by the principal, the principal shall pay compensation to the agent for damages resulting from the termination, unless the notice is given on account of the agent's non-performance. If the agent terminates the contract at an unsuitable time, they shall pay compensation to the principal for damages resulting from the termination, unless the notice is given on account of the principal's non-performance. Any limitation or exclusion of the right of termination shall be null and void. In the case of a long-term engagement, the parties may agree on limiting the right of termination and may stipulate that the right of termination by notice cannot be exercised within a specific time frame.

#### Termination of agreement

**What grounds do end user engagers have for the termination of consultant agreements?**





The customer shall be entitled to withdraw from the contract at any time before the beginning of performance and shall then be able to terminate the contract before performance. In the event of withdrawal or termination by the customer, the customer shall pay the commensurate part of the contract price and shall pay compensation to the contractor for damages, with the proviso that the amount of compensation may not exceed the contract price.

**What is the responsibility of the end user engagers for damages incurred by a consultant's actions within his/her work?**

The independent contractor is liable under the rules on liability for damages caused by breach of contract.





## c. Volunteers

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#### *Definition of a volunteer*

A volunteer is someone who performs voluntary activity (see [below](#) for further details).

### 1 Contracts

#### **Are organizations required to sign any form of agreement with volunteers?**

Voluntary activity in the public interest can be carried out under the framework of a voluntary relationship, which is established by a voluntary contract between the host organization and the volunteer. The voluntary service contract must specify:

- a.** the content of the voluntary activity in the public interest
- b.** the place where the voluntary activity in the public interest is to be carried out
- c.** the time to be devoted to the voluntary activity in the public interest and the rest period, and
- d.** the benefits that are provided to the volunteer under the relevant legislation and should be provided for in the event of termination of the volunteer contract.

The voluntary agreement must be in writing if:

- a.** the voluntary service contract is concluded for an indefinite period or for at least ten days, or for at least two days in the case of a volunteer under the age of eighteen or an adult volunteer partially incapacitated for voluntary service in the public interest
- b.** the volunteer is in receipt of an allowance
- c.** the volunteer is employed to participate in construction work for which a permit is required,
- d.** the volunteer's activity in the public interest is carried out abroad
- e.** the volunteer is a third-country national, not including a person recognized as a refugee or asylum seeker, an immigrant or a settled person
- f.** the right of either party to terminate with immediate effect is restricted
- g.** the volunteer requests it or





- h.** it is required by law. For example, where the volunteer activity is carried out for organizations of public interest (which include (without limitation) self-governments, church organizations and non-profit organizations).

The host organization shall keep the written volunteer contract for five years from the date of its termination. In order to exercise the rights and obligations of the volunteer relationship and to enable the host organization to carry out official controls of the volunteer relationship, the host organization keeps a register of volunteers who have not entered into a volunteer contract. The register shall include:

- a.** the ID documentation details (e.g. passport) of the volunteer and, if the volunteer is not a Hungarian citizen, their nationality
- b.** the volunteer's place of residence or, in the absence thereof, their place of stay or accommodation
- c.** the mandatory elements of the voluntary service contract from a) to c) set out above
- d.** in the case of a minor volunteer and a volunteer whose capacity to act is partially restricted in the context of voluntary activities in the public interest, the ID documentation details and the place of residence or, failing this, the place of stay of the legal representative
- e.** the date of commencement of the voluntary activity in the public interest, and
- f.** the date on which the legal relationship ceases to be valid.

## 2 Conditions of employment

### **Is there a minimum age requirement for volunteers?**

To volunteer, you must be at least ten years old.

### **What type of volunteering work may a child undertake? Are there any restrictions around this?**

A person under the age of eighteen or a person of full age who is partially incapacitated for voluntary activities in the public interest may engage in voluntary activities in the public interest which are appropriate to their age, physical, mental and moral development and abilities and which do not jeopardize their health, development and fulfillment of compulsory schooling. A volunteer under the age of 16 and an adult volunteer who is partially incapacitated for voluntary service in the public interest may not perform voluntary service in the public interest abroad. Volunteers under the age of eighteen may not perform voluntary service in the public interest between 8pm and 6am. The time a volunteer under the age of 16 may spend on voluntary service in the public interest may not exceed;

- a.** three hours per day and twelve hours per week during school holidays,
- b.** six hours per week during school hours and
- c.** two hours per day on a school day.
- d.** three hours per day outside school hours.

The time which a volunteer who has reached the age of 16 but has not reached the age of 18 may devote to voluntary activities in the public interest shall not exceed four and a half hours per day





and eighteen hours per week. A volunteer under the age of eighteen shall be granted at least fourteen hours of rest between the end of the volunteering period and the start of the next day.

### **Payments and reimbursement**

#### **Are organizations allowed to pay stipends to volunteers?**

Organizations are allowed to pay stipends to volunteers, but a person who has a voluntary relationship with more than one host organization may only receive a daily allowance from one host organization for the same period and must inform the other host organizations.

#### **Are organizations allowed to reimburse volunteers? If yes, for what expenses (such as transportation, food, etc.).**

The following expenses are permitted by law: workwear, transportation, accommodation, vaccination, screening test, feeding and care of an animal owned by a volunteer and necessary for the performance of a voluntary activity in the public interest, a reward for the volunteer's voluntary activity in the public interest, provided that the annual amount does not exceed 20% of the monthly amount of the statutory minimum wage.

### **Working hours**

#### **Are there any obligations around how many hours volunteers can work?**

Volunteers under the age of eighteen may not carry out voluntary activities in the public interest between 8pm and 6am. The time that a volunteer under the age of 16 may spend on volunteering in the public interest may not exceed,

- a. three hours per day and twelve hours per week during school holidays,
- b. six hours per week during school hours and
- c. two hours per day on a school day
- d. three hours per day outside school hours.

The time which a volunteer who has reached the age of 16 but has not reached the age of 18 may devote to voluntary activities in the public interest shall not exceed four and a half hours per day and eighteen hours per week.

#### **Are volunteers entitled to any type of leave?**

No, only to the minimum resting time requirement. The statutory requirement for minimum resting time for volunteers under 18 years of age is 14 hours (between two consecutive workdays).

### **Social security**

#### **Are organizations obliged to pay any social security contributions on behalf of their volunteers?**

Under Hungarian tax law, social security contributions are paid by the volunteer.

#### **Are organizations obliged to provide health insurance to volunteers?**

No.

#### **Are organizations liable for absences of volunteers due to work-place injuries?**







No.

### 3 Safe and supportive work environment

#### **Are there any differences in terms of the regime that applies to employees?**

The main differences are that the relationship between employee and employer is governed by the Act I of 2012 on the Labor Code, while volunteers are regulated by the Act LXXXVIII of 2005 on volunteers.

### 4 Tax

#### **Are organizations obliged to pay taxes if they pay their volunteers stipends? If yes, what types of taxes are mandatory to pay?**

Organizations are not obliged to pay social contribution taxes.

### 5 What to do when things go wrong

#### **What grounds do organizations have for the termination of volunteer agreements/arrangements?**

The voluntary contract shall be terminated:

- a. on the death or incapacity of the volunteer
- b. by the dissolution of the host organization without legal succession, or, in the case of a natural person, by death
- c. on completion of the voluntary activity undertaken in the public interest
- d. on the expiry of the period or condition laid down in the contract
- e. termination by mutual consent
- f. termination by notice
- g. when any decision prohibiting the employment of volunteers becomes final.

#### **What is the responsibility of organizations for damages incurred by a volunteer's actions within his/her work?**

The host organization is exempt from liability if it proves that the damage was caused by an unavoidable cause outside its control or solely by the unavoidable conduct of the volunteer. The host organization does not have to compensate the part of the damage that was caused by the volunteer's negligence.





## d. Non-citizen employees and consultants, including refugees and others forcibly displaced

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### 1 Status and the right to work

#### **Are employers obliged to secure legal status for their employees or consultants if they are non-citizens? (such as refugee status, humanitarian visas, visas for trafficking survivors, other recognized protection statuses, etc.)**

EU law distinguishes between third-country nationals and persons enjoying the right of free movement and residence in the EU. EU residents do not need a work permit, third-country nationals need a work permit.

#### **Are employers obliged to secure work permits for their employees or consultants?**

The application for the permit is submitted by the employer, and the necessary forms can be obtained from employment centres.

A third-country national may establish a work relationship in Hungary on the basis of a residence permit issued on the basis of a single application procedure determined by the employment authority or on the basis of a work permit issued to the applicant for employment in Hungary.

The application for a work permit must be submitted by the employer on a specific form to the district office competent for the place of employment.

#### **Is it always necessary to obtain a work permit?**

Generally, yes, although there are some exceptions where this is not necessary including (without limitation):

- a director of a branch or representative office of a foreign-registered business association, as defined by international agreement;
- for carrying out work that involves commissioning, warranty repair, maintenance or guarantee service activities performed on the basis of a private contract with a business entity established in a third country, if it does not exceed fifteen working days within a thirty-day period at any given time;





- for work performed by a temporary agency worker within the framework of temporary agency work for a Hungarian employer under placement by a temporary-work agency established in a State that is a party to the Agreement on the European Economic Area, other than Hungary;
- for the chief executives and supervisory board members of business associations with foreign participation;
- for a foreign national winning a tender for post-doctorate related employment, or the János Bolyai Research Scholarship for work performed as part of the tender or the scholarship program;
- for the employment of a third-country national studying at a foreign institution of higher education as part of an apprentice training program arranged by an international student organization;
- for foreign nationals pursuing full-time studies at vocational schools, secondary schools, basic art schools or institutions of higher education located in the territory of Hungary, for performing work under the term of such legal relationship;
- education activities in education institutions in a foreign language, if performed - as verified by the minister responsible for public education or the minister in charge of vocational education - under an international education program signed by the competent ministers of the States affected;
- for third-country nationals for activities performed under contract for some form of employment with a public-benefit trust carrying out public service functions, or with a higher education institution maintained by a public-benefit trust carrying out public service functions or any other higher education institution, if the duration of residence in Hungary in connection with that contract for employment does not exceed thirty days;
- for researchers for work carried out within the framework of an international agreement between Hungary and another State, provided that this is verified by a certificate issued by the Magyar Tudományos Akadémia (Hungarian Academy of Sciences);
- for the employment of third-country nationals attending practical training courses within the framework of the Comenius, Erasmus, Leonardo da Vinci and Grundtvig programs;
- for researchers for the purposes of carrying out research in Hungary under a hosting agreement concluded with a research organization accredited according to the Government Decree on the Accreditation of Research Organizations.

**Can asylum-seekers and other persons forcibly displaced access the right to work if they do not have refugee status or other recognized protection statuses?**

Under the relevant legislation, if individuals do not have the necessary permits, they cannot be employed.

## 2 Contracts

**Are employment contracts or consultant agreements for non-citizens different to those for citizens?**

Yes, only fixed-term agreement can be agreed upon if a work permit is needed. This term may not exceed the duration of the work permit.





### 3 Conditions of employment

#### **Does national law regulate the quotas for the number of non-citizens within one organization?**

Legislation does not limit the number of non-citizens employed at a specific organization, also please note, that as indicated above, a work permit is a requirement only for third country nationals, it is not required for EU member states' citizens.

As for quotas, for third country nationals there are conditions and limits of issuing employment authorization based on workforce requirements in Hungary (also, workforce requirements are considered for employers located in specific counties in Hungary).

For third-country nationals to obtain a work permit, the following conditions shall be met:

- The number of third-country nationals who can be employed in Hungary at the same time cannot exceed the monthly average of the labor demand reported in the previous year. The minister responsible for employment policy publishes an announcement every year containing the number of employees of the highest number of third-country nationals (in the year of 2024, such number is 65,000 employees)
- Employment may be authorized for qualified third-country nationals in counties affected by workforce requirements if in the specific county, there are no qualified Hungarian citizens registered in the registry of unemployed citizens who are available to perform the work in question.

#### **Are employers obliged to report about employed non-citizens?**

Yes.

#### **Are there any other differences in conditions of employment for non-citizens and citizens?**

There are no further differences in conditions of employment.

#### **Are there any specific employment terms that apply to citizens but not apply to non-citizens?**

Citizens and persons enjoying the right of free movement and residence do not need to obtain a work and residence permit.

### 4 Safe and supportive work environment

#### **Are there any differences in a safe and supportive work environment approach for non-citizens? If yes, please elaborate here.**

No.

#### **Does the employer have additional obligations for non-citizens?**

The employer must obtain the mentioned work permit.





## 5 What to do when things go wrong?

**Is the process of termination of an employment contract for non-citizens different than for citizens? If yes, please explain here.**

Non-citizens can obtain a work permit for a maximum of two years, after which another permit is required for continued employment. As noted above, only fixed-term agreement can be agreed upon if work permit is needed. Termination of a fixed-term contract is more complicated and must be justified. As an alternative the employer may terminate without giving reasons but in this case the employee shall be entitled to absentee pay (calculated according to the provisions of the Labour Code) due for twelve months, or if the time remaining from the fixed period is less than one year, for the remaining time period.

**Is the process of resignation for non-citizens different than for citizens? If yes, please explain here.**

Yes, since resignation in the case of fixed-term agreement must be justified.

**Are non-citizens entitled to the equal protection of employment laws in the event of employment-related disputes?**

Once a valid employment relationship has been established, non-citizens are entitled to equal protection of employment laws.





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