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News Flash

February, 2016

Employee Expense Reimbursement for Work Commute in Hungary

Employee Expense Reimbursement for Work Commute

The topic of commuting to and from work as well as its costs is often an interesting topic to debate. Some employees may feel they should be reimbursed for making this trip, while some employers on the other hand, think the salary is paid already fulfilling their obligation towards employees. There are actually some regulations in place in Hungary that help clarify this situation to a great extent, and that is what we are going to review in this newsletter.

According to the Decree no. 39/2010 (II.26.) of the Hungarian Government on expense reimbursement for commuting to and from work, if certain conditions are fulfilled, the employer shall reimburse the expenses for commuting to and from work to the employee in the form and amount specified by law. Conditions related are included in the mentioned regulation.

What is considered "Commuting to/from Work"?

First of all, let's define exactly what can be categorized as travel to/from work, and then see all the parameters within this frame. The Hungarian regulation currently in place defines the term "commute to/from work" and "traveling home" as the following:

- Travel to work on a daily basis – or frequent or occasional travel depending on the work schedules - from outside the administrative border. If the employee cannot reach his/her place of work, due to its geographical location, either with local- or with regional public transportation, travel to work from inside the administrative border shall also mean 'commute to work'.
- Traveling home is specified as the travel from/to place of work to/from home one time a week – in case of work schedule different from generally applied up to four times - on a monthly basis.

Based on Act on Personal Income Tax, expense reimbursement for commuting to and from work, in accordance with the governmental regulation, shall not be taxed (tax-free), if

- the amount of the expense reimbursement does not exceed the cost of either the season ticket or the ticket;
- the amount of the expense reimbursement does not exceed 9 forints per kilometer when the distance on public road to and from work shall be taken into account - including in particular if using his/her own vehicle to commute to and from work (in the event of daily commute to and from work or travel to home at weekends).

Based on section 3 of the Decree, the employer shall reimburse the expenses for commuting to and from work in the amount of 86 per cent of the cost of either the season ticket or the ticket; the expenses for travel to home in the amount of 86 per cent of the cost of either the season ticket or the ticket at least – but no more than 35 200 HUF in 2016 - if the employee travels by a) Second-class by domestic or cross-border national public railway; b) By scheduled national-, regional- or suburban bus service; c) By sub-urban train; d) By scheduled ship, ferry-boat or ferry to the place of work. The employer may - but not obliged to – reimburse the amount of the additional ticket for express train, for first-class or for intercity train as well (tax-free).

Are there any reimbursement cases based on travel distance?

Yes there are! The employer shall reimburse the expenses for commuting to and from work in the amount of 9 forints per kilometer in the following cases:

- There is no public transportation between the employee's place of residence and their workplace;

- The employee has children placed in pre-school institutions;
- Due to employee's work schedule, they are not able to use public transport;
- Employee is able to use public transport, however only with an abnormally long waiting time;
- The employee is not able to use public transportation because of their serious disability.

Furthermore, employees, who have children placed in pre-school institutions, shall also be reimbursed with 9 forints per kilometer for commuting to and from work. This type of reimbursement as well as the reimbursement for serious disability is considered expense reimbursement based on the governmental regulation, irrelevant of whether an employee commutes to work from inside the administrative border or not.

All of these measures, as well as many others, have a pre-stated definition in the regulations related to expense reimbursement. So please be sure to contact us for making sure your claim is legitimate according to the laws in place.

We would be glad to help you in this matter.

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