

Job retention schemes in Europe

Hungary

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Note on ETUI classification of job retention schemes (JRSs): All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS)	Short-time work scheme (STW): Wage support and employment retention scheme Wage subsidy (WS): Sector-specific scheme for HORECA Wage subsidy (WS): Specific scheme for workers in R&D
Name of the scheme	1. Munkahelyvédelmi bértámogatás (Wage support and employment retention scheme) 2. Ágazati bértámogatási program (Sector-specific scheme for HORECA) 3. A kutató-fejlesztő tevékenységet végző munkavállalók veszélyhelyzet idején megvalósuló foglalkoztatásának a Gazdaságvédelmi Akcióterv keretében történő támogatása (Specific scheme for workers in R&D)
Start date of the implementation of the special Covid-19 JRS rules	During the first wave, within the framework of the emergency regulation (introduced on 11.03.2020): - 105/2020 (10.04.2020) Government Decree on support for reduced working time in the event of an emergency under the Economic Protection Action Plan, amended by Government Decree 141/2020 (21.04.2020) (STW scheme) The Government Decree introduced a special STW scheme to support workers' wages while on STW. The scheme was set up to run from 17 April 2020 until 31 July 2020 and was extended for another month until 31 August. Additionally, Government Decree 13/2020 introduced a special wage subsidy scheme for workers in R&D which applied between 15. April 2020 and 15 July 2020. During the second wave of the virus, within the framework of the emergency regulation (introduced on 04.11.2020): Government Decree 485/2020 on sector-specific protection measures during the emergency period in HORECA/culture/sport/leisure: employers in the sectors concerned received wage subsidies for the months of November, December 2020 and January 2021.

1. Magyar Szakszervezeti Szövetség / MASZSZ.

Eligibility

STW scheme: Companies that have lost 9–75% of their activities/revenues because of the crisis and which reduced their working time between 30 and 50%. Wage support is available for workers whose working hours have had to be reduced by at least 15% and not more than 75% during the period of emergency because of the adverse economic effects caused by Covid-19. The wage support could be used for working hours reduced to 2 hours per day:

Original daily working time	Min. working time after reduction	Max. working time after reduction
8 hours	2 hours	6.8 hours
6 hours	1.5 hours	5.1 hours

No eligibility criteria for workers.

Specific scheme for workers in R&D: Employer must have been in operation at least for 6 months before submitting the application, describe the proofs for its claim. No other criteria. Workers must be employed by the requesting employer in R+D since the declaration of the emergency and can not receive any other kind of employment support. No other eligibility criteria for workers.

Sector-specific scheme: HORECA/ culture/ sport/ leisure sectors only
Any enterprise in which at least 30% of the business' revenue in the previous six months came from either catering or recreation activities and if they have no debts to the state. No other eligibility criteria regarding wage subsidy.
No eligibility criteria for workers.

Exceptions (category of workers or companies excluded from support)

Exceptions are any sectors other than HORECA/culture/sport/leisure.

Duration of support (maximum duration for which JRS support is paid)

The duration of the STW scheme was 4 months and the duration of the sector-specific scheme is for the months November, December 2020 and January 2021.

Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)

The STW scheme covers 70% of the net basic wage lost because of lost working time (in practice that means: in case of a 50% working time reduction, the STW-covered part is 70% of 50% = 35% of the original wage).

The subsidy is a net amount and free of tax or social security contributions.

Separate wage subsidy for workers employed in research and development. The allowance is paid retrospectively to the employer on a monthly basis for a maximum of three months, up to a maximum of HUF 318,920 per month (approximately €897), if the worker's gross monthly wage is HUF 670,000 (approximately €1,883) or more. In case of lower wages, a proportionally reduced wage subsidy was granted. Employment obligation: for the same period as the duration of the allowance, during which period the worker's wages cannot be reduced. Applied between 15 April and 15 July 2020 (Government Decree 13/2020).

Not directly STW, but there was an exemption from social security contributions during this period for the sectors most affected by the pandemic, such as tourism, restaurants, entertainment venues, sports, cultural services, and transport.

The sector-specific support scheme provides a wage subsidy covering 50% the original gross wage (as of 10 November 2020) up to an amount of gross HUF 241,500 (or approximately 680), equivalent to 150% of the minimum wage. During this period the employer must continue to pay the full wage but is exempt from payroll taxes. The employer is not permitted to terminate the work contract of workers covered by the scheme before 1 March 2021.

Cap on support (maximum amount of JRS support payable)

STW scheme: The amount of the support is 70% of the pro rata part of the net basic wage that the employee lost because of the working time reduction. The maximum amount of the basic monthly wage that can be taken into account in calculating the support may not be more than twice the net minimum wage (HUF 214,130; approximately €602).

The wage support depends on wages and on the rate of reduction of working time:

in case of a 15% reduction of working time, the support amounts to 10.5% of the net basic wage, not exceeding HUF 22,483 (€63). $[0.15 \times 0.70 = 0.105 \times 214,130 = \text{HUF } 22,483]$

In case of a 75% reduction of working time the support amounts to 52.5% of the net basic wage, not exceeding HUF 112,418 (€316). $[0.75 \times 0.70 = 0.525 \times 214,130 = \text{HUF } 112,418]$

Separate wage subsidy for workers employed in research & development. The allowance is paid up to a maximum of HUF 318,920 (approximately €897), per month.

Sector-specific support scheme: the amount of the support shall not exceed 50% of the gross monthly wage as of the employment contract valid on 10 November 2020, up to a maximum of HUF 241,500 per month (€680).

What share of the support is covered by the state and by the employer?	In both cases the state covers 100% of the STW and the sector-specific support scheme allowance.
Dismissal protection	The protection against dismissal extends one month beyond the end of the payment of the STW and the sector-specific allowance.
Role of collective bargaining in the adoption and implementation of JRS support	No collective bargaining on the issue. At national level, social partners have regularly put forward their comments, proposals (often jointly) at the tripartite Consultation Forum for the Private Sector, following information provided by government representatives. Meaningful dialogue and consultation with trade unions, however, has been missing – in general the government provides information already published in the media.
Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)	None.
Special provisions as regards training/ requalification/ reorientation of employees on JRS	STW scheme: The employer must provide training to the employee concerned during 30% of the reduced hours. Sector-specific support scheme: none.

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)	Number of employees actually on STW (millions)	
	March 2020	
April 2020		
May 2020		
June 2020		
12 June 2020 Aggregate data provided to media by state secretary for employment	STW – 114000 employee / 8200 companies have already received 13,000 enterprises applied for 160,000 employees (total HUF 26.5 million) (approximately €74,520) Under SWT for R&D 1,000 enterprises were given support for 16,000 employees (total HUF 11.7 million) (approximately €32,900)	
July 2020		
August 2020	226,000 (5.7% of the workforce) In R+D 23000 jobs by 1300 companies have received.	
September 2020		
October 2020		
November 2020	By November 'app. 130000 employees benefit from the programme'	
14 January 2021 Aggregate data provided to media by state secretary for employment	Within the framework of the sector-specific support scheme more than 12,000 employers put forward requests for 90,000 employees (total HUF 22 million) (approximately €61,865) The state secretary 'emphasised that until mid January 2021 STW schemes have been extended to 70,000 enterprises, saving or creating 360.000 jobs'.	

Source: 'Situation sur le marché du travail durant la crise sanitaire', Dares, Ministry of Labour.

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)	According to Eurofound figures, on 26 August 2020 the distribution of STW across different sector was as follows: <ul style="list-style-type: none"> - manufacturing: 49.1% (nearly 100,000 applications); - trade and machinery: 16.7%, (nearly 33,000 applications); - accommodation, hospitality: 9.1% (nearly 18,000 applications); - administrative activities and supporting services administration: 4.9% (nearly 10,000 applications).
Is there any data on how many workers lost their jobs after STW expired?	Not published.
Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)	Not available.

Information on non-standard workers and JRS²

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?³	Employers and employees may apply for STW together: <ul style="list-style-type: none"> – ‘employers’ are defined by the Labour Code, but for the purpose of STW certain civil organisations receiving budgetary support are excluded; – ‘employees’ are also as defined by the Labour Code, but for the purpose of STW employees with disabilities receiving budgetary support are excluded; – following an amendment of the STW scheme, temporary work agencies are covered.
What are the eligibility criteria?	<p>STW: the National Tax and Customs Administration (NAV) may grant installment payment, deferment (12 months) or reduction of payment obligation (up to 50%) to individuals and self-employed persons who are in difficulty as a result of the Covid-19 pandemic. This is conditional on being exposed to serious risk to the livelihood of the person concerned and, in the case of self-employed persons, their inability to operate the business.</p> <p>For the months of March–June 2020, persons who carry out a principal activity (for example, catering, accommodation or broadcasting) as identified by specific NACE codes were exempt from social insurance contributions and vocational training contributions.</p> <p>By derogation from the Simplified Public Contribution Act, a simplified public contribution of 15.5% is payable.</p> <p>Taxpayers subject to low-tax-bracket enterprise tax (KATA) providing passenger transport services were exempted from their tax liability for March–June 2020.</p> <p>Deferral of payment of local business tax and innovation levy.</p> <p>Tourism: tourist tax on overnight stays from entry into force until 31 December 2020 was not payable.</p>

2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
3. The following questions refer to any existing schemes for non-standard workers.