News Flash

November 7th 2014

Amendment to the Act on social insurance

We would like to draw your attention to the changes adapted by the amendment to the Act on social insurance, which comes into force as of January 1st 2015.

Increase of the exemption from pension insurance contributions

Under the current wording students who work under the student employment agreement can apply for an exemption from pension insurance contributions with one employer. The limit for students under 18 years is EUR 68 and for students older than 18 years is insurance 159.

From January 2015, **the exemption will increase to EUR 200 per month, regardless of the age of employee.**

If such a student exceeds the monthly income of EUR 200, the contributions to pension insurance will be payable only from the difference between the income and the exemption, not from the whole income.

Work under the student employment agreement may:

- be concluded only by secondary school pupils or students of full-time university study
- be carried out by students until the end of the year in which they reach 26 years

Example of calculation in 2014 and 2015:

income	2014						2015			Difference-students younger than 18	Difference-students older than 18
	Students younger than 18			Students older than 18			Student employment agreement				
	payments employee	payments employer	cost of work	payments employee	payments employer	cost of work	payments employee	payments employer	cost of work		
68	0,00 €	0,54 €	68,54 €	0,00 €	0,54 €	68,54 €	0,00 €	0,54 €	68,54 €	0,00 €	0,00 €
159	6,37 €	21,28 €	180,28 €	0,00 €	1,27 €	160,27€	0,00 €	1,27 €	160,27 €	20,01 €	0,00 €
200	9,24 €	30,64 €	230,64 €	2,87 €	10,61€	210,61€	0,00 €	2,10 €	202,10 €	28,54 €	8,51 €
250	12,74 €	42,03 €	292,03 €	6,37 €	22,01€	272,01€	3,50 €	13,50 €	263,50 €	28,53 €	8,51 €
300	16,24 €	53,44 €	353,44 €	9,87 €	33,41€	333,41€	7,00 €	24,90 €	324,90 €	28,54 €	8,51 €

Changes in sickness compensation calculation

From January 1st, 2015, even the calculation of sickness compensation changes.

Under the current wording if insurance was incepted in the previous year, the reference period for calculation of sickness compensation is the period starting from the inception of insurance till the end of the previous year. This rule has applied even if the insurance in the previous year took effect only a few days.

This provision could have been abused by some employers who registered their employees only for several days at the end of the year with a maximum assessment base and they paid the insurance only for those several days.

Then, at the beginning of the next year they reduced the income of the employee. If such an employee drew the sickness compensation, he drew it from the maximum base.

As of January 2015 not only the previous year will be the reference period. Current year to the end of the month preceding entitlement to sickness compensation will be taken into consideration. This provision aims to prevent any abuse of sickness compensations.

Old-age pension increase without request

Under the current wording of the law, an employee may request a pension recalculation once a year if the employee is working while receiving a pension.

After the amendment, the pension is recalculated automatically by the Social Security Agency, starting as of January 2015. The recalculation should always be done by the end of March of the relevant year.

Employers, who employ old-age pensioner whose compulsory pension insurance was created before August 1st, 2006 and continues without interruption until December 31st, 2014, are under the obligation to submit the Evidence list of pension insurance to a branch of the Social Insurance Agency until January 31st, 2015 for the period before August 1st, 2006. **This applies only if the Evidence list of pension insurance has not been already submitted by the employer.**

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