



MINISTRY
FOR NATIONAL ECONOMY

New forms of Labour Relations
and their Flexibility –
The Simplified Employment Act

International Conference
„Challenges of Labour Law in context of Maintaining and Increasing
of Employment in the V4 Countries”
Bratislava, 26 February 2015

Simplified Employment - Act LXXV of 2010

- Entered into force on the 1st of September, 2010.
- Introduced to further facilitate seasonal and casual employment, and promote declaration of workers.
- Basically replaced the problematic „casual employee booklet”.
- Can be applied to agricultural and touristical seasonal employment or to casual work (and for „cinematographic walk-ons”).

Simplified Employment - Act LXXV of 2010

- Easy and fast declaration of employees (via phone or internet).
- Reduced administrative and taxation burdens.
- The simplified employment relationship may be established even on the verbal agreement of the two parties (no written contract is needed) by the declaration of the employer.
- During employment many derogations are allowed from the rules of the Labour Code.

Casual Employment

By definition, casual employment is an employment relationship between an employer and an employee

- for a maximum of five consecutive calendar days, and
- for up to fifteen calendar days within one calendar month, and
- for up to ninety calendar days within one calendar year (strict time limits).

The Act also regulates the maximum number of casual workers employed by an employer (it depends on the number of the other, „non-simplified” workers employed by the same employer): the maximum number of casual workers an employer may employ on the same calendar day shall not exceed:

- one person, if the employer does not have other full-time employees;
- two persons, if the employer has one to five other full-time employees;
- four persons, if the employer has six to 20 other full-time employees;
- 20% of the number of other full-time employees, if the employer has more than 20 other full-time employees.

(The annual number limit may be used unevenly by the employer.)

Seasonal Employment

- As opposed of casual work, seasonal employment can be performed continuously for a longer period.
- However, a general rule applies to seasonal employment as well: the maximum number of simplified employment days is 120 in a calendar year **between the same parties**.
- The above rule means, that an employer might employ seasonal workers even on all days of a calendar week if they are separately not employed by him for more than 120 days/year and vice versa: a simplified employment worker might be employed even on all days of a year by different employers.

Declaration of employees

- General rule in Hungary: all workers – including simplified employment workers – must be declared to the National Tax and Customs Authority **before** the actual commencement of the work.
- Simplified declaration: via phone (nationwide service line) or internet (government portal) after a short registration.
- The employer must declare: the employee's name and NI number, type of simplified employment, employer's tax number and the number of days of employment.

Taxation

- The employer shall pay a fixed amount after each employee for each calendar day.
- This amount does not depend on the salary or on the daily working-time.
- The amount is equal to HUF 500 in the case of seasonal work, HUF 1000 in the case of casual work, HUF 3000 in the case of work performed with the „cinematographic walk-ons”.
- „In exchange” the employee becomes entitled only to pension benefits, emergency medical services and unemployment benefits.

- A new Labour Code entered into force in Hungary on the 1st of July, 2012 (Act I of 2012).
- Part II, Chapter XV of the new Labour Code (LC) regulates special employment relationships, and also specifies the legal relationship between its provisions and those of the Act LXXV of 2010 on Simplified Employment.
- Generally, LC is the background rule for the Simplified Employment Act.
- The LC allows numerous derogations from the general rules of employment to further facilitate simplified employment and disburden the employers.

Thank you for your attention!

Dr. József Krisztián Járai
Head of Unit
Ministry for National Economy
Department of Labour Inspections (employment)