



FINACONT TAX NEWSLETTER

Wage subsidy for employments with reduced working times



Kis Gábor

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The details and conditions of the subsidy are set out in Decree 105/2020. (IV.10.), which entered into force on 16 April 2020.”

To mitigate the economic impact of the coronavirus epidemic, the Government provides subsidy for employments with reduced working hours during emergency period. The details and conditions of the subsidy are set out in Decree 105/2020. (IV.10.), which **entered into force on 16 April 2020.**

The subsidy can be applied for if the reduction of working hours is due to the unfavorable economic situation directly related to the emergency. State aid covers only legal relationships covered by the Labor Code [Act I of 2012]. **The subsidy can be applied for at the joint request of the employer and the employee.**

Required undertakings

1. In order to benefit from the allowance, **the employer and the employee shall jointly undertake**, for at least the duration of the subsidy, to commit to the following:

- **Working time reduction**

Reduced working time is defined as at least half the original working time but not exceeding seventy per cent of it as set out in the **employment contract modified** after the declaration of emergency,

with at least four working hours per day.

- **Establishing individual development time**

During **individual development time**, the employee is **exempted** from the obligation to work to the extent of thirty percent of the time lost due to reduced working hours **for the purpose of development** related to his / her job or to the activity of the employer.

2. When receiving the subsidy, the **employee** shall also undertake the following:

- working part-time with loss of income,
- the creation of a new employment relationship in addition after which he applied for the subsidy will not prevent the return to the normal working hours before the end of the subsidy
- being available to the employer during individual development.



3. Undertakings of the employer

- the employer **shall maintain the statistical headcount** on the day the application is submitted for the duration of the subsidy and for a further month,
- the employer shall not request overtime working hours during the subsidy period,
- in accordance with his obligation to cooperate and provide information, the employer shall notify the government office of any change in the conditions of the subsidy or the duration of the reduced working time within two working days,
- together with the subsidy, the amount of wages during the period of the subsidy reaches the employee's payment for absence, and
- that he pays wage for the individual development period.

If the employer has several permanent establishments, all his permanent establishments must be considered together for the purposes of obligation to maintain the statistical headcount.

Duration, amount and payment of the subsidy

The subsidy **may be granted during the period following the submission of the application.**

The duration of the subsidy is **three months.**

The amount of the allowance shall **be seventy per cent of the proportion of the monthly absence fee which is due for the working time**

lost in thirty, forty or fifty percent, where the monthly absence fee is determined on the date of the declaration of the emergency and is **reduced** with the personal income tax advance and contributions as set out in the general rules.

When determining the monthly amount of the subsidy, **the maximum amount of the payment for absence** less taxes and contributions that may be taken into account **may not exceed twice the mandatory minimum wage** less taxes and contributions in force at the time of application.

The subsidy is paid to the employee in arrears on a monthly basis. The subsidy cannot be paid for unpaid leave. The subsidy is **free of public charges.**

Condition for submitting the application for subsidy

The application for subsidy may be submitted if

- **the employee**
 - **does not receive** any other part-time employment subsidy in respect of the same employment,
 - **has been employed by the employer** at least from the date of the declaration of the emergency and does not spend his or her period of notice,
- and the **employer**
 - **employs the employee** with whom he submits the application **on a part-time basis** in order to prevent a

reduction in the number of employees,

- **presents the economic circumstances** justifying the employment in part-time work in the application, **their direct and close connection with the emergency situation**, the measures expected and taken so far to overcome the economic difficulties,
 - has exhausted the possibilities for rescheduling working time in connection with the previous point until the application is submitted,
 - **has been in operation for at least six months**, and
 - does not receive job-creation or job-preservation aid or aid for the employment of workers engaged in research and development at the time of the application after the employee,
- working hours have expired or been closed.

Conditions for granting the subsidy

The subsidy may be granted if:

- **the employee** has no payment obligations in connection with the subsidy recovered by the public employment body by a final decision
- **the employer complies with the conditions of the arranged employment relations**, and the existence of these conditions is proved in the manner specified by law,
- **the employer is not being subject to liquidation, bankruptcy or other**

statutory termination proceedings as defined by law,

- the employer **did not qualify** as a company in difficulty on 31 December 2019 under Government Decree 37/2011 (III. 22.) on the procedure related to state aid in the sense of European Union competition law and the regional aid map,
- **the employer demonstrates that the economic rationale for part-time employment is directly and closely related to the pandemic emergency** and provides credible evidence that the retention of employees is in the national interest in the context of its continuing economic activity.

How to apply for the subsidy

The employer can submit the application for subsidy **electronically during the period of the emergency or within one month after the end of the emergency**, on a standardized form published on the website of the National Employment Service.

If the employer submits a joint application **with several employees** for the same permanent establishment, they must be submitted **at the same time**. An application may be submitted only once for the same permanent establishment. An application may be submitted in respect of the same worker only in respect of one establishment.

The application for subsidy **must be accompanied by an amendment to the employment contract justifying the reduction in working hours and an agreement on individual development time**.

The application for the allowance **must be submitted to the competent government office** of the employee's place of employment.

The government office **will decide** on the existence of the described (prescribed) conditions for the application **within eight working days**, and then decide on the granting of the aid or rejecting the application in a decree. If the application meets the conditions set out in the regulation, it will provide subsidy to the worker on the basis of the application.

There is no appeal against the decision of the government office and it cannot be challenged

in court. If the application is rejected, **the employer and the same employee may re-apply at most once.**

Please contact our colleagues if you wish to have a detailed interpretation of this legislation as this newsletter offers general understanding.

Should you have any questions, please do not hesitate to contact us.

Gábor Kis



FINACONT Szolgáltató és Tanácsadó Kft.
H - 1062 Budapest, Aradi utca 16, II. em. 2.
T. +36 1 345 0092
F. +36 1 345 0093
M. +36 20 945 5040
E-mail: gabor.kis@finacont.com
Web: www.finacont.com