



ESPN Thematic Report on Access to social protection of people working as self-employed or on non-standard contracts

Hungary

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and TARKI Social Research Institute
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European Social Policy Network (ESPN)

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Summary

Non-standard employment and self-employment are not commonly used or clear-cut categories in Hungary, and they cover a wide range of workers. The total proportion of those considered self-employed in total employment decreased from 12.2% in 2008 to 10.8% in 2015. Bogus employment is suspected to be frequent, but no reliable statistical data are available on the issue at the moment. The most problematic aspects of self-employment are that there is no minimum wage (thus people may legally choose not to pay enough contributions to be eligible for a number of provisions – most importantly, perhaps, pension), it is not regulated by the Labour Code, there are no statutory guarantees of employment security, and trade unions do not represent the self-employed. As for non-standard employment forms, the key questions are job security, low wages and employment time.

Based on our analysis, the social protection system in Hungary is quite comprehensive, and covers those who perform work, receive income and/or pay mandatory contributions. The scope of the legislation covers sickness, invalidity, old age, industrial accidents and occupational diseases and unemployment, and it ensures equal treatment with regard to access to, contributions to and benefits from the insurance that covers these risks. Voluntary systems are also available for both healthcare services and pensions. However, as certain cash transfers – such as sickness benefit, certain maternity benefits (the 24 weeks of maternity leave and the childcare fee¹), job-seeking allowance, occupational injury benefits and, most importantly, pensions – depend on the contribution base and the length of the insured period, tax avoidance and tax evasion make all workers involved vulnerable. Occasional employment (in the form of simplified employment) is the category that covers those workers who, apart from undeclared workers, are in the most parlous situation in terms of job security and social protection, on the margins of the labour market.

The issue is less the coverage of people (whether workers are insured against the longevity risk and the risk of widowhood), but more the coverage of wages (whether contributions are actually paid). The potential consequences of such informal arrangements for the pension system first manifested themselves as a shrinking contribution base; since the mid-2000s there have been repeated warnings of massive poverty among future retirees.

Another problem is that although in Hungary most social provisions are available to the self-employed and most people in non-standard employment, the amount of the provisions – especially when that depends on the contributions paid – is a risk factor for poverty, as the sums are very low (though that is equally true for all employees).

¹ *Csecsemőgondozási díj, CSED, and gyermekgondozási díj, GYED.*

1 Context: self-employment and non-standard work relationships in the national economy and labour market

There is a lack of a clear-cut category of self-employed workers in Hungary. First, we do not widely use the term 'self-employed', but instead use alternative forms, e.g. 'sole proprietor', 'sole trader' or 'entrepreneur'. The concept of the 'self-employed' is treated in a rather formal and ambiguous way in Hungarian law:² an entrepreneur is a natural person, a legal person and/or organisational entity without legal personality, pursuing economic activity on his/her/its own behalf. Partners in a civil-law partnership (companies) are also considered entrepreneurs, as far as their economic activity is concerned. This definition encompasses 'small entrepreneurs' or 'business persons'. In both the legal and the statistical system, the definition of a 'self-employed person' relies on formal criteria (being an owner of a business, being registered as a private entrepreneur in the tax system, etc.) and disregards the fundamental difference between 'the owner of the business' and 'the self-employed person', who needs specific legal protection because of being economically vulnerable. In such a formal approach, the owner of a highly capitalised business employing a few hundred employees and the owner of a corner shop in which the owner and his/her family work both fall into the category of self-employed person, if they operate their businesses in the form of private entrepreneurship (Barnard and Blackham, 2015: 135–141). Often people with a full- or part-time job elsewhere may also be entrepreneurs or also be involved in bogus employment. Bogus employment emerged after the end of communism as a way of saving costs: workers are subcontracted via small companies or individual entrepreneurs submit invoices rather than receiving a wage. The term 'forced entrepreneurs' or 'entrepreneurs out of necessity' (*kényszervállalkozók*) illustrates that well. It has been quite widespread to have a job as an 'ordinary' employee, and also to earn income as a kind of entrepreneur, even from the same employer. That is definitely bogus employment, in the sense that it happens in order to reduce taxes and social security contributions. Such arrangements are frequent and well known, but their exact extent is subject to scholarly debate. We return to this in section 2.2 regarding pensions, which is the social protection field most affected by the consequences of regular and lasting tax avoidance.

A significant proportion of entrepreneurs are not entrepreneurs in the sociological and attitudinal sense of the term (Szerb, 2004),³ but are 'tax-avoiders'. Szerb also claims that self-employment from the perspective of entrepreneurial activity is an absorbing state, rather than a transitory phase, and so the self-employment rate cannot be used as an indicator of a country's entrepreneurial activity. In Hungary, the proportion of enterprises that carry out only make-believe or no real entrepreneurial activities is significant. Research indicates that self-employment frequently takes place in family-owned enterprises, where the family itself limits the business's potential to grow (i.e. the business

² There are several articles that include definitions of self-employed persons: Article 17 of Act IV of 1991 on the Promotion of Employment and Benefits for the Unemployed; Act CXVII of 2007 on occupational pension; Equality Act (Act CXXV of 2003) – see Barnard and Blackham (2015: 128–129). Article 17 of Act IV of 1991 on the Promotion of Employment and Benefits for the Unemployed defines a self-employed person as someone 'who provides employment for him/herself outside of a dependent employment relationship, including starting up a new business, or joining an existing business'. According to Act CXVII of 2007 on Occupational Pension, the notion of the self-employed covers both private and corporate entrepreneurs. These subcategories are defined by further pieces of legislation. Article 2(1) of Act CXV of 2009 on private entrepreneurs and private entrepreneurship defines the private entrepreneur (*egyéni vállalkozó*) as a natural person who carries out economic activity regularly, for the purpose of acquiring assets and making a profit, and by taking economic risks. Corporate entrepreneurs are the owners of businesses with legal personality. The Act on Equal Treatment and Equal Opportunities (Act CXXV of 2003) defines self-employment through the legal relationship that the self-employed usually enter into: 'other relationship for work' (*munkavégzésre irányuló egyéb jogviszony*). Agricultural businesses are also covered by the notion of self-employment (Barnard and Blackham, 2015: 135–141).

³ Historically perceived as a positive activity linked to innovation, even creativity, promoting economic development by creating new products, technologies, organisational forms, entering new markets, etc. – thus not only quantitative, but also qualitative development.

is adjusted to the skills set and needs of the family, not to the potential of the market). Self-employed businesses rarely grow into businesses with employees (*ibid.*).

Based on the Labour Force Survey (LFS), which provides data for Eurostat, the latest available figures for Hungary indicate that in the second quarter of 2016, 435,400 people in the 15–64 age group were self-employed, 66% of them men. The number of self-employed without employees was 230,900 (62% of them men), while among the 204,500 self-employed with employees, 71% were men.⁴ If we take annual data, the most recent figures (for 2015) showed that 7% of the total employed (4,210,500) were self-employed individual entrepreneurs, which was almost 2% less than in 2008, but slightly up on previous years. The proportion of the total employed who were members of joint ventures (*társas vállalkozások*) was 3.6%, a half percentage point increase from 2008. The proportion of unpaid family workers in the observed period (2008–2015) was constantly very low, 0.3–0.4%, while membership of cooperatives seems to be a vanishing category. Regarding the total proportion of those considered self-employed in total employment, there was a decrease from 12.2% in 2008 to 10.8% in 2015.

Table 1. Self-employment, part-time employment and fixed-term contracts, % in total employment between 2008 and 2015, Hungary⁵

	2008	2009	2010	2011	2012	2013	2014	2015
Self-employed (individual entrepreneurs)	8.7	8.6	8.2	8.1	7.5	6.8	6.7	7.0
Members of joint ventures	3.1	3.5	3.7	3.5	3.8	4.0	3.8	3.6
Unpaid family worker	0.3	0.4	0.3	0.4	0.4	0.3	0.3	0.3
Member of co-operatives	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0
Total self-employed	12.2	12.6	12.3	12.1	11.7	11.3	10.9	10.8
Part-time employees	4.7	5.5	5.9	6.8	7.1	6.8	6.4	6
Fixed-term contracts	6.9	7.4	8.6	8	8.4	9.7	9.5	10.1

Source: CSO, Stadat tables https://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_qlf036.html, https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qvd010.html, http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qlf008.html, http://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_qlf009.html

In business statistics, the number of registered individual entrepreneurs was 400,493 in 2015, while there were 1,130,025 independent entrepreneurs (including individual entrepreneurs, as well as every individual who has a separate additional tax number that she or he uses while doing business). In 2015, the proportion of private entrepreneurs whose main source of income is their entrepreneurship was 53%, while 38% of private entrepreneurs did their business in addition to their paid employment elsewhere. The proportion of pensioners was below 9% of individual entrepreneurs. The number of those

⁴ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsq_esgaed&lang=en

⁵ We found some problems with the Eurostat and national figures; see Table 2 (and its footnote) in the Annex.

in the first two categories increased from 2014 by 6.7% and 7.2%, respectively, while the number of pensioner individual entrepreneurs decreased by 3.1%.⁶

On the periphery of the primary labour market, dominated by small and medium-sized enterprises, wages and working time are typically informally defined. Such companies try to minimise labour costs (often in order to survive) by avoiding payment of employees' social contributions (Meszmann, 2016: 9). Common forms of employment here are occasional and part-time employment (see Table 1), (bogus) self-employment⁷ or undeclared work. Regarding bogus self-employment, we have hardly any data, except for information provided by the Department of Labour Inspections of the Ministry for National Economy: detected bogus self-employment infringements comprised 2.52% of all employee-related detected infringements in 2015. This is slightly higher than the number in 2014 (1.79%), but most probably it significantly underestimates the real prevalence of the problem; it also indicates the difficulties the authorities face in trying to detect it.⁸

Entrepreneurs tend to declare significantly smaller incomes than employees: in 2005, most of them received the statutory minimum wage, and probably often received part of their income 'in the pocket'. Undeclared work also seems to be more frequent among entrepreneurs. In 2005, 18% of the employed and in 2007 slightly under 10% of the employed received (at most) the amount of the minimum wage (Elek et al., 2009).

An increase in part-time work also often masks full-time job losses – it has been used as a job-preservation instrument since 2008 (Meszmann, 2016: 6).

Part-time employment and *fixed-term contracts* (6% and 10.1%, respectively, of total employment in Hungary in 2015⁹) give practically the same access to social protection services as full-time employment.

Occasional employment in the form of *simplified employment*¹⁰ (a maximum of 5 consecutive days for a maximum of 15 days a month and 90 days a year) is intended to address undeclared work, but it may also be a form of entry to the labour market. In this regard, there are common malpractices, especially in tourism, construction, retail and other services – and there is no strong regulation or sanctions for employers (Meszmann, 2016: 9). Apart from undeclared workers, this is the category of workers in the most parlous situation in terms of job security, on the margins of the labour market.

Temporary agency workers – in 2014, 2.6% of the employed (Meszmann, 2016: 5) – are treated in almost the same way as full-time employees, but they can be employed for a maximum of 5 years and the Labour Code regulates three minor issues differently: collective redundancy, severance pay and the notice period.

The most problematic aspect of self-employment is that there is no minimum wage. Also, it is not regulated by the Labour Code, there are no statutory guarantees of employment security, and the self-employed have no trade union representation (Meszmann, 2016: 10). As for non-standard employment forms, the key questions are job security, low wages and employment time.

When it comes to the social exclusion of groups involved in non-standard employment, the publicly available data (which unfortunately are not split by such elaborate employment

⁶ Vállalatok demográfiája 2014. *Statistikai Tükör* 2016, október 27.

⁷ No other reliable data exist; also, the data have no breakdown by sex.

⁸ Material collected for the use of the European Commission. According to the information provided by the Department of Labour Inspections (Employment) of the Ministry for National Economy there is an assessment in progress ordered by the ministry. The assessment focuses on the estimation of the extent of undeclared work in the Hungarian shadow economy, and includes the scale of bogus self-employment as well.

⁹ No breakdown by sex is available.

¹⁰ An estimation based on survey data from 2011 regarding the size of this group is 121,000 people, or around 3% of all employed (Bakó et al., 2014, quoted by Meszmann, 2016: 15). According to Bakó et al., 63% are men with at most vocational education; 65% have only primary education; 14% are between 21 and 25 years of age; and 29% are aged 36–45 (p. 9).

categories) do not indicate any enhanced poverty risks: in 2015, the rate of those at risk of poverty or social exclusion (AROPE) for the whole Hungarian population was 26.2%; for employees it was 19.5%; for employed persons except employees it was significantly lower, at 12%; while for persons not employed it was 34.2%.¹¹

As for policy solutions regarding self-employment, jobseekers are encouraged to become entrepreneurs: calls for application are published by the county employment centres with similar (but slightly varied) conditions – e.g. registered jobseekers or those who have received rehabilitation annuity (*rehabilitációs ellátás*) may, on completion of the application process, receive non-refundable support equivalent to the amount of the minimum wage for a maximum of 6 months. To promote self-employment, those two categories (jobseekers who have been registered for at least 3 months continuously and jobseekers who have received rehabilitation provision), as well as those already performing entrepreneurial activities (including in agriculture), may on certain conditions and following an application process, receive a one-off maximum support payment of HUF 2 million (EUR 6,450) that may be non-, partially or fully refundable. The aim of this support is to provide incentives to launch an enterprise or start entrepreneurial activities. A further condition of this payment is that the applicant must put up at least 20% of the cost of the investment (and must set aside money to repay the support in the event of failure to fulfil the commitments). Eurostat data on labour market policy interventions in Hungary show that in 2014, EUR 7.42 million were spent on start-up incentives (the lowest amount in the period under examination was in 2012, at EUR 5.23 million; the highest was in 2010, at EUR 8.49 million).¹²

2 Description and assessment of social protection provision for self-employed and people employed on non-standard contracts

2.1 Description of social protection provisions for self-employed and people employed on non-standard contracts

The Hungarian social security system covers those who perform work, receive income and/or pay contributions (the concept of 'insured', possibly covering spouses and life partners) on a mandatory basis. The scope of the legislation covers sickness, invalidity, old age, survivor's benefits, industrial accidents and occupational diseases and unemployment, and it ensures equal treatment with regard to access to, contribution to and benefits from the insurance covering these risks (see Annex 1 of the present report). Voluntary systems are also available for both healthcare services and pensions. In principle, all self-employed persons are covered for all branches of social security in the general system. However, various cash transfers – such as sickness benefit, certain maternity benefits (*csecsemőgondozási díj*, CSED, and *gyermekgondozási díj*, GYED), job-seeking allowance, occupational injury benefits and, most importantly, pensions and survivor's benefits – depend on the contribution base and the length of the insured period. Tax avoidance and tax evasion make the workers involved vulnerable.

Article 24 of the Equality Act sets out that the requirement of equal treatment applies with respect to social security, particularly in the course of claiming and ensuring benefits financed from the social security schemes, as well as social benefits, financial and in-kind child protection or personal care. According to the personal scope of this Article, the rule covers the self-employed, but not their spouses or life partners. However, the spouse/life partner is free to conclude a social security contract and pay contributions in his or her personal capacity.

The rate of social security contributions is the same for all forms of employment in Hungary. Employees pay 18.5% and employers 28.5% of the tax base. The difference

¹¹ People at risk of poverty or social exclusion by most frequent activity status (population aged 18 and over) [ilc_peps02] http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps02&lang=en

¹² <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

between employment forms lies in the calculation of the tax base. The main difference is between autonomous and non-autonomous work. According to Act CXVII of 1995 on personal income tax, non-autonomous work is defined as regular employment, the work of company members, the leading and elected officers of companies, etc. Autonomous work is described as all forms of employment that are not considered non-autonomous, specifically self-employment, tenancy agreement or activities conducted by a civil law contract.

The tax base of non-autonomous workers is their gross wage, their bonuses and all kinds of benefits they receive regarding their employment relationship. By contrast, the tax base of autonomous workers is 90% of their whole income, if they choose the option of accounting for their costs at a flat rate of 10% of revenue.

As of 2011, employers' social security contributions are collected as taxes. Thus, the pension and healthcare funds are no longer entitled to these payments. The government decides annually how much of employers' contributions are paid into the insurance funds.

Unlike an employee, a self-employed person pays the contributions him/herself on the basis of the self-employed income that he/she declares, but at least on the basis of the national minimum wage (pension contributions, on the basis of 100% of the minimum wage; health insurance and labour market contributions (*munkaerőpiaci járulék*), on the basis of 150% of the minimum wage; social contribution tax (*szociális hozzájárulási adó*), on the basis of 112.5% of the minimum wage). Self-employed persons pay contributions monthly. For health, pension and unemployment insurance, the self-employed pay both the employer and the employee contributions, as follows:

- As an employee: 4% for benefits in kind and 3% for cash benefits, 1.5% as labour market contribution and 10% for pension insurance;
- As an employer: 27% for social contribution tax.

Self-employed persons who perform activities in a complementary way¹³ (*kiegészítő tevékenységet folytató vállalkozó*) pay a flat-rate contribution of HUF 7,050 (EUR 23) per month for entitlement to cover for accidents at work, the occupational disease scheme and in-kind health services.

Since 2012, the category of *family worker* (*segítő családtag*) has no longer been covered by the Law on Social Security (1997. LXXX. (Tbj.)), so a family member can occasionally be employed as an employee (even under simplified employment) or under a service contract – this latter may involve no payment to the employee; but in that case, he/she gains no entitlement for insurance. The family member is insured only if the contribution base reaches 30% of the minimum wage, in 2015 – HUF 31,500 (EUR 101) a month.

In 2013, the *Fixed-rate Tax of Small Taxpayer Enterprises* (KATA) and the *Small Company Tax* (KIVA) were introduced.¹⁴ In the case of KATA, a monthly payment of HUF 50,000 (EUR 161) covers all tax liabilities due on annual income of up to HUF 6 million (EUR 19,355 EUR) in the case of full-time employment (for income above HUF 6 million, 40% tax should be paid). This new tax has become increasingly popular: by the end of 2015, 131,597 people (115,530 individual entrepreneurs and 16,067 members of joint ventures) had opted for it.¹⁵ The monthly payment of HUF 50,000 secures a HUF 81,300 (EUR 262) contribution base. If someone wants higher pension and social security benefits, then for an additional HUF 25,000 (EUR 80 EUR) the contribution base can be raised to HUF 136,250 (EUR 440). From 2017, the yearly income limit for enterprises is doubled. In 2015, 88,087

¹³ The following persons are considered to be self-employed persons performing their activity in a complementary way: those private entrepreneurs running their business independently, who are either beneficiaries of their old-age pension benefit or beneficiaries of survivor's pension benefit, given that they reached the retirement age.

¹⁴ Act CXLVII of 2012

¹⁵ <http://www.uzletresz.hu/penzugy/20160202-kisadozo-vallalkozasok-teteles-adoja-kata-adozas-nav-adoszakerto.html>

people were insured on the basis of being a full-time small taxpayer (Statistical Yearbook, 2015: 34).

Part-time employment is regulated by the labour code. Health and social security contributions are obligatory, though some provisions are paid *pro rata*, depending on the length of employment and the total contributions paid.

In the case of students, there are three distinct models: (a) *Student employment contract (hallgatói munkaszerződés)*, based on the law on higher education (2011. CCIV. 44. §), professional training or practical work in the framework of the educational programme – in the case of at least 6 weeks of continuous practical work, at least 15% of the minimum wage must be paid; but it involves no social security provisions; (b) *Summer practice for students in vocational schools (Szakközépiskolai tanuló egybefüggő nyári gyakorlata)* (based on 2011. CLXXXVII.) uses very similar grounds: minimally prescribed payment and no social provisions; (c) *Student contract (Tanulószerződés)*: this is the closest to an apprenticeship and is a contract between a full-time student in his/her first state-financed vocational education and an organisation that provides practical experience; and the contract is submitted to the relevant Chamber. The income is not part of the tax base, but it involves social security insurance: 10% pension contribution and 7% health insurance contribution has to be deducted, and the employer has to pay 27% social contribution tax (see the summary table “access to social protection: contractual employment” in Annex 1).

In the case of those employed in the framework of *simplified employment (egyszerűsített foglalkoztatás)*, based on the 2010 LXXV law on simplified employment), which can be considered marginal part-time employment, employers must pay a flat rate contribution of HUF 500–3,000 per day (EUR 1.60–9.70), depending on the category of employment. The employee is not considered to be insured according to the social insurance legislation, however he/she gains entitlement to pension,¹⁶ accident-related healthcare and unemployment insurance.

In any labour-related contract, if monthly income reaches 30% of the minimum wage, the person is considered insured.

Thus the main problem in Hungary is not that the self-employed and most of those in non-standard employment are excluded from provisions; rather it is that any provisions that depend on contributions paid may yield small sums, as several of them pay contributions on the basis of the minimum wage (or even less). Such provisions are first and foremost the pension (to some extent, as it is capped), sickness benefit, the childcare fee (GYED), and the maximum 3-month unemployment benefit. Unfortunately, there are no studies on the issue; but people seem very ‘short-sighted’ about this risk: it seems that if they are in a position to decide, they tend to take the risk and opt for the higher income. When they realise that it might have been the wrong strategy, there is not too much they can do about it. It will become a very grave issue after retirement, as most people have no substantial savings for that period. Those on the periphery of the labour market are usually not in a position to decide, and take a job even if the legally paid contribution levels are the lowest possible.

2.1.1 Healthcare and sickness: cash benefits and benefits in kind

Healthcare of the self-employed is mandatory and contribution based. Benefits in kind and in cash, including sickness benefits, are provided by the National Health Insurance Fund (NHIF) (*Országos Egészségbiztosítási Pénztár, OEP*) to the insured persons (though from 2017 the NHIF will be abolished and its tasks reallocated to the Hungarian Treasury and the Ministry of Human Resources). Benefits in kind include cost-free healthcare services, such as preventive examinations, primary healthcare, specialised inpatient care,

¹⁶ The basis of pension calculations is, in the case of HUF 500/day contribution HUF 1,370/day; in the case of HUF 1,000 or more per day – HUF 2,740/day.

specialised outpatient care, certain dental care, rehabilitation, the ambulance service, patient transport and accident-related benefits, drug reimbursement, reimbursement for medical aids, medical spa services, reimbursement of travel expenses and benefits granted on grounds of equity. Cash benefits provided by the NHIF include sickness benefit, prenatal allowance, the childcare fee and accident-related benefits.

Sickness insurance has two elements: services and benefits. Persons earning income through occupational activity receive services free of charge, in exchange for their paid contributions. Services under sickness insurance are determined by the relationship between the sickness and the work performed by the person carrying out the occupational activity. If there is such a relationship (e.g. there is an accident at work or an occupational disease), the benefits and services related to accidents are provided. If there is no such relationship, general sickness insurance benefits are available (i.e. sickness benefit).

Sickness benefit is provided to insured claimants who are incapable of work and have been registered as such by a doctor. *Sick pay (betegszabadság)* is provided instead of *sickness benefit (táppénz)* for the first 15 working days of a period of incapacity to work, and the employer pays 70% of the wages in this period. But this only applies to employees (including self-employed agricultural entrepreneurs under certain circumstances, as mentioned in the previous section, 2.1.). For the self-employed (including individual entrepreneurs and members of joint ventures), sickness benefit is provided from the first day of illness for up to a year during the term of insurance, and for 30 days after the insurance expires (so-called passive sickness benefit). Sickness benefit is also provided to allow all people to care for sick children; the duration varies, depending on the age of the child (84 days per child at age 1–3; 42 days per child at age 3–6; and 14 days per child at age 6–12). Those with a student contract are eligible for 10 days of sick pay and then sickness benefit.

The amount of the sickness benefit depends on the period of insurance: it equals 60% of the daily average salary if the period of employment is at least 2 years and 50% if it is less than 2 years); but it can amount to no more than one-thirtieth of 200% of the minimum wage on the initial date of entitlement, and one-thirtieth of 150% of the minimum wage after the termination of the insurance. In 2016, the maximum was HUF 111,000 (EUR 358) a month.

2.1.2 Maternity/paternity cash benefits and benefits in kind

In this regard, there is no difference legally between the self-employed, other non-standard workers and other employees. Mothers (both natural and adoptive) are entitled to 24 weeks of maternity leave (from 2015 called CSED). During this period, an *infant care fee* is paid to insured mothers, the amount of which is equal to 70% of the average daily pay (with no ceiling on payments). For non-insured mothers, provided they have attended prenatal care at least four times during the pregnancy, a one-time *maternity allowance (anyasági támogatás)* is paid, which is equal to 225% of the minimum amount of old-age pension. A mother (parent) is considered insured if she has been insured for at least 365 days over a two-year period. This criterion is hard for some workers to meet (especially those employed only occasionally – or illegally). As mentioned before, people realise too late that they need the provision – in this case when they find they are pregnant. Often families do not worry too much about officially low payments – or even about being without insurance. And then, if the woman gets pregnant, there is not enough time to build the required length of insurance relationship. However, childcare benefit (*Gyermekgondozást segítő ellátás, GYES*), though lower, is a universal provision.

The infant care fee and maternity allowance meet the criteria of sufficiency, as stipulated in Article 8(3) (a) and (c), respectively, of Directive 2010/41, although national legislation makes no explicit reference to this.

Following the end of maternity leave, both parents are entitled to unpaid leave until the child reaches the age of 3 (or the age of 10, in the case of permanently and seriously ill children). For the duration of this leave, two types of parental benefits are provided from

the central budget: childcare benefit (GYES) and childcare fee (GYED). Both are family entitlements, but until the child reaches the age of 1, the childcare fee is provided only to (insured) mothers. The benefit is a flat-rate amount, equal to the amount of the minimum old-age pension, and is paid until the child turns 3 years. The childcare fee is paid to insured parents only (including insured female spouses and life partners), from the end of the maternity leave until the child reaches the age of 2. The amount is equal to 70% of average daily earnings, with a ceiling of twice 70% of the minimum wage. Since the beginning of 2014, within the framework of the 'GYED Extra' scheme, in an attempt to counterbalance the detrimental effect of an increase in the qualifying period for the childcare fee, college and university years can be counted as service time, so that students and new graduates are entitled to the childcare fee for 1 year.

While equal treatment is formally guaranteed, in reality no attention is paid to the disproportionately disadvantaged position of self-employed women. For example, in the case of pregnancy and childbirth, although an individual entrepreneur is theoretically entitled to the same benefits as other women in employment relationships, in reality she can rarely enjoy them, because she is unable to stay away from her business for such a long period; usually no supportive childcare services are available either. No temporary replacement services are provided under national legislation (Barnard and Blackham, 2015).

2.1.3 Old-age and survivor's pensions

The institutional structure of the Hungarian pension system is simple. After the almost complete defunding/renationalisation of the second pillar, it is a single-pillar system, with a small supplementary voluntary funded scheme. In 2016, the pension contribution rate was 31.45% of the gross wage (21.45% paid by the employer; 10% by the employee). Altogether this makes up to 24.5% of the total wage cost, which includes further taxes and contributions both on the employer and the employee side. The minimum qualifying period for a full old-age pension is 20 years.

As mentioned in the introductory part of section 2.1, workers in all legal categories of self-employment and non-standard labour contracts are covered by both old-age and survivors' pension insurance, although they fall under special contribution rules. Self-employed persons pay a contribution of 10% for an entitlement to pension enhancement of 0.5% per year. Self-employed agricultural entrepreneurs pay all types of contributions (except for the labour market contribution (*munkaerőpiaci járulék*)) on the basis of the national minimum wage, unless their previous year's annual turnover exceeded HUF 8 million (about EUR 25,700), in which case they only have to pay 10% pension contribution and 4% in-kind health insurance contribution on the basis of 20% of their turnover. If the self-employed agricultural entrepreneur so chooses, he/she can pay additional contributions in order to gain higher benefit entitlements. Those self-employed agricultural entrepreneurs whose previous contributory periods, combined with the time remaining until the standard retirement age, do not amount to 20 years, are not compulsorily insured, but have to pay HUF 7,050 (EUR 23) per month in return for healthcare entitlement (unless they are already otherwise insured).¹⁷

In general, the main issue is not lack of coverage, but widespread tax avoidance, which results in an uneven distribution of the tax burden, skewed by the availability of tax-avoidance routes. In the long run, however, those who successfully avoid paying contributions face low pensions in the future. We elaborate on this topic in detail in section 2.2.

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http://www.missoc.org/MISSOC//INFORMATIONBASE/COUNTRYSPECIFICDESCS/SELFEMPLOYED/2016_01/HU-Self-01-16-EN.pdf

2.1.4 Unemployment benefits and social assistance benefits

The *unemployment insurance* (now called job-seeking allowance – *álláskeresői járadék*) is contribution based. It is available for a maximum of 90 days (the shortest duration of such a provision in the EU) and it is conditional on 12 months of employment in the previous 36 months. It amounts to 60% of the labour market contribution base, but is capped at a maximum of 100% of the effective minimum wage when the provision starts. The very same rules apply to the self-employed and other non-standard workers.

Social assistance schemes are universal in type, covering every Hungarian citizen, regardless of employment status. Social protection of the self-employed is mandatory and contribution based.

Public social assistance is a non-contributory, means-tested system, financed by the central budget and managed by the district offices. People of active age who are capable of work may receive *employment replacement subsidy* (*foglalkoztatást helyettesítő támogatás*, FHT). A person is entitled if he/she has no adequate source of livelihood. A person does not have sufficient resources if the monthly family income per consumption unit does not exceed 90% of the minimum old-age pension (*öregségi nyugdíj minimum*) (HUF 25,650; EUR 82). In addition to the benefits provided and financed by the state, the local authorities can decide on the form and amount of other benefits financed by them. The amount of *employment replacement subsidy* decreased in 2012, since when it has been 80% of the minimum monthly pension (HUF 22,800; EUR 76). The amount did not change between 2013 and 2016, and it is expected to remain the same in 2017. This is in fact the minimum income scheme for those of active age and who are capable of work (for an in-depth analysis, see Albert, 2016).

2.1.5 Long-term care benefits

As detailed in the introductory part of section 2.1, all legal forms of self-employment and non-standard labour contracts give access to health insurance, and through this to institutional and home nursing care. In practice, almost every citizen holds the social insurance card, which is the condition for access to healthcare.

Social care is not insurance based, but needs based. The assessment process is initiated by the general practitioner and carried out by an expert committee appointed by the local notary (in the case of home care) or the expert committee of the National Institute for Rehabilitation and Welfare Affairs (*Országos Rehabilitációs és Szociális Szakértői Intézet*) (in the case of institutional care). The criteria are national standards and they are binding. Since they include no insurance components, every person who has had a labour market career with spells of self-employment or non-standard employment is also eligible.

2.1.6 Invalidity, accidents at work and occupational injuries benefits

In principle, all self-employed persons are covered for all the branches of social security in the general system, including the specific treatment of work incapacity related to an accident at work or a professional disease. There is no specific insurance against accidents at work or occupational disease: these risks are covered by the insurance systems for sickness, invalidity and survivors. These are compulsory insurance systems for employees and the self-employed, and for some other groups. They are financed by contributions and taxes, and they provide benefits in kind and earnings-related cash benefits. The eligibility rules are the same for all groups of workers; thus casual workers are excluded (see the summary table “access to social protection: contractual employment” in Annex 1).

As mentioned in section 2.1.1, persons earning income through occupational activity receive services free of charge, in exchange for their paid contributions. Services under sickness insurance are determined by the relationship between the sickness and the work performed by the person carrying out the occupational activity. If there is such a relationship (e.g. there is an accident at work or an occupational disease), the benefits and

services related to accidents are provided. If there is no such relationship, then general sickness insurance benefits are available (i.e. sickness benefit).

Employees suffering an accident at work that results in no more than 50% damage to their health are entitled to *accident medical services (baleseti ellátás)*, *accident pay (baleseti táppénz)* or *accident allowance (baleseti járadék)*. When receiving accident medical services, employees who have suffered an accident at work are entitled to all medical services that are anyway provided to the insured (e.g. general practitioner/GP services for outpatients, patient transport services, hospital care – inpatient care, operation, medicine, bandages, X-ray examinations, travel cost reimbursement, medicine and bandages prescribed by the GP). In addition, they have the right to use a wider range of services provided by the health insurance system. The full cost of medicine, medical devices and therapeutic care is covered by the social insurance fund, even if the service concerned is not fully funded. If teeth also suffered damage, the injured person is entitled to free replacement of any teeth damaged in direct connection with the accident at work, in order to restore the injured person's chewing ability.

Accident sickness benefit is provided to the insured person and persons eligible for accident benefits who become incapable of work as a result of an accident at work that occurs during the period of insurance or manifests itself within 3 days of its expiry (including those employed with a temporary employee's book). In such cases, the social insurance benefits target rehabilitation and support the injured person's return to work as soon as possible.

As a general rule, benefits are provided for 1 year, and the financial assistance provided equals the insured person's income used as a basis for calculating the health insurance contribution, i.e. 100% of income used as a basis for calculating accident sickness benefit, or 90% of such income in relation to road accidents. If a year is not enough to restore someone's ability to work, the accident sickness benefit may be extended for at most one additional year, depending on the expert opinion of the National Institute for Rehabilitation and Welfare Affairs. Employees who receive accident sickness benefit may not pursue an occupational activity (they receive 90–100% of their earlier average income precisely because they are unable to carry out their work).

Persons who have suffered an accident at work that has caused over 13% but less than 50% damage to their health are entitled to an accident allowance and, as a result, are not eligible for a rehabilitation allowance or accident-related disability pension provided by the pension insurance system. The amount of the accident allowance depends on the degree of health impairment caused by the accident at work. The basis of the accident allowance is income earned within the 1-year period directly preceding the accident at work. Income used as a basis for the accident allowance is calculated according to rules applicable to pensions, except that the income is not reduced by the amount of tax. It follows that the method used to calculate the accident allowance results in relatively higher amounts than pensions. Persons who receive an accident allowance may work, and there is no upper income limit governing eligibility for the benefit under social insurance. Eligibility for an accident allowance begins from the date on which it is determined that damage to health resulting from the injury exceeds 13%. An employee receiving accident sickness benefit on that day will be entitled to an accident allowance from the day following the end of eligibility for sickness benefit.

Claimants for *benefits for persons with changed working capacity (megváltozott munkaképességű személyek ellátásai)* must have an insurance record of at least 1,095 days in the past 5 years; or 2,555 days in the past 10 years; or 3,650 days in the past 15 years before submitting the claim. Persons may be entitled to benefits for persons with changed working capacity regardless of the length of the qualifying period if: (1) they became insured within 180 days of finishing their studies and had been insured without a break of more than 30 days before submitting the claim, or (2) they were receiving disability pension, accident-related disability pension, rehabilitation annuity or any pension-type benefits for persons with ill-health on 31 December 2011. The amount is based on the recipient's average monthly income, and its minimum is set to certain percentages of the minimum wage.

2.1.7 Family benefits

The family support scheme is universal in nature, so it covers every Hungarian citizen, regardless of employment status. Consequently, every self-employed person and all those in non-standard employment are covered.

The allowance is to help with the costs of bringing a child up. Beneficiaries can claim for it from the birth of the child up to the end of compulsory schooling (usually 0–18 years), and then during secondary school education or vocational training until the child is 20 (23 in the case of special educational needs; no age limit in the case of a seriously disabled person without regular income). Students in higher education are not eligible. A child who is temporarily living outside the family – to study (whether in Hungary or abroad) or for the purposes of medical treatment – is also treated as though he/she were living at home.

In 2016, the monthly family allowance was:

- for a family with one child, HUF 12,200 (EUR 39); with two children – HUF 13,300 (EUR 43) per child; with three or more children – HUF 16,000 (EUR 52) per child;
- for a single-parent family with one child – HUF 13,700 (EUR 44); with two children – HUF 14,800 (EUR 48) per child; with three or more children – HUF 17,000 (EUR 55) per child;
- for a family with a chronically ill or seriously disabled child, HUF 23,000 (EUR 74);
- for a single-parent family with a chronically ill or seriously disabled child, HUF 25,900 (EUR 84).

The allowance is due and paid for the whole month, regardless of the date of application and the date of cessation of the benefits.

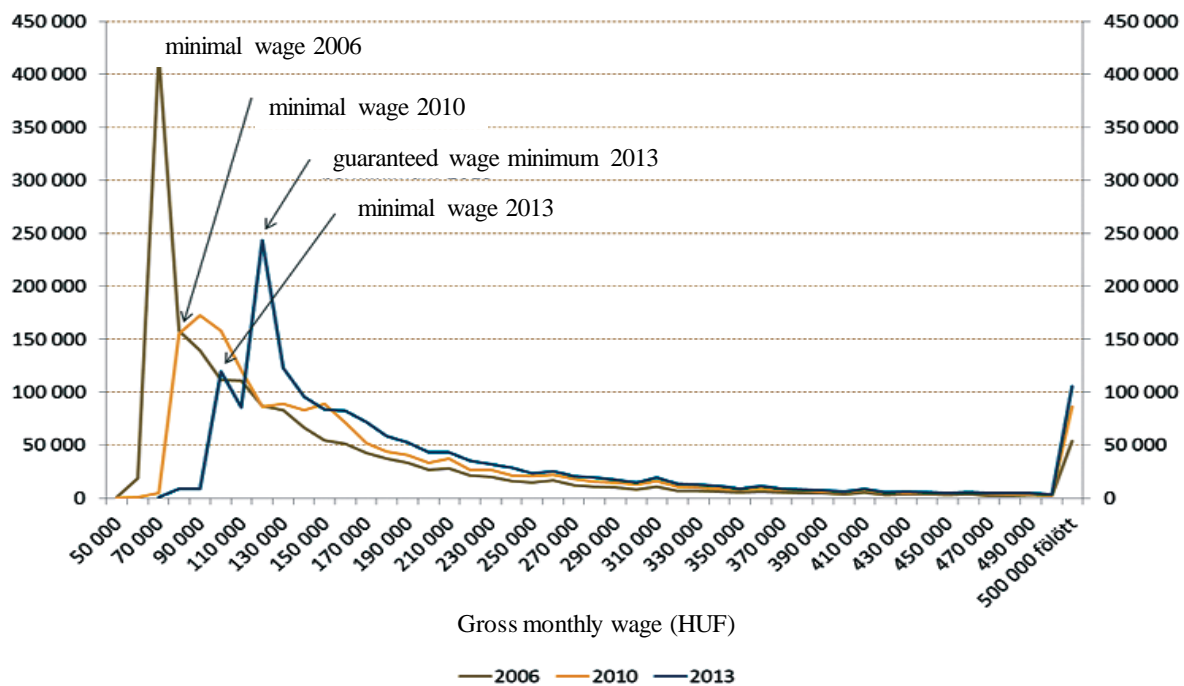
The *child protection benefit* is a means-tested passport-type benefit: once granted, it not only slightly increases the family income, but also establishes entitlement to free or low-cost preschool, and to school meals and free textbooks for some groups of recipients.

2.2 Assessment of the existing social provisions and of the impact of possible extension of their coverage

As discussed in section 1 above, the distinction between the self-employed and regular employees is far from clear cut. It is frequently the case that the wage set in the labour contract is lower than the actual remuneration. For the difference, an employee who also has the legal identity of a self-employed or small-scale corporate actor may issue an invoice. The large (albeit in recent years decreasing) tax wedge means that such collaboration saves important costs in terms of taxes, and this gain is shared by the employer and the employee.

To put it differently, the issue has less to do with the coverage of people (whether workers are insured against the risk of longevity and the risk of leaving family behind unprotected), and more to do with the coverage of wages (whether contributions are truly paid). The covered wage bill (a theoretical amount of aggregate gross wages based on contributions collected and the contribution rules) is about three-quarters of the actual wage bill.

Similar practices existed before 1990, but they were marginal. One such typical arrangement was (and still is) the so-called ‘gratitude money’ – the widespread, informal payment by consumers to health professionals in the public system. This created a large gap between the legal and the actual wages of doctors, which the government was not eager to fill with an otherwise unavoidable pay rise. As a consequence, retirement is an unusually strong revenue shock for the people involved, and many doctors work well beyond the retirement age.

Figure 1: Distribution of workers by wage

Source: Balog (2014: 21).

Note: guaranteed wage minimum is the legal minimal wage of workers employed in a position requiring at least secondary level of education.

Such informal arrangements – although not so much between providers and consumers, as between employers and employees – became common after the collapse of the labour market in the early 1990s. The potential consequences for the pension system became obvious, first as a shrinking contribution base; then, since the mid-2000s, there have been repeated warnings of massive poverty among future retirees. Indeed, efforts to estimate the extent of tax avoidance and the expected consequences, as well as to simulate the potential effects of policies aimed at mitigating those consequences, have been at the forefront of the pension research agenda in the last decade.

In Figure 1, we show the number of workers by wage bracket. All three distributions of 2006, 2010 and 2013 have high peaks at the level of the legal minimum wage (MW) or guaranteed wage minimum (GWM, the legal minimum wage of workers employed in a position requiring at least a secondary level of education). Estimates of the number of workers involved, based on corporate surveys of companies employing five or more workers, varied between 300,000 and 500,000 (Benedek et al., 2013) at the peak in the mid-2000s (since when the numbers have decreased). Since informal arrangements are more frequent in establishments that employ fewer than five people, the above numbers likely underestimate the extent of the problem. Svraka et al. (2013) compare estimates based on the Wage Survey and employers' social security declarations. They find that the number of workers earning the MW or GWM could be up to 50% higher than that captured by surveys.

The salience of MW and GWM renders tax-avoiding or tax-evading arrangements probable. Elek et al. (2012) find that some 40–50% of workers reported at these two wage thresholds earn more in reality. Since this estimation is also based on the Wage Survey, the actual rate could be even higher.

Another indirect indication of the problem of what we termed above 'wage coverage' is the inelasticity of employment, activity and the size of the black economy to drastic changes in MW regulations. The amount of the MW nearly doubled in two steps between 2000 and 2002 (from HUF 25,500 to HUF 50,000 – that is, from 29% of the average wage to 43%).

Such a shock was expected to negatively affect economic activity and employment, as well as to increase unemployment and informality. However, as labour market data show – and as research into the extent of the undeclared economy confirms (see Elek et al., 2009; Benedek et al., 2013) – no such consequences arose. Even such a radical increase induced just marginal effects (if even that) on employment, activity and moonlighting. Instead, the proportions of the taxed and the tax-avoiding income changed. Similar developments were repeated when the government introduced a minimum social security contribution base amounting to twice the MW in 2007 (this threshold was later abandoned).

A consequence of widespread tax evasion and tax avoidance is that although most social provisions are available to the self-employed and to most people in non-standard employment, the amount of the provisions (especially when they depend on contributions) is a risk factor for poverty. The amounts are very low for many people who officially receive low salaries, often the minimum wage. Minimum wages are low – indeed below the subsistence level.¹⁸ From 2010 on, only one person in a family could be eligible for the employment replacement subsidy. In September 2016, 49% of jobseekers were without any benefits.¹⁹ Even though several of the provisions detailed in section 2.1. are universal (family allowance, childcare allowance (*GYES*), child raising support (*GYET*), and maternity support) and are thus available to the self-employed and those in non-standard employment on the same conditions as for all salaried workers, one should note that their amounts have not changed since 2008; by 2016, therefore, they had lost approximately 30% of their real value. Thus their effectiveness in mitigating the effects of crisis situations and in helping people escape poverty has declined significantly, although they do still have a very important poverty-alleviating role, especially among families in the lowest deciles (Szívós and Tóth, 2013: 41).

In consequence of the 2012 tax reform, the amount of other forms of support linked to payment of social insurance contributions, if calculated on the basis of the minimum income, decreased by HUF 8,900 per month (Darvas and Farkas, 2012:35), probably negatively affecting a number of the self-employed as well.

In the same fashion, the amount of the employment replacement subsidy (the minimum income scheme for those of active age) has not changed since 2012. At HUF 22,800 (EUR 76) a month, it is so low that it does not even fulfil basic social protection or poverty-reduction needs. By comparison, in 2015 the new gross minimum wage increased to HUF 105,000 (EUR 350); and for skilled workers to HUF 122,000 (EUR 407). In 2014, the relative poverty level was defined as net earnings of HUF 78,000 (EUR 260) a month (60% of median income) or below (Gábos et al., 2015: 44–72). The minimum monthly subsistence level calculated by the Central Statistical Office for 2013 was HUF 87,510 (EUR 292) for a single-adult household (Létminimum, 2013). The monthly amount of the *employment replacement subsidy* is fixed, irrespective of the number of members and composition of the family, and currently stands at 80% of the statutory minimum for old-age pensions – HUF 22,800 (EUR 73.50), received monthly by the eligible household member. It was reduced to this from 100% of the minimum pension – HUF 28,500 (EUR 92) – in 2012. The amount of the minimum pension has been the same since 2008: it is up to the government to adjust it. There is no official poverty line in Hungary, and most social provisions are tied to the arbitrary level of the statutory minimum for old-age pensions. As its adequacy has not been researched, it is not tied to any poverty level and is not indexed.

¹⁸ In the meantime, the Hungarian Central Statistical Office abolished the several-decade long calculations of the minimum subsistence level as according to them it does not measure poverty, but with the current methodology it measured modest, but adequate living standards, whereas in the public discourse it was understood to be deep poverty. In future, only the Laeken indicators are to be used to measure poverty levels. See: http://www.ksh.hu/sajtoszoba_kozlemenyek_tajekoztatok_2016_12_01_2

¹⁹ http://nfsz.munka.hu/engine.aspx?page=afsz_stat_merop_2016

These people probably have lost or have not yet gained eligibility for the employment replacement subsidy, e.g. were dismissed from public work due to alcohol or behaviour problems, did not cooperate as prescribed, etc.

Another factor that enhances the vulnerability of the self-employed is that the majority of this group run enterprises without legal personality – and these are hard to separate from their own households. These are the simplest businesses to launch, and have no prescribed amounts of seed money; but at the same time, the entrepreneur is responsible with his/her whole property for the liabilities of the enterprise (RitzIné, 2013).

Above we described a scenario in which people enter into informal arrangements that keep their access to social protection open, but allow them to save on taxes and contributions. Consequently, an extension of coverage would mean an increase in the coverage of wages, not of people. In short, that would mean higher revenues for the government, from which better services and better provisions (in the case of contribution-based benefits) could be financed, and the skewedness of the tax burden could be mitigated. However, it would render inefficient workers uncompetitive. Those who cannot produce goods or services with an efficiency that covers their production costs – including their full tax burden – would be crowded out of the legal labour market and would be forced to operate in the shadow economy.

3 Conclusions and recommendations

Most groups that are dealt with in the present report are entitled to most of the in-kind and in-cash provisions of the social protection system. Those excluded are mostly involved in undeclared work. In fact, this affects a significant proportion of the labour force; however, scant information is available on their special characteristics and situation.

As a number of provisions – including the minimum income scheme – cannot guarantee adequate living standards, an increase in the level of such provisions, together with their indexation, would be most welcome. However, that issue is not specifically related to the special worker groups targeted in this report.²⁰

As demonstrated, the issue has less to do with the coverage of people than with whether contributions are paid – and how much is paid. In fact, intervention in the minimum wage and guaranteed wage minimum in order to increase wage coverage became a policy tool. In 2017 and 2018, the minimum wage will rise by 15% and 8%, respectively, and the guaranteed wage minimum will rise by as much as 25% and 12%, respectively. The widespread expectation is that the effects on employment and activity (as well as on the informal economy) will remain negligible, but tax avoidance will decline. Nevertheless, this seemingly simple and cheap policy tool of combating one type of informality has its limitations and deficiencies. It compresses the wage distribution by further raising the proportion of workers earning the minimum wage, and creates tensions by narrowing the wage differentials between wage categories.

It is also ineffective in combating the black economy. The reference above to the stability shown in the relative share of completely undeclared employment indicates that this sector has not shrunk: some 10–15% of employment captured by the Wage Survey is undeclared. These workers do not fall into any legal category of the self-employed or people working under non-standard conditions. Their informal arrangements offer no social insurance against longevity risks or the risk of leaving a spouse and children behind. Here the main question is whether this 10–15% is always the same 10–15%. Temporary moonlighting reduces benefits in the long run, but does not exclude the workers from pension insurance altogether. However, if there is a large overlap year after year, that would result in people being left without old-age benefits. Using individual social security records, Augusztinovics and Köllő (2007) tried to estimate the proportion of permanent moonlighters. They found that between 2001 and 2005, 9% of non-retired members of the 1943–1959 birth cohorts collected no pension eligibilities at all.

²⁰ Also, from another aspect, such a measure would “reward” those who deliberately avoid paying taxes.

In a more recent study, Matsaganis et al. (2016) provided estimates for the risk of not qualifying for benefits, by employment type.²¹ In terms of the proportion of employed people (15–64 years), 7.1% are at risk of not being entitled to unemployment benefits (most of them temporary full-time or, to a lesser extent, part-time workers). This benefit is unfortunately provided for only 3 months, and it is also capped. The risk of not being covered by sickness benefits affected less than 1%. Regarding maternity benefits, the study is slightly misleading, as only some of the provisions are dependent on the length of insurance periods or on the amount of contributions (for more detail, see section 2.1.2). So probably referring to CSED and GYED, the proportion of 15–49-year-old women estimated to be at risk of not qualifying for these benefits was 66.8% of temporary full-time workers; 55.7% of temporary part-time workers; and 61.4% of the self-employed, who account for 11.2% of the whole group in question.

²¹ The study hypothesises that all family workers are at risk in all categories (which does not hold for universal provisions in Hungary); thus we do not involve this category in the above description. Their proportion is quite negligible in Hungary – around 0.3% of the total employed population.

Annex 1

SUMMARY TABLE 1: ACCESS TO SOCIAL PROTECTION: SELF-EMPLOYED

		On her/his own account	With employees (self-employed employer)	Dependent on single client	Dependent on contractual relationship with client	Liberal professions (e.g. doctor, notary, lawyer)	Other 1: agricultural workers	Other 2: undeclared workers
SOCIAL PROTECTION	Healthcare - cash benefits and benefits in kind	full	full	full	full	full	full or partial ²²	none
	Sickness - cash benefits and benefits in kind	full	full	full	full	full	full	none
	Maternity/paternity - cash benefits and benefits in kind	full	full	full	full	full	full	partial ²³
	Old age pensions (preretirement benefits and pensions)	full	full	full	full	full	full	none
	Survivors pensions and death grants	full	full	full	full	full	full	none
	Unemployment benefits	full	full	full	full	full	full	none
	Social assistance benefits	full	full	full	full	full	full	none
	Long-term care benefits	full	full	full	full	full	full	full
	Invalidity benefits	full	full	full	full	full	full	none
	Accidents at work and occupational injuries benefits	full	full	full	full	full	full	none
	Family benefits	full	full	full	full	full	full	full

²² Those self-employed agricultural entrepreneurs whose previous contributory periods combined with the remaining time until standard retirement age does not reach 20 years, are not compulsorily insured but have to pay HUF 7,050 (EUR 23) per month in return for healthcare entitlement.

²³ Undeclared workers are entitled to universal provisions if they meet the criteria.

SUMMARY TABLE 2: ACCESS TO SOCIAL PROTECTION: CONTRACTUAL EMPLOYMENT (NON-STANDARD CONTRACTS)

	Full-time employee	Part-time employee	Fixed-term employee	Temporary agency worker	Casual and seasonal workers ²⁴	On-call workers ²⁵	Zero-hour workers ²⁶	Apprentices ²⁷	Paid trainees ²⁸	(Other) persons in vocational/professional training ²⁹
Healthcare - cash benefits and benefits in kind	full	full	full	full	none ³⁰			full	full	full
Sickness - cash benefits and benefits in kind	full	full - - pro rata	full	full	none			full	none	none
Maternity/paternity - cash benefits and benefits in kind	full	full -- pro rata	full	full	partial			full	full ³¹	partial ³²
Old age pensions (preretirement benefits and pensions)	full	full	full	full	partial			full	none	none
Survivors pensions and death grants	full	full	full	full	partial			full	none	none

²⁴ Only childcare fee is dependent on contributions paid. Other provisions: on the days they work, they gain entitlement to pension, work accident insurance and unemployment insurance. But they cannot work more than 120 days a year.

²⁵ Not used in Hungary.

²⁶ Not used in Hungary.

²⁷ We refer to those with student contracts (*Hallgatói szerződés*).

²⁸ Student employment contract (*Hallgatói munkaszerződés*).

²⁹ Summer practice for students in vocational schools (*Szakközépiskolai tanuló egybefüggő nyári gyakorlata*).

³⁰ For HUF 7,050 per month, they can gain entitlement to healthcare.

³¹ This category of trainees refers to those in higher education, and they are also entitled to childcare fee.

³² Only childcare fee is dependent on contributions paid.

Unemployment benefits	full	full - pro rata	full	full	partial			full	none	none
Social assistance benefits	full	full	full	full	full			full	partial	partial
Long-term care benefits	full	full	full	full	full	full	full	full	full	full
Invalidity benefits	full	full- pro rata	full	full	none			full	none	none
Accidents at work and occupational injuries benefits	full	full	full	full	full			full	none	none
Family benefits	full	full	full	full	full	full	full	full	full	full

Table 2. The number of the self-employed, in thousands, aged 15–74, based on Central Statistical Office (CSO) and Eurostat data³³

	CSO	Eurostat
2008	469.9	456.6
2009	472.9	457.6
2010	459.8	447.3
2011	456.5	440.8
2012	449.1	434.3
2013	438.9	425.6
2014	448.8	435.6
2015	456.7	445.3
Source	http://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_qlf036.html	http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do

³³ These two columns should be identical. The difference between them is exactly the number of unpaid family workers, which seems to be missing from the total figures, despite the fact that the definition they provide for the self-employed includes it. See: <http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Self-employed>

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