



In this newsletter we would like to inform you about the rules of the subsidy related to employment under shortened working hours considering the amendment in the regulation. The modification in the regulation introduced significant facilitations compared to the previous one. The new rules took into effect on 29 April 2020 and are applicable for pending requests as well.

Employment under shortened working hours:

Period of the subsidy:

The subsidy is granted for the employee on a monthly basis subsequently, the duration is 3 months, but shall not be paid for the duration of unpaid leave.

The amount of the subsidy:

The amount of the subsidy is calculated based on the base wage, minus personal income tax advance, contributions determined under the general rules, amounting to 70 percent of that sum as commensurate for lost working time. When determining the amount of the subsidy for a month the maximum amount of the eligible net base wage may not exceed double of the net mandatory minimum wage prevailing at the time the application is submitted (HUF 214.130). The subsidy is tax-exempt.

The subsidy may be granted if the following conditions are met:

Upon receiving the subsidy, the employee and the employer must undertake to agree on

- shortened working hours (part-time work arrangement reaching at least 25 percent of the working time determined in the employment contract that was in effect before it was amended upon the declaration of state of emergency in three months average, not exceeding 85 per cent thereof)
- in a duration of individual development beyond the shortened working hours if it exceeds half of the working time fixed in the employment contract in effect before it was amended (the time when the employee is exempted from work obligations during the period for which the subsidy is granted or within the following two years covering up to 30 percent of the working time lost stemming from the reduced working time arrangement for the purpose of making improvements in connection with his/her job or the employer's activity)

at least for the duration of the subsidy.

If the reduced working time does not exceed half of the working time fixed in the employment contract in effect before it was amended, the employee and the employer may agree in a duration of individual development (hereinafter referred to as „agreement on voluntary individual development”).

Conditions on the side of the employee:

- the employee has been employed since at least 11 March and is not in the period of notice;
- the employee does not receive any other subsidies in connection with working part-

time under the same employment relationship.

Conditions on the side of the employer:

- has been in operation for at least 6 months;
- employs the employee with whom the application was submitted jointly under contract of employment in reduced working time in order to avoid making cuts in the number of staff;
- does not receive any other subsidy for creating or retaining jobs or for employing research and development staff (based on the Governmental Decree of 103/2020. (IV.10)) in respect of the employee with whom the claim is jointly submitted

By receiving the subsidy, the employee undertakes the following obligations:

- to work in shortened working time, entailing the loss of income, to be available for the employer during the time of individual development;
- to ensure that entering another employment relationship (in addition to the one existing at the time of the application) will not hinder the employee's return to regular working hours after the subsidy period.

By receiving the subsidy, the employer undertakes the following obligations:

- maintaining the number of the staff for the subsidy period and for 1 more month;
- does not order any work to be carried out in irregular hours for the employees for whom subsidy was granted;
- to pay wage for the time of individual development (except for the case of agreement on voluntary individual development);
- the amount of the salary exceeds the employee's base wage together with the

aid (except for the case of agreement on voluntary individual development);

- to report any changes in conditions of the subsidy or the period of shortened working hours to the government office within 2 days.

The subsidy may not be granted, if:

- the employee has payment obligation toward the government employment agency in connection with the subsidy reclaimed in a final decision;
- the employer does not meet the conditions of distinguished labor relations or does not provide evidence thereof;
- the employer is undergoing dissolution, liquidation ordered by final ruling, or bankruptcy ordered by final ruling or any other similar proceedings provided for by other legislation for its termination;
- the employer does not demonstrate that the economic reason for employment with shortened working time directly and closely relates to the state of emergency, and provides credible evidence that keeping the employees is in the interest of the national economy relevant to its continuous economic activity;
- the employment qualifies as other than an employment under an employment contract.

Submission and examination of the application:

Subsidy may be granted if requested by the employer and the employee jointly. Where an employer applies jointly with two or more employees from the same establishment, such applications must be submitted at the same time. Subsidy granted for applications submitted for the same establishments simultaneously applies for the same period.

The application must be submitted electronically at the government agency of

jurisdiction by reference to the employee's place of employment on a form published on the website of the Nemzeti Foglalkoztatási Szolgálat (<https://nfsz.munka.hu>).

The employment contract will be amended on the day of the decision according to the application for the duration of the subsidy in terms of the shortened working time and individual development except the case when the parties have already modified the employment contract before the submission of the application.

The application may be submitted from 16 April 2020 during the state of emergency or within one month following the end of the state of emergency.

The subsidy is terminated:

- if the employee and the employer jointly request it;
- if the employment of the employee terminates or the employee does not fulfil its obligations related to the subsidy;
- if the employer receives any other subsidy for creating or retaining jobs or for employing research and development staff (based on the Government Decree 103/2020. (IV.10)) in respect of the employee with whom the claim is jointly submitted;
- if the reduced working time is modified under the duration of the subsidy;
- if the subsidy should not have been granted due to non-compliance with the rules of the subsidy.

Repayment of the subsidy:

Non-compliance with the obligations may result in repayment both on the side of the employer and the employee.

Subsidy for employing research and development staff:

Different Government Decree contains rules with respect of employing research and development staff. The subsidy may be granted for 3 months, the amount of it cannot exceed HUF 318.920 per employee. The detailed rules are very similar to the rules of the employment under shortened working hours.

SHOULD YOU HAVE ANY QUESTIONS REGARDING THE ABOVE PLEASE DO NOT HESITATE TO CONTACT US.

Vadkerti Krisztián
vadkerti.krisztian@pkf.hu

Dr. Molnár Krisztina
molnar.krisztina@pkf.hu

Dr. Kis Dániel
kis.daniel@pkf.hu