



This newsletter is to inform you about some payroll related law changes published as a result of the coronavirus epidemic. In this newsletter first we are reviewing the changes concerning on the one hand the taxation and on the other hand the annual amount limits of the Széchenyi Holiday Card that are taxed as non-fringe benefits. Thereafter the focus is on the modifications related to the leave of absence without pay and on the changes, which had been announced previously concerning families raising recently born child.

Széchenyi Holiday Card

The 140/2020. (IV. 21.) government decree, published on the 21st of April 2020 describes the law changes in connection with the Széchenyi Holiday Card. Amounts that can be transferred to the accounts of the Széchenyi Holiday Card and taxed as non-wage benefits have increased as follows according to the content of the decree for the year of 2020:

- a) to the accommodations account increased up to 400,000 Hungarian forints per year from 225,000 Hungarian forints per year,
- b) to the food and beverages account increased up to 265,000 Hungarian forints per year from 150,000 Hungarian forints per year,
- c) to the recreational account increased up to 135,000 Hungarian forints per year from 75,000 Hungarian forints per year.

The annual recreational amount limit has also increased for the year of 2020

- a) from 200,000 Hungarian forints per year up to 400,000 Hungarian forints per year, if the employer is a budgetary authority,

- b) from 450,000 Hungarian forints per year up to 800,000 Hungarian forints per year, in the case of other employers.

The above two amounts are applicable if the employee is employed during the whole year or if the private individual's employment relationship terminates due to the private individual's death.

Otherwise, if the employee is employed only in a fraction of the year the pro-rated amount limits shall apply according to the number of days of employment during the tax year under which the benefit is provided.

An additional change is that unlike previously there is no need to pay social contribution taxes after the amounts that are considered non-wage benefits and transferred between the 22nd of April and the 30th of June 2020 to the accounts of Széchenyi Holiday Card. As a result of the above, for the employer it is suggested to take into consideration to transfer benefits for more months at once to the accounts of the Széchenyi Holiday Card. If the amount of the Széchenyi Holiday Card is gross according to the cafeteria policy, employees shall obtain higher amount in line with the difference. Otherwise, if the amount of the Széchenyi Holiday Card is determined in net amount, employers shall pay less tax liability.

Existence of entitlement to health services

Based on the 140/2020. (IV.21.) government decree, during the state of emergency employees who are on leave of absence without pay as a result of the state of emergency shall be entitled to health services. Previously, if the employee was on leave of absence without pay the employee was obliged to determine, submit and pay health service

contributions. However, with the approval of the employee, these could have been performed by other individual or organization as well. Effective the 1st May 2020, until the state of emergency lasts in case of employees who are on leave of absence without pay due to the state of emergency, the employer is obliged to determine, submit and pay health service contributions until the 12th of the month following to the base month on behalf of the affected employee as per the new rule. The Hungarian Tax Authority may allow the employer to pay health service contributions, determined and submitted from the 1st of May 2020, until the 60th day following to the end of the state of emergency if it is specifically requested by the employer.

Law changes related to families raising recently born child

According to the 58/2020. (III.23.) and the 59/2020. (III. 23.) government decrees, published on the 23rd of March 2020 and effective from the 24th of March 2020, the entitlement to allowances for caring, raising child in the case of certain healthcare and family support benefits will be extended until the end of the state of emergency. With other words during the state of emergency, the entitlement to child-care benefits, child-care assistance benefits and child-rearing allowances shall be considered existing, and the allowances shall be continuously paid for the calendar days during the state of emergency. The entitlement may be terminated in two cases:

if the parents of the child withdraw their declaration related to the grandparent child-care benefits, or if the parents in their written declaration cancel the child-care assistance benefits. In case of grandparent child-care benefits or grandparent child-care assistance benefits, it is not necessary to overlook whether the grandparent raises the child in his or her own household or not during the state of emergency.

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

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