

News Flash

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**Minimum wage, student work,
casual work in Hungary 2016**

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As the current amount of the minimum wage and guaranteed minimum wage changed in Hungary by the 1st of January 2016, it is very useful to review the minimum amounts to be used in 2016. Furthermore, we point out the more important features of student work and casual work in Hungary.

Minimum wage – Guaranteed minimum wage

First of all, we have to define the difference between the two types of minimum wages in Hungary.

- **Minimum wage** is the lowest wage that employers have to pay to their employees as determined by the decree of the government, while **guaranteed minimum wage** means the lowest wage that employers have to pay to their employees working in a position that requires at least a secondary education.

Please note when determining the application of the guaranteed minimum wage, not the qualification level of the employee is to be investigated, but the qualification requirement of the job performed by the employee.

Amount of the minimum wage and guaranteed wage minimum

Based on the Decree 454/2015 (XII.29) of the Hungarian Government on the determination of the mandatory minimum wage, the following minimum salaries are in place in 2016:

- For a full time employee, from the 1st of January 2016, the monthly gross minimum wage is 111.000 HUF. In case of a weekly wage this amount is 25.550 HUF, the daily wage is 5.110 HUF and the hourly wage is 639 HUF. The amount of the employer's tax and contribution is 31.635 HUF, while the amount of the employee's tax and contribution is 37.185 HUF, so the total amount of public burden to be paid to the government is 68.820 HUF, thus the

net wage remaining at the employee is 73.815 HUF.

- For a full time employee working in a position that requires at least a secondary education, the guaranteed monthly gross salary is 129.00 HUF. In case of a weekly salary this amount is 29.690 HUF, the daily salary is 5.940 the hourly salary is 742 HUF. The amount of the employer's contribution is 36.765 HUF, while the amount of the employee's contribution is 43.215 HUF, so the total amount of the contribution to be paid to the government is 79.980 HUF. The net wage remaining at the employee is 85.785 HUF.

Please note there is no minimum wage amount determined by law which is applicable in case of jobs requiring higher education or diploma.

Student workers and school associations

Generally, every student over the age of 16, who owns a tax identification number can work as a student worker with the same minimum wage and guaranteed minimum wage rules, like everyone else (with the criteria that students under the age of 18 are not allowed to do overtime work and are not allowed to work at night). Working as a member of a school association is a special condition. Only students who are studying on a full-time basis can work in this form. This is the **most favorable case in employee taxation**, in this case only the personal income tax of 15% is deducted from the salary, because the employment relationship at school associations does not rise insured status.

Casual work

The length of the casual work is specified in law and is based on the calendar year/month/day, thus it is applicable also for partial years. Sum of the work days cannot exceed 90 days within 1 year and 15 days within 1 month. Moreover, the continuous work performance should not exceed 5 consecutive days.

The benefits of casual workers for the employers

The employers have to pay the **public burden** based on the simplified employment for casual work based on the type of scope of activities, which is a **fixed amount** in every case. Accordingly, the payable public burden per employee for each day of the employment should be as follows:

- Film industry extra workers: 3000 HUF
- Casual workers: 1000 HUF
- Seasonal workers in tourism: 500 HUF
- Seasonal workers in agriculture: 500 HUF

This fixed public burden covers all payable tax and contributions and acquit the employer of personal income tax deduction liability. Furthermore, the employee is exempt from tax and contribution payment liability concerning to this relationship.

Under simplified employment relationship, the base salary and the performance related salary – according to the specified conditions – shall reach at least 85% of the minimum wage, and 87% of the guaranteed minimum wage.

Restrictions of casual work relationship

The most important restriction related to the employer is that taken into account the average number of casual workers in the previous six months prior to each calendar year's January and July, the number of casual workers should not be higher than:

- 1 person, if there is no full time employee under Labor Code;
- 2 persons, if the number of full time employees is between 1 and 5;
- 4 persons, if the number of full time employees is between 6 and 20;
- and if the number of full time employees is over 20, the 20% of the total staff.

Please note, however the days spent in casual work relationship counts in the pension fund and the employee will be entitled to accident care and job search allowance, but does not rise insured status, thus the employee will be not eligible for sick pay.

We hope you found our summary useful. Should you have any further questions or need more detailed information our advisors are at your service.

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