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FOREWORD

In this issue of our newsletter, we present the main changes and additions to the short-time work regulation introduced on 16 April 2020 by Government Decree 105/2020 (IV.10.) which were published with Government Decree 141/2020 (IV.21.) on 21 April 2020.

After the publication of the first government decree, a large number of interest groups and trade associations contacted the government and expressed their considerable concerns regarding the concept and reasonability of the short-time work regulation. The government responded to these comments and, after consulting with trade associations and other market participants, made some corrections and adjustments. The main changes as well as other measures that have currently been adopted to deal with the crisis (tax reliefs, in particular for businesses and loan terms) are as follows:

SHORT-TIME WORK SUBSIDY - MODIFICATION OF THE SHORT-TIME WORK SUBSIDY REGULATION BY GOVERNMENT DECREE 141/2020 (IV.21.)

Government Decree 141/2020 (IV.21.) brought about in particular the following changes and additions to the previous Decree (104/2020 (IV.10.)) on short-time work subsidy regulation:

- Short-time work is now defined in the new regulation as an interval of 25 percent to 85 percent of the original working time (the interval was previously set between 50 and 70 percent),
- "Obligation to maintain the number of staff": this refers now only to those employees in respect of whom short-time work subsidy has been applied for and approved (previously this meant maintaining the number of employees at the time the application is made),,
- the rather incomprehensible term "absence allowance" (*távolléti díj*) has been reformulated as "basic wage",
- the subsidy extends to a proportionate 70 percent of the reduction in working hours,
- if the working time is reduced by less than 50 percent, further training programs are to be provided for the employees, in other cases there is no obligation to do so (previously: further training programs had to be provided for all employees whose working hours are reduced),
- the employer guarantees the employees at least the net basic wage in those cases in which working time has been reduced by less than 50 percent, as well as for the hours that are spent on further training,
- the training programs can be carried out within 2 years from the receipt of the subsidies,
- if the working time is reduced by more than 50 percent, there is no obligation to increase the net basic wage to the level before the reduction in working time, and no basic wage has to be guaranteed for the period of further training,
- when applying for short-time work subsidy, no contract amendment is required for each and every employee, instead, the changes come into force automatically upon acceptance by the Employment Office, and the individual employment contracts do not have to be amended one by one,
- short-time work subsidy may also be applied for if there is distance work, work from home or temporary workers are employed,
- the application for short-time work subsidy must be made for all the employees at a single location and can only be filed once,
- working hours do not have to be exhausted before the short-time subsidy is approved,
- the administrative requirements for the application have been significantly reduced, e.g. a more detailed description of the countermeasures taken so far is no longer required.

The maximum reference amount increases due to the consideration of longer lost working hours from HUF 75,000/month/employee (ca. EUR 210) to over HUF 112,000/month/employee (twice the net minimum wage HUF 214,130 x 0.75 x 0.7 = HUF 112,418). The maximum reference period of 3 months for short-time work subsidy remained unchanged.

TAX RELIEFS ACCORDING TO GOVERNMENT DECREE 140/2020 (IV.21)

In order to mitigate the effects of the crisis situation, numerous allowances and benefits have been introduced in the areas of taxes, charges and administration. The most important ones are described below:

Easing tax regulations

The deadlines for the tax assessment, tax return and tax payment, as well as the assessment of tax advances due between 22 April 2020 and 30 September 2020 will be postponed to 30 September 2020.

Tax types affected:

- corporate tax
- local business tax
- tax of energy providers
- innovation contribution

Amount of tax advances

The frequency and the amount of tax advance payments do not change. However, an application can be filed for a reduction of the tax advance if the amount of the advance payment is higher than the tax calculated for the financial year.

Business reports

With the exception of reports from companies of public interest, the deadline for filing and publishing the financial statements will be extended until 30 September 2020. The extension of the deadline applies to annual reports due between 22 April 2020 and 30 September 2020.

Széchenyi Card

The amount of preferential recreational benefits for employees who are not in public service will increase from HUF 450,000 to HUF 800,000 in the 2020 calendar year. No social insurance charges will be payable on these recreational benefits until 30 June 2020.

Tourist tax

For the period from 26 April 2020 to 31 December 2020, the so-called tourist tax does not have to be charged on customers or paid by the service providers concerned. However, the amount of the unpaid tax must be reported to the tax authority.

Health-care contribution

For the period from 1 May 2020 to the end of the crisis, the employer must determine and pay the health-care contribution of those employees who are on unpaid leave (HUF 7,710/month). Upon request, the payment period for the contribution can be extended by up to 60 days after the crisis situation has ended.

LENDING AND LOAN COLLATERALS IN ACCORDANCE WITH GOVERNMENT DECREES 1170/2020 (IV.21.) AND 1171/2020 (IV.21.)

In addition to SMEs, large companies also have the option of taking interest-subsidized loans or receiving government loan collateral. Details of this can be found in the specific regulations.

SUMMARY

Although a large number of positive changes have been made to short-time work subsidies, it remains to be seen how employers will accept them and what effects they will have on the employment situation.

If you have any questions about the topics discussed above or have specific concerns about your Company, please contact our colleagues in our relevant departments who stand at your disposal at any time. You can also consult our colleagues on the application procedure for short-time work, as well as on the specific details of possible alternatives.

We will continue to inform you of further selected developments on this topic.

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