

Information on the government measures introduced up to 11 April 2020

Dear Partner,

Our office aims to keep you informed of any changes regarding the current emergency.

In this information note, we describe in 4 sections the measures announced by the Government on 7 April 2020 and published in the official gazette *Magyar Közlöny* on 10 April 2020:

1. **Further business segments (agriculture, forestry) are now added to those eligible for tax exemption and discounts and alleviated contribution payment terms as especially hard-hit businesses.**

(More detailed information is available in Section 1 entitled “An expanded range of beneficiaries”).

2. If businesses are able to switch their employees to **part-time employment** with working hours reduced by maximum 50% and expect to be able to continue employing them after the emergency, they **can apply for a wage supplement subsidy for a period of 3 months; the monthly sum is capped at HUF 74,960 per person. Based on the request and the declarations submitted jointly by the employer and the employees, the latter will receive the wage supplement directly from the government office (State Treasury). The subsidy is not automatic and is conditional.** Employees must agree to be at the employer’s disposal during the individual development time (30% of the reduction in working time), and the employer must pay wages for this time (as well). **The State will thus pay a subsidy equal to 70% of the net wages lost as a result of reduced working hours** (e.g. 35% if working hours are reduced by 50%) **only if the employer agrees to pay the remainder of the lost income to the employee; this means that the employee’s net wages will not fall compared to previous levels.**

There are strict preconditions for applications for this subsidy and, moreover, if commitments are not complied with (e.g. if the employee headcount falls during the emergency or in the period of 2 months thereafter), the employer must repay the amount paid to employees directly by the government office. Companies applying for the subsidy must evidence and/or represent that:

- employment in reduced working hours is an economic exigency closely correlated to the measures in the emergency;
- prior to submitting their application, they had taken action to employ all means of working time rescheduling at their disposal and these failed to yield results;
- they can *credibly* prove that their continued operation and the retention of the employees is in the interest of the national economy;
- they will not order extraordinary work (overtime) during the subsidy period
- they have not been condemned in a final ruling for a failure to register employees (employing them off the books) in the last 2 years;
- there is no final ruling establishing their obligation to repay subsidies awarded in a job creation and retention tender;
- their profile is not the provision of temporary personnel services, and
- they are not subject to an ongoing liquidation, voluntary liquidation or bankruptcy procedure.

If an applicant meets all the preconditions, the company’s costs relating to the employees it continues to employ in a part-time arrangement and the net income of its employees can change as follows:

Type of wages	Original gross wages	Original net wages	Employer's original total costs	Subsidy from State	Net wages incl. subsidy	Employer's total costs w/ subsidy
Minimum wage	161,000	107,065	191,590	37,473	107,065	124,534
Guaranteed wage minimum	210,600	140,049	250,614	49,017	140,049	162,899
Wages for achieving maximum subsidy	322,000	214,130	383,180	74,946	214,130	249,067

The table indicates that, originally, a minimum-wage employee would have “cost” the employer HUF 191,590 a month, of which the employee’s net income was HUF 107,065. If the employer then proceeds to employ them part-time, with working hours reduced by 50%, the employer will need to spend HUF 124,534, while its “savings” from the reduction in expenditures will be HUF 67,056 a month. The employee will receive HUF 69,592 in wages from the employer plus the retrospectively disbursed HUF 37,473 from the government of office, so that they will continue receiving their original net income in this period of 3 months.

This arrangement also means that the State will be able to collect from employers the funds for the wage subsidies disbursed “by it” retrospectively, **whereas the employer will protect the jobs and must commit to maintaining the statistical headcount and continuing to employ the workers, who will continue to receive the same net wages as before.**

(Detailed information and a description of the strict eligibility conditions is available in Section 2 entitled “Details of the subsidy for reduced-hours employment”.)

3. The subsidy for the employees of **research and development companies is higher than the supplementary subsidy** for part-time employment (**see Section 2**) and is **capped at HUF 318,920 a month for a period of 3 months.**

(Detailed information is available in Section 3 entitled “Subsidies to employees in research and development”.)

4. Adjusted to the reduced working conditions in this emergency, the **working time cycle may be established as a period of maximum 24 months.** Within that period, the actual time worked can be adjusted to the changed conditions, so that working hours that are impossible to be completed during the emergency can be rescheduled over a period of two years.

(The detailed rules are described in Section 4 entitled “Changes to labour law provisions; further opportunities”.)

We will continue to inform you as and when further detailed rules and new decrees are published.