

Implementing the Council Recommendation on Access to social protection for workers and the self-employed

National Report

Hungary

In accordance with point 19 of the Council Recommendation of 8 November 2019 on Access to social protection for workers and the self-employed, Hungary submitted on 11 June 2021 its Action Plan implementing the Council Recommendation on Access to social protection for workers and the self-employed. The following National Report has been prepared on the basis of the submitted Action Plan and the European Commission's Guidelines on the structure of the National Report.

As the monitoring framework (Version 0)¹ prepared by the Social Protection Committee Indicator Sub-Group (SPC ISG) contains data on the areas covered by the National Report, they are not generally referred to in the Report.

1. Challenges

The following challenges and gaps were identified in the Action Plan under point 2.1.

I. Standard employees and the self-employed

The Hungarian contribution and tax system **does not differentiate** between employees (standard and non standard) and the self-employed in terms of contributions and taxes.

There is no difference between full-time and part-time workers either in terms of contributions or in the amount of benefits granted on that basis (adequacy). This **is not affected** by the fact that full-time or part-time **workers are employed on fixed-term or open-ended contracts**.

Self-employed are subject to the rules applicable to employees in relation to contribution and tax payment regardless of whether they are employers or employees.

Self-employed and standard² workers are completely covered by the benefits concerned by the Recommendation, as the relevant Hungarian legislation is uniform for all persons engaged in gainful employment or gainful activity.

Social protection for the self-employed is guaranteed, but in a different way than for standard workers:

- Sick leave is regulated by the Labour Code. For the first 15 working days of incapacity for work due to sickness, the worker can take sick leave, which is financed by the employer (i.e. it is not a health insurance benefit). For sick leave, 70 % of the absence fee is payable, so that this amount is subject to both taxes and contributions. After sick leave, the worker is entitled to sickness benefit. The rate of sickness benefit is 60 % of

¹ <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8358&furtherPubs=yes>

² Persons under the Act I of 2012 on the Labour Code (Labour Code Act I of 2012)

the average daily earnings, depending on the length of insurance, or 50 % of the average daily salary in the case of hospitalisation, taking into account the maximum amount laid down by law. Members of a self-employed or partnership undertaking (unless working in the context of an employment relationship) are entitled to sickness benefit from the first day of illness during the period of incapacity for work, but not to sick leave. Thus, they are not entitled to sick leave for the duration of their incapacity for work due to an accident at work or occupational disease, or for the duration of incapacity for work due to endangered pregnancy. In these cases they are also entitled to sickness benefit³. The conditions for granting sickness benefit, the rules for calculating it and the amount are the same as for workers, because the rules are the same.

- Accidents at work, occupational diseases: reporting and investigation of occupational diseases is compulsory only for employees in the framework of organised work⁴, not for self-employed.

II. Non- standard employees

We consider as non-standard employees those in simplified employment and trainees who work in the framework of training.

II.a. Individuals in simplified employment

Employment may be established in a simplified manner⁵ for seasonal work in agriculture or tourism or for casual work. The simplified employment relationship is established by an oral agreement between the parties upon notification by the employer. Simplified employment is for a limited period of time: seasonal work in agriculture or tourism between the same parties shall not exceed 120 days in a calendar year and 90 days within a calendar year in the case of casual work. In the case of casual work, there is also a limit on the number of casual employees who may be employed at the same time by the employer. The employer pays a public charge for each calendar day of employment, which replaces the advance payment of personal income tax and social security contributions on the employee's side.

Persons in simplified employment (casual workers and seasonal workers) are not considered insured⁶ under the Act CXXII of 2019 on Entitlements to Social Security Benefits and on the funding of these Services (hereinafter: Tbj.), however

- they are entitled **to retirement benefits, accident health services and job-seeker benefits** under the Act on Simplified Employment;
- they may become eligible for **healthcare services by paying healthcare contribution voluntarily**;
- they are not entitled to maternity benefits other than income-replacement benefits linked to insurance status (Infant Care Allowance-CSED, Child Care Fee-GYED), but entitled to guaranteed income-replacement maternity benefits (Child Care Allowance-GYES, Child Raising Support-GYET); however
- **they are not entitled to a disability benefit.**

³ The same applies to persons working on a contract basis.

⁴ Act XCIII of 1993 on Labour Safety, Section 87, paragraph 9

⁵ Act LXXV of 2010 on Simplified Employment

⁶ Published: 18.XII.2019 Different provisions apply during the emergency. As written in § 5 (4), § 7 (4), § 10 (4) of Government Decree 144/2020 (22.IV.).

With some exceptions, the general rules of the Labour Code apply to simplified employment. However, in the case of casual and seasonal work, the **provisions on sick leave do not apply** [Paragraph 193 and 126 of the Labour Code].

II.b. Trainees

Trainees may be employed during vocational training by means of a vocational training contract. In such cases, the employment relationship⁷ between the student or the person undergoing the training and the dual training place is established with the vocational employment contract. The contract may be concluded for the duration of the education or training with a student in specialised education or a person undergoing training, or once a year for a continuous period of at least four and a maximum of twelve weeks. As an employee, the party of a vocational training contract may also be a student aged fifteen or over.

Among the trainees, those who

- are employed under a vocational training contract shall be covered **for all the benefits provided** under the Recommendation, as they **are considered as insured persons in employment**⁸; in their case the period of employment is taken into account as service period for pension benefits.
- **do not have a vocational training contract** and are employed under the training programme, are **not considered as insured persons**, therefore they are **not entitled to benefits linked to insurance status subject** to the Recommendation, but under the scope of Tbj. they are entitled to healthcare and health services related to accidents.⁹

Trainees can also be students in higher education. Under Act CCIV of 2011 on National Higher Education, **university students may work within the framework of two types of student employment contract**, as indicated below.

1. During the dual **training period**, in an external practice place, in the context of the training programme or during a traineeship or practical training organised as part of the training course, in the institution, in an economic organisation established by the institution or in an external training centre. In this case, the **student may be granted a remuneration, for the duration of the continuous training period of up to six weeks and for the period of dual training, a remuneration** of at least 65% of the compulsory salary (minimum wage), paid by the vocational training place, unless otherwise agreed. However, the traineeship organised as part of the training programme or as part of the training may take place in a budgetary body without a student employment contract and without remuneration.

This employment **does not create an insurance relationship** and there is no obligation to pay contributions and taxes, except for the advance payment of 15 percent of the personal income tax contributions on the part of the salary above the minimum wage. However, a student¹⁰ in a higher education institution engaged in practical training is **entitled to accident health care** and an adult person studying full-time in a higher education institution **is entitled to health care**¹¹.

⁷ Act LXXX of 2019 on Vocational Education and Training § 83.

⁸ as written in Paragraph 85 (4)

⁹ Tbj. § 21 (1) a) and § 22 (1) ib)

¹⁰ Tbj. § 21 (1) a)

¹¹ Tbj. § 22 (1) ic)

2. Students may also be employed under a student employment contract in a higher education institution or in a business organisation set up by the higher education institution, **not directly related to the training programme**. This employment shall **constitute an insurance relationship** and public charges shall be paid in the same way as for employment.

In relation to university studies, it is important to point out that full-time students do not acquire pension rights **after 1 January 1998** on the basis of their university years, and **the time spent in full-time education is not taken into account as service period for pension benefits** (as far as no contribution payment was associated with these periods). However, this period is fully covered for health insurance purposes.

In the case of university students, it can therefore be concluded that the traineeship undertaken as part of a training programme does not create an insurance relationship. **The average duration of the traineeship is 6 weeks, which due to its short duration does not affect the future pension expectations of the group concerned**. The length of the period can be considered negligible. However, a student employment contract not directly linked to the training programme already creates an insurance relationship therefore it is considered as service period for pension benefits.

The identified gaps in coverage concern a narrow and well-defined group of people in the labour market, whose active employment depends on administrative and contribution relief resulting in exceptions in their access to certain benefits. As for Hungary **in their case, the benefits available meet the requirement of proportionality for derogations according to labour market status or type of employment relationship and therefore reflect the specific situation of the beneficiaries**. (Council Recommendation, point 9(b))

In accordance with point 2.3 of the Action Plan, we checked the information on social protection benefits on the websites of the relevant institutions:

- job-seeking benefits: <https://nfsz.munka.hu/tart/allaskeresok>
- sickness and healthcare benefits:
http://www.neak.gov.hu/felso_menu/lakossagnak/ellatas_magyarorszagon/egeszseguji_ellatasok
- maternity and equivalent paternity benefits:
<https://cst.tcs.allamkincstar.gov.hu/ell%C3%A1t%C3%A1sok.html>
- invalidity benefits (benefits for disabled persons: disability benefits, rehabilitation benefits):
<https://www.kormanyhivatal.hu/hu/budapest/jarasok/megvaltozott-munkakepessegen-alapulo-ellatasok-uj>
- old-age benefits and survivors' benefits:
retirement pension calculator: <https://kalkulator.onyf.hu/>,
the individual social security account: <https://egyeniszamla.onyf.hu/>;
- benefits in respect of accidents at work and occupational diseases:
The competent authority is the rehabilitation authority of the metropolitan and county government office competent for the place of residence or stay of the claimant.

Furthermore, in addition to information on the benefits covered by the Recommendation, individual applications, procedures can be launched electronically at https://www.magyarorszag.hu/szulf_fooldal#szolgaltatas_lista,NY, in many cases through the Client Portal (Ügyfélkapu) using a personal identification.

We found that information on benefits on the sites is up-to-date, transparent and easily accessible for customers.

2. Lessons learnt from the COVID-19 crisis

The formal and actual coverage of the benefits covered by the Recommendation as a result of the COVID-19 pandemic remain unchanged.

The Government is continuously monitoring the **spread of the COVID-19 pandemic** and has **applied/is applying epidemiological restrictions** (mask wearing, distancing, curfews, restrictions on the freedom of assembly, digital education, teleworking, restrictions on visits etc.)

Most hospitals in the country have delayed performing optional procedures including surgeries and tests, and have only performed emergency procedures necessary avoid deterioration of health. **With the flattening of the epidemic curve postponed surgeries and reduction of waiting lists has been put back on the agenda.**

In addition, **the rules on exceptional sickness benefits¹²** were amended to allow sick pay to be paid beyond 1 year, on an equitable basis, to insured persons who were unable to work due to the suspension of certain health care treatments (e.g. surgery) because of the coronavirus pandemic. The state of emergency shall apply from 8 February 2021 according to Government Decree No 27/2021 (29.I.). Exceptional sickness benefit may therefore be granted to insured persons whose incapacity for work exceeded one year after 7 February 2021.

Under these circumstances and provided that a cause and effect relationship is justified, the exceptional sickness benefits may be awarded from 11 June 2021 the earliest and may be paid until the end of the sixth month following the end of the state of emergency.

Following the coronavirus pandemic, **the introduction of telemedicine became a priority**, broadening the scope of allowed forms of doctor-patient contact and allowing doctors to consult patients from a distance (e.g. sending a medical certificate by e-mail¹³). The use of existing eHealth technology has been encouraged: **the results of diagnostic tests and other medical documentation can be downloaded from the National eHealth Cloud.** The **ePrescription** module of the national eHealth infrastructure, EESZT Information Portal enables patients to avoid physical meetings with their general practitioner to receive the medical prescriptions needed for their treatment. Following a telephone consultation, doctors record the ePrescription in the IT system allowing the patient or his/her relative to acquire the medication at the pharmacy after providing the person's social security number (TAJ) and confirming their identity. The medical devices most commonly prescribed in pharmacies were also available on ePrescriptions and could be dispensed in pharmacies. The proportion of e-prescriptions dispensed by a doctor in an emergency increased from 70% to 90% of all prescriptions. **The use of ePrescriptions is not expected to decrease after the pandemic outbreak.**

Income replacement for quarantine due to COVID-19 is **covered by the social insurance system** the same way as for other incapacity to work entitlements, e.g. in case of sickness or pregnancy. Doctors issuing certificates of incapacity for work **use a separate code ('7')** in the

¹² Government Decree No 326/2021 (10.VI.) on special emergency rules for the provision of equitable sickness benefits. The Government Decree was repealed as of 1 December 2021.

¹³ Government Decree No 657/2020 (24. XII..) on certain issues of medical assessment and certification of incapacity to work and earning capacity during the emergency

case of quarantine. This code is applicable if the person concerned is ‘incapable to work who is banned from his occupation on grounds of public health and does not receive another position, or who is officially dismissed for public health reasons, and who is unable to appear at his/her workplace due to an epidemic or veterinary shortage and cannot be temporarily employed’.

Quarantine periods and benefits provided during the period of quarantine in another Member State, regardless of the fact that those are provided from the social security system or out of public health protection reasons as a compensation, the periods or benefits are recognised as benefits for incapacity for work in the Hungarian system.

To improve adequacy and transparency during the COVID-19 pandemic, the following measures have been formulated:

- **job-seeking benefits:** no reason to take temporary measures, no change has been made.
- **sickness and healthcare benefits:** the COVID-19 disease resulting in quarantine is considered as incapacity for work, there has been no change in the number of beneficiaries and in the eligibility criteria and the amount of benefits provided.
- **maternity and equivalent paternity benefits:**
 - the government decree on the state of emergency in effect from 24 March 2020, extended the payment period of the following income replacement benefits: Childcare Fee (GYED), Childcare Care Allowance (GYES) and Child Raising Support (GYET). Therefore if GYED, GYES or GYET of one parent expired during the period of emergency, his/her entitlement to the benefit was maintained for the entire duration of the state of emergency and until 30 June 2020 afterwards.
 - in 2021, GYED, GYES and GYET entitlements were automatically extended from 8 March 2021 until the end of spring holidays, i.e. 7 April 2021.

The extension of the benefit payment has temporarily supported families with young children in a special situation. There is no governmental intention to maintain these benefits on the long run, as it would have a negative impact on the parents' labour market participation and employment thereof.

- **invalidity benefits:** During the period of the emergency from March 2020 to June 2020, and from 4 November 2020, entitlement to rehabilitation benefits was automatically extended until the end of the emergency due to the coronavirus pandemic. This measure is automatically ceases when the state of emergency terminates, as this measure has been introduced in response to a specific situation. During the emergency, there are no review(s) of invalidity benefits.
- **old-age benefits and survivors' benefits:** changes are indicated in detail in section 3.2 Measures
- **benefits in respect of accidents at work and occupational diseases:** no changes have been made.

In the case of maternity and equivalent paternity benefits, as well as invalidity benefits and health-related widow(er)s' pensions, measures have been taken to automatically extend entitlement until the end of the emergency period¹⁴. This measure will cease to apply at end of the state of emergency, as it had been **a response to a specific epidemiological situation** and its further effect is not justified.

The management of the Covid-19 pandemic currently does not require any further measures.

¹⁴ Act I of 2021 on the control of the coronavirus pandemic will expire on 1 June 2022.

3. Policy objectives and measures to be taken

3.1 Policy objectives

The survey under Point 2.1.1 of the Action Plan revealed that self-employed and standard workers are fully covered in terms of the benefits covered by the Recommendation. No shortfalls were identified for full-time and part-time employees. Where differences in actual coverage do exist, they are justified by the nature of the legal status, administrative facilitation and the small size of the population concerned. The regular update of the monitoring framework requires the clarification of the sections applicable to Hungary as indicated above.

3.2 Measures

As indicated above, the survey carried out under Point 2.1.1 of the Action Plan confirmed that self-employed and standard workers are **formally and effectively covered** for the benefits concerned by the Recommendation, as the Hungarian legislation provides for uniform rules for all persons working. Accordingly, **no necessary action has been identified**.

Furthermore, Point 2.2.1 of the Action Plan set out the task of collecting data on **accidents at work and occupational diseases** (in the context of the establishment of health and safety at work rules and monitoring their implementation), evaluating the results and, in the light of this, proposing, if necessary, **to extend and increase the level of protection**.

Our national legislation has been amended in line with the mandate. By adding the definition of *place of employment*¹⁵, the employment authority may carry out on-site inspections at all places of employment, i. e., any place where work under the competence of the employment authority is carried out, without the need for specific authorisation and prior notification. According to the explanatory memorandum of the amending legislation, it is important that the right to privacy guaranteed by the Fundamental Law should not be restricted by the official control. Real property used exclusively for residential purposes (including holiday resorts, holiday cottages or other premises, installations or objects used for residential purposes) may only be entered and inspected with the consent of the person entitled to the property. This restriction should not apply where, for example, an apartment is the **registered office of a business**. Where the **work is carried out outside** (e. g., external insulation, roof repairs, fence construction, etc.), the inspection will also not infringe the fundamental right, due to the external nature of the work area. Similarly to the foregoing, a housing renovation is also a place of work, since in this case an official inspection does not restrict the rights set out in the Fundamental Law, but **the adherence to employment regulations, and thus, the possibility of monitoring must be ensured for the persons working there**.

Comparing the situation of **employees and self-employed, there are different rules with regard to the form of employment**: for the first 15 working days of incapacity for work due to sickness, **the employee may take sick leave paid by the employer, rather than sick pay**. Sick leave is paid in the case of sickness of the employee. However, **a self-employed worker, a member of a partnership undertaking** (unless working in the context of an employment relationship) or a person working on a contract basis is not entitled to sick leave, as the Labour Code does not apply to them. Sick leave is also not granted during periods of incapacity for work due to accidents at work and occupational diseases, or during periods of incapacity for work due to pregnancy at risk. In these cases, **they are entitled to sick pay from the first day of incapacity**. During the period of sick leave, employees receive 70% of the absence fee,

¹⁵ Government Decree No. 115/2021. (10. III.) § 2 b)

which is also subject to tax and social security contributions. Sickness allowance is 60% of the average daily earnings, depending on the length of insurance coverage, or 50% of the average daily earnings in the event of hospitalisation, subject to the maximum amount laid down by law.

The following changes were made in the adequacy of benefits covered by the Recommendation for **old-age and survivors' benefits, invalidity and rehabilitation benefits and accident annuity**:

- **the Government decided on the monthly increase¹⁶ of pension benefits and certain other benefits in January 2021, on the additional increases in June¹⁷ and November¹⁸ 2021, and on the January 2022 increase thereof in December¹⁹ 2021, in accordance with the provisions of Article 62 of Act 81 of 1997 on Social Security Pension Benefits.**

In addition, to improve the adequacy of old-age pensions:

- in November 2021 **pension premium²⁰**, and a lump sum benefit was paid, and
- In 2020, a decision was taken to **reintroduce the 13th month pension²¹**: the first weekly instalment was paid in February 2021 (25% of the January monthly benefit through a gradual introduction depending on the economic situation), and in February 2022, a full month's benefit²² was paid to pensioners.

¹⁶ Government Decree No. 538/2020 (.2. XII)

¹⁷ Government Decree No. 254/2021 (18 V..)

¹⁸ Government Decree No. 567/2021 (.6. X)

¹⁹ Government Decree No. 692/2021 (9.XII.)

²⁰ Government Decree No. 568/2021 (6.X.)

²¹ Government Decree No. 342/2020 (16.VII.)

²² Government Decree No. 684/2021 (7.XII.)

In summary, using the joint SPC ISG and Committee monitoring framework²³, we identified the **following gaps for non-standard workers** (*note: gaps identified in the monitoring framework are highlighted in blue, while additional gaps found in our analysis are highlighted in white*):

	sickness benefits (health care and sick pay)	invalidity benefit (rehabilitation/invalidity benefit)	maternity benefit ²⁴	old-age benefit
casual worker, ²⁵ seasonal worker ²⁶	<p>Where the employment is carried out under a general employment relationship, he shall be deemed to be insured and shall be entitled to all social security benefits.</p> <p>If the employment is carried out on the basis of Act LXXV of 2010 on simplified employment, he may be entitled to benefit during the period of employment, as he is not insured under the Tbj., by paying health service contributions. An exception to this is for accident medical services because they are entitled to it under Section 10(1)(b) of that Act.</p> <p>You will also be entitled to health care during the period outside employment upon payment of the compulsory health service contribution, and will not be entitled to cash benefits (sick benefits).</p>	<p>According to Section 10(1)(a) of Act LXXV of 2010 on simplified employment, <u>they do not qualify as insured persons under Act LXXV of 2010 on simplified employment.</u></p>	<p>According to Section 10(1)(a) of Act LXXV of 2010 on simplified employment, <u>they are not insured under Act LXXV of 2010 on simplified employment and cannot therefore be entitled to CSED or GYED in the</u>²⁷ <u>absence of an insurance relationship.</u></p>	<p>According to Section 10(1)(a) of Act LXXV of 2010 on simplified employment, <u>they do not qualify as insured persons within the meaning of Act LXXV of 2010 on simplified employment, but under point (b) they are entitled to ‘pensions, accidental health care and job-search benefits’.</u></p>

²³ <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8358&furtherPubs=yes>

²⁴ Personal rights benefits: childcare allowance (GYES), child-raising allowance (GYCS). Benefits linked to insurance: baby care allowance (CSED), child care allowance (GYED).

²⁵ A person with a fixed-term employment relationship under simplified employment.

²⁶ A person with a fixed-term employment relationship for seasonal agricultural or tourist employment under simplified employment.

²⁷ Under Section 6 of Act CXXII of 2019 on persons entitled to social security benefits and on the coverage of such benefits (Tbj.). (They may be entitled to all benefits under the social security scheme.)

<p>trainees²⁸</p>	<p>Some students or persons with a student employment contract are²⁹ not insured and are therefore entitled to health services only.</p> <p>A person under vocational training is an insured person employed under a vocational training contract³⁰ and is therefore entitled to health care and cash benefits (sick allowance).</p>	<p>For the purposes of entitlement to social security benefits during the duration of the vocational training contract, a person under vocational training shall be regarded as an employed person and may therefore also be entitled to invalidity benefits.</p>	<p>For the purposes of entitlement to social security benefits, a person under vocational training shall be regarded as an employed person for the purposes of entitlement to social security benefits during the duration of the vocational training contract. In view of this, they³¹ maybe entitled to CSED and³²GYED as insured persons and are effectively covered.</p>	<p>Traineeships organised as part of the training programme do not count as pensionable periods, but their impact on coverage is not significant due to the short duration.</p> <p>The vocational training employment contract establishes an employment relationship between the student or the person taking part in the training and the training establishment,³³ so that (traineeship) periods completed under this framework are included in the calculation of the length of service for the calculation of the old-age pension³⁴.</p>
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²⁸Persons who undertake traineeships as part of their studies.

²⁹Holders of contracts within the meaning of Section 44(1)(a) of Act CCIV of 2011 on national higher education.

³⁰Section 85(4) of Act LXXX of 2019 on vocational training.

³¹A woman who has been insured for 365 days within the two years preceding the birth of her child and who is born within 42 days of insurance/dissolution/further, during the period of payment of accident sick leave or twenty-eight days after termination of the payment, shall be entitled.

³²The parent shall be entitled if he was insured for 365 days within two years prior to the birth of the child. This includes 180 days of full-time study at a school, vocational education institution or higher education institution for more than one year.

³³Pursuant to Section 83 of Act LXXX of 2019 on vocational training

³⁴Pursuant to Section 85(4) of Act LXXX of 2019 on vocational training

Given that the employment objective for casual and seasonal workers is to ease administration and minimise burdens, they cannot be included in social security benefits more widely than at present without paying real contributions. To address the **shortcomings** indicated in the table above, **we do not consider it necessary to formulate new measures.**

Based on the monitoring framework, material and social deprivation and poverty rates are highest in the following categories, depending on employment status:

- employees on fixed-term contract
- employees working part-time/self-employed

Employees on fixed-term employment contract

In our assessment, **there is no difference** in the contributions paid and the amount (adequacy) of benefits provided for **full-time workers between those with temporary (fixed-term) and permanent contracts.**

From a legal point of view, there is also no difference between temporary and permanent employment regarding social protection, for example, **the right to sick leave is available regardless of whether the employment relationship is temporary or permanent.** The obligation to prorate the number of days of sick leave applies to both temporary and permanent contracts [Art. 126 of the Labour Code]. In addition, the provisions on basic pay (minimum wage, guaranteed minimum wage) shall also apply to temporary and permanent employment relationships. Thus, **from the labour law regulatory point of view, no negative provisions can be identified for temporary employment relationships.**

For the purposes of entitlement to job-seeker's benefits, periods of entitlement acquired on the basis of temporary employment are treated in the same way as periods of entitlement acquired on the basis of permanent employment, and there is no distinction in this respect. In the light of the foregoing, **the rules on entitlement to job-seeker's benefits are also considered appropriate.**

It shall also be noted that temporary contract employment in Hungary affects a relatively small proportion of workers, with 5% of full-time workers on temporary contracts and 0.9% of part-time workers on temporary contracts, according to the monitoring framework (2019). **The rate of temporary employment of up to six months is steadily decreasing** among workers (from 4% in 2016 to 2.9% in 2019).

In the light of the above, **we do not consider it appropriate to take any further action, but we will continue to monitor the changes in the rate** indicated above.

Employees working part-time/self employed

According to our assessment there is **no difference** in contribution payment or benefit levels (adequacy) for part-time workers between those with **temporary and permanent contracts.**

From a labour law perspective, part-time workers **benefit from the same level of protection** as full-time workers. It is understood that the basic wage (minimum wage, guaranteed minimum wage) may be lower than the full-time wage as a result of the **proportionality** with working time, but the parties may agree to deviate from this. **From a labour law regulatory point of view, therefore no negative provisions can be identified for part-time workers.**

Furthermore, for the eligibility condition for job-seeker's benefits (i. e., the claimant must have completed at least 360 days of qualifying period within three years before becoming a jobseeker), the qualifying period (insurance period) acquired on the basis of part-time work can be taken into account in full, **there is no rule of proportionality between full and part-time work.** In the light of the foregoing, **the rules on entitlement to job-seeker's benefits are also considered appropriate.**

It should also be noted that part-time employment affects a relatively small share of workers in Hungary. According to the monitoring framework, 3.5% of workers are employed part-time on permanent contracts, while 0.9% of workers are employed part-time on temporary contracts (2019).

In view of the above, **we do not consider it appropriate to take any further action, but monitoring the changes in the rate indicated above is an additional task.**

As a result of the data collection according to Point 2.2.1 of the Action Plan, it can be stated that in Hungary – in accordance with Act XCIII of 1993 on Occupational Safety and Health – the reporting and investigation of occupational diseases is only mandatory for those employed in the framework of organised work. According to Decree No 27/1996 (28. VIII.) of the Ministry of Public Health on the Notification and Investigation of Occupational Diseases and Increased Exposure Cases, acute and chronic health problems that occur during, in the course of, after or in connection with work, and are due to physical, chemical, biological, psychosocial and ergonomic factors related to work or the work process, or are the result of a greater or lesser than optimal workload of the worker, are considered occupational diseases.

According to the rules in force, suspected occupational diseases detected in the course of medical activities must be reported to the metropolitan and county government office of the employer's registered place of business as the occupational safety and health authority.

The reported case is investigated by the occupational safety and health authority, which then sends the documentation to the National Public Health Centre (Department of Occupational Health and Hygiene) to assess the occupational origin of the illness. All accepted occupational diseases entitle the holder to accident benefits. The National Public Health Centre prepares an annual summary report on confirmed occupational diseases, which is published in the scientific journal "Occupational Health" and is included in the information on the occupational health situation of the national economy prepared for the Government.

According to the annual report, 1533 occupational diseases (poisonings) were registered in 2020. The gender ratio of registered patients was as follows: 1112 women (73%), 421 men (27%). In terms of prevalence by type of disease, infectious diseases come first, followed by respiratory diseases. These are followed by diseases classified in other groups (e. g., locomotory diseases) and then skin diseases.

When analysing the distribution of diseases by gender, the proportion of women is significantly higher for skin diseases (91%) and infectious diseases (75%), while the proportion of men is higher for noise-induced hearing loss, diseases caused by ionising radiation (100-100%) and respiratory diseases (93%).

According to the main groups of pathogenic factors, diseases caused by biological pathogenic factors were predominant. Chemical diseases were in second place and physical and other pathogens were in third place.

Data on occupational diseases (poisonings), by economic sector and by cause of disease are shown in the table in Appendix 2.

In accordance with Point 2.3 of the Action Plan, we have examined the available information and found that **the published information is up-to-date and transparent**. We consider it appropriate **to continuously update and monitor the content of the websites in order to ensure the coherence of information**.

4. Way forward

Workers and the self-employed are formally protected, as the legislation in force states that they are entitled to participate in the social protection schemes of the sector concerned, which are compulsory. Workers and the self-employed are also effectively protected, as they have the possibility to qualify for appropriate benefits and, if the relevant risk materialises, to take advantage of the suitable level of benefits. Taking into account the social protection system as a whole, social protection is adequate as benefits provide a reasonable replacement for lost income. The conditions and rules of the social protection system are transparent, up-to-date, accessible and clients are provided with user-friendly and comprehensible information on their rights and obligations. In view of the above, we do not consider that further measures are justified.

At the same time, **monitoring the functioning of the social protection system is crucial** to ensure that it can **respond** in a timely and flexible manner **to changing economic, labour market and social situation**. To this end, we consider it important to share, learn and exchange best practices, especially from the last 2 years.

Appendix

1. Background: the findings of the SPC ISG and the Commission's monitoring framework for Hungary
2. Number of occupational diseases (poisonings) by industry and cause of disease, 2020
3. Action Plan

Appendix 1

Background: the findings of the SPC ISG and the Commission's monitoring framework for Hungary

The European Commission, with the involvement of the SPC ISG, has prepared a monitoring framework for the Council Recommendation. This identified gaps in social protection risks for non-standard employment and self-employment in each Member State in terms of formal coverage, effective coverage, adequacy and transparency included in the Council Recommendations. The Hungarian aspects are summarised below and highlighted in yellow in the relevant tables excerpted from the monitoring framework.

In terms of formal coverage, the monitoring framework highlights the following:

- self-employed – covered for all benefits
- non-standard workers in simplified employment (casual workers and seasonal workers) – not covered for sickness and invalidity benefits (276,000 persons affected in 2019 on a monthly average)
- for non-standard workers, trainees who do their internship as part of their studies are not covered for sickness, maternity and old-age benefits.

In terms of compliance, the monitoring framework highlights the following:

Material and social deprivation and poverty rates are highest in the following categories, depending on activity status:

- Employee with temporary contract – 43.5% and 26.4% respectively (EU average 13.3% and 18.8%). 4% + 1% of those in employment fall into the full-time/part-time temporary contract category.
- Employee working part-time or self-employed – 29.1% and 13.7% respectively (EU average 10.5% and 16%). 4% + 1% of those in employment are in permanent or temporary part-time employment.
- unemployed – 58.7% and 41.7% respectively (EU average 37.5% and 43.7%).

Material and social deprivation in 2019 was 22.6% for non-standard workers and 11.8% for standard workers. (EU average 10% and 6.5%). The poverty rate after social transfers was 15% for non-standard workers and 6.6% for standard workers in 2019 (EU average 16.4% and 5.1%).

Lack of formal coverage to social security for people in non-standard employment

Social protection branch/types of employment	Casual workers or simplified, short term fixed contract	Seasonal workers	Apprentices or trainees	National specificities
Unemployment benefits	RO	RO, LV, PT	ELk, FRk, HR, ITk, LTk, NL, PLk, PTk,	ATa, CZba, DEc, PLdm,PTf, SKe, ESf, LVI
Healthcare benefits				LUn
Sickness benefits	HUg, RO	HU, LV, PT, RO	DKk, ELk, FRk, HUK, LTk, PLk, PTk	CZba, SId, LVI, SKe, PLd, LUn
Maternity benefit	RO	LV, PT, RO	ELk, FRk, HUK, ITk, LTk	CZb, LVI, SKe, LUn
Paternity benefits			PLk	PLd,
Benefits in respect of accidents at work and occupational diseases	RO	LV, PT, RO	PTk , PLk	LVI, PLd
Old-age benefits and survivors' benefits			BEij, ELk, FRk, HR, HUK, ITk, LTk, PTk	CZba, PLm, LUn
Invalidity benefits	HUg	HU	PTk, NL	CZba, PLm, LVI, LUn

Note: a) If income below a certain threshold; b) Agreement to perform a job; c) Mini-jobbers; d) civil law contracts; e) employees on "work agreement" with irregular income; f) domestic workers; g) simplified, fixed-term employment contract; i) only below the age 19; j) apprentices only k) trainees only; l) persons paying patent fees and beneficiaries of royalties; m) farmer's helper; n) casual workers

For EL, FR and HU, trainee category only refers to students completing traineeship as part of their studies; all other trainees and apprentices are covered. For NL, trainee/apprentice column refers only to interns; trainees in the Netherlands constitute a different category, fully covered by social protection. For PL, trainee category refers to "graduate trainings", referring only to traineeships after graduation, as student trainees are covered as students.

Alternative, residence-based benefits exist for maternity in SK.

Quantifying the size of the groups not covered

HU	Category	Branch	Group size	Date data refers to
	Self-employed	Covered for everything	424,029	2017
	Self-employed	Covered for everything	538,412	February 2020
	Non-standard workers - Simplified employment (casual work and seasonal work)	Not covered for sickness and invalidity	276,000	Monthly average, 2019
	Non-standard workers - Trainees doing traineeship as part of studies	Not covered for sickness, maternity or old-age benefits	No data provided	

Material and social deprivation rate by most frequent activity status during reference year, 2018 – 2019

	Employee all kind	Employee with permanent contract	Employee with temporary contract	Employee or self-employed working full time	Employee or self-employed working part time	Self-employed	Family workers	Un-employed	Other inactive persons	Standard	Non-standard
EU-27 (2018)	8.2	7.1	14.6	7.8	11.5	9.9	23.8	40.1	18.8		
EU-27 (2019)	7.7	6.8	13.3	7.2	10.9	8.9	:	37.5		6.5	10
Hungary (2018)	15.9	11.5	48.9	14.0	28.4	5.1	:	58.9	27.3		
Hungary (2019)	15.5	12.8	43.5	13.5	29.1	3.2	:	58.7		11.8	22.6

Source: Eurostat, EU-SILC. The category ‘standard’ refers to employees working full time in a permanent contract while the ‘non-standard’ refers to the all other employees *plus* the self-employed. EU aggregate for family workers is not included as based on too few Member states values above reliability limits. “u”: Limited reliability due to small sample size.

Poverty rate after social transfers by most frequent activity during reference year, 2018 – 2019

	Employee all kind	Employee with permanent contract	Employee with temporary contract	Employee or self-employed working full time	Employee or self-employed working part time	Self-employed	Family workers	Un-employed	Other inactive persons	Standard	Non-standard
EU-27 (2018)	8.3	6.2	18.9	8.4	16.9	20.8	36.4	44.7	28.3		
EU-27 (2019)	8.1	6.2	18.8	8.2	16	20.2	:	43.7	28.5	5.1	16.4
Hungary (2018)	8.4	5.7	30.0	8.0	16.2	8.4	:	44.7	18.7		
Hungary (2019)	8.6	6.9	26.4	8.3	13.7	8.1		41.7	20.6	6.6	15

Source: Eurostat, EU-SILC. The category ‘standard’ refers to employees working full time in a permanent contract while the ‘non-standard’ refers to the all other employees *plus* the self-employed. EU aggregate for family workers is not included as based on too few Member states values above reliability limits. “u”: Limited reliability due to small sample size.

Labour market status, 15-74 years old, 2019 – 2020

	Employee, full-time, permanent	Employee, full-time, temporary	Employee, part-time, permanent	Employee, part-time, temporary	Self- employed with employees	Self- employed without employees	Family worker	Non standard
EU-27 (2019)	59.5%	8.9%	12.7%	3.8%	4.3%	9.8%	1.0%	40.5%
EU-27 (2020)	61%	8%	13%	3%	4%	10%	1%	39%
Hungary (2019)	79.7%	5.0%	3.5%	0.9%	4.5%	6.1%	0.2%	20,2%
Hungary (2020)	79%	4.0%	4.0%	1.0%	5.0%	7.0%	0%	21%

Source: Eurostat, LFS

Share of working-age population receiving any benefit among people at-risk-of-poverty before social transfers, for persons in non-standard versus standard employment (in the reference year), 16-64, by Member State in 2014, 2018 and 2019, in % (and difference in pps)

	2014			2018			2019		
	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)
EU-27	29.1	22.8	6.3	26.8	25.9	0.9	27.9	25.5	2.3
Hungary	35.3	16.4	18.9	19.8	13.4	6.4	15.2	4.6	10.6

Material and social deprivation rate for persons in non-standard versus standard employment (in the reference year), 16-64, by Member State in 2014, 2018 and 2019, in % (and difference in pps)

	2014			2018			2019		
	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)
EU-27	16.3	11.4	4.9	10.9	6.8	4.1	10	6.5	3.5
Hungary	41.7	30.3	11.4	28.3	10.6	17.7	22.6	11.8	10.8

Poverty rate after social transfers for persons in non-standard versus standard employment (in the reference year), 16-64, by Member State in 2014, 2018 and 2019, in % (and difference in pps)

	2014			2018			2019		
	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)
EU-27	17.6	5	12.6	17.1	5.2	11.9	16.4	5.1	11.3
Hungary	19.3	4.2	15.1	19.5	5.3	14.2	15	6.6	8.4

Impact of social transfers on poverty reduction for persons in non-standard versus standard employment (in the reference year), 16-64, by Member State in 2014, 2018 and 2019, in % (and difference in pps)

	2014			2018			2019		
	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)
EU-27	25.8	9.1	16.7	25.4	9.5	15.9	24.5	9.4	15.1
Hungary	29.6	11	18.6	32.2	11.4	20.8	23.9	10.1	13.8

Relative median at-risk-of-poverty gap for persons in non-standard versus standard employment (in the reference year), 16-64, by Member State in 2014, 2018 and 2019, in % (and difference in pps)

	2014			2018			2019		
	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)	(1) Non-standard	(2) Standard	Difference (1)- (2)
EU-27	35.3	32.5	2.8	35.7	24.4	11.4	33.4	24.4	9.0
Hungary	25.7	18.9	6.8	33.8	27.8	6.1	40.7	38.3	2.4

Appendix 2

Number of occupational diseases (poisonings) by industry and cause of disease, 2020

Betegség oka (kód)	A60	A64	A74	A75	A78	A80	A81	A88	B1	B3	B5	B8	C4	C5	C8	C10	C12	C13	C17	C19	C21	D2	D5	D7	D10	D12	D14	D16	D17		
Nemzetgazdasági ágak	Kén-hidrogén által okozott betegségek	Minden egyéb a munkavégzés, foglalkozás közben használt vegyi anyag	Vegyianyagok által okozott kontakt irritatív dermatitisz	Vegyianyagok által okozott kontakt allergiás dermatitisz	Szilikózis	Azbesztózis	Azbesztor belélegzését követő mesothelioma	Tudományosan igazolt kémiai allergének által kiváltott allergiás asztma	Ultraibolya, infravörös, egyéb nem ionizáló sugárzás által okozott betegségek	Zaj által okozott halláskárosodások	Helyileg ható vibráció által okozott betegség	Ionizáló sugárzás által okozott betegségek	Ornitózis	Kullancs-enkefalitisz	Q-láz	Borelliózis (Lyme-kór)	Foglalkozással kapcsolatban keletkezett borszékély	Foglalkozással kapcsolatban keletkezett tuberkulózis	Gennykelők által okozott bőrbetegségek	Exogen (extrinsic) allergiás alveolitisz	Foglalkozással kapcsolatos biológiai kóroki tényezők által okozott egyéb betegségek	Præ-patelláris és sub-patelláris bursitis	Az inihévely túlerőltetés által okozott betegségek	Az izom és in tapadási helyek túlerőltetés által okozott betegségek	Carpal tunnel (kéztő alagút) szindróma	Az ágyéki gerinc porckorong tehermozgatók által okozott betegségek	Csontok, izületek, izmok, inak túlzott, illetve szexuálalú izomérvényvétele által okozott betegségek	Ergonómiai kóroki tényezők által okozott betegségek	A munkavégzéssel, munkakörnyezettel kapcsolatos egyéb betegségek		
Bányászat, kőfejtés					20																										29
Egyéb szolgáltatás		1																			1										2
Feldolgozóipar		1	2	2		2	1	1	1	4	5		1		2						1	2	1	5	2	3		1	1		38
Humán-egészségügyi, szociális ellátás			5						1								6	2													1354
Információ, kommunikáció																											1				1
Kereskedelem, gépjárműjavítás																															1
Közigazgatás, védelem; kötelező társadalombiztosítás				1												2			1		24										28
Mezőgazdaság, erdőgazdálkodás, halászat														1	1	1															3
Művészet, szórakoztatás, szabadidő																					3										3
Oktatás																					68										68
Villamosenergia-, gáz-, gőzellátás, légkondicionálás	3																								1	1					5
Vzellátás; szennyvíz gyűjtése, kezelése, hulladékgazdálkodás, szennyződésmentesítés					1																										1
Összes eset	3	2	7	3	21	2	1	1	2	4	5	9	1	1	3	3	6	2	1	1	1435	1	5	2	3	2	5	1	1	1533	

Appendix 3

ACTION PLAN of HUNGARY

Implementing the Council Recommendation on Access to social protection for workers and the self-employed

On 8 November 2019, the Council of the European Union adopted a Recommendation on access to social protection for workers and the self-employed (hereinafter referred to as the Recommendation).

By adopting a national Action Plan, the Inter-ministerial committee for the coordination of European affairs (hereinafter referred to as "the ICCEA") identifies priority areas for concrete actions to promote access to adequate social protection for persons who are employed outside the employment relationship and for self-employed persons.

On the one hand, the Action Plan aims to identify the necessary government measures and, on the other hand, identify priority target groups for government actions.

1. Fields of investigation for the Action Plan:

1.1. As set out in the Recommendation, all workers and self-employed should be guaranteed social protection entitlements

- a)* formal coverage;
- b)* effective coverage;
- c)* adequacy;
- d)* transparency.

1.2. Social protection sectors to be covered by the Recommendation:

- a)* unemployment benefits;
- b)* sickness and healthcare benefits;
- c)* maternity and equivalent paternity benefits;
- d)* invalidity benefits;
- e)* old-age benefits and survivors' benefits;
- f)* benefits in respect of accidents at work and occupational diseases.

1.3. Priority target groups of the Recommendation:

- a)* employees in non-traditional employment;
- b)* self-employed;

2. Measures identified in the Action Plan:

In the context of the priority areas, the Government will identify the measures on which it will concentrate its efforts.

2.1. In order to ensure that the Recommendation is properly implemented, the priority areas should be aligned to identify those cases and persons not or not fully covered by the social protection system sectors.

2.1.1. The ICCEA invites the Minister of Human Capacities, the Minister of Innovation and Technology, the Minister of Finance and the Minister without portfolio responsible for the Family to carry out a survey of social protection entitlements of workers and self-employed to identify the existence or possible lack of benefits.

Person responsible: minister of human capacities
 minister of innovation and technology
 minister of finance
 minister w/o portfolio responsible for the family
Deadline: 31 November 2021 for the first time, and continuously thereafter

2.2. In order to ensure that the Recommendation is properly enforced, and to monitor any gaps and progress, the government should take action to collect relevant data.

2.2.1. The ICCEA invites the Minister for Human Capacities and the Minister of Innovation and Technology to collect data on accidents at work and occupational diseases (in the context of the establishment of rules on health and safety at work and monitoring their implementation), to evaluate the results and, if necessary in the light of this, to propose to extend and increase the level of protection.

Person responsible: minister of human capacities
 minister of innovation and technology
Deadline: 31 November 2021 for the first time, and continuously thereafter

2.3. In order to protect the rights of workers and self-employed, appropriate forms of information should be provided on the branches of the social protection system, the conditions of benefits and the right to access them.

2.3.1. The ICCEA invites the Minister of Human Capacities, the Minister of Innovation and Technology, the Minister of Finance and the Minister without portfolio responsible for the Family to review the information system for individuals to ensure that it provides up-to-date, comprehensive, personalised, accessible, user-friendly and understandable information, in order to ensure transparency of the conditions and rules of the social protection system.

Person responsible: minister of human capacities
 minister of innovation and technology
 minister of finance
 minister w/o portfolio responsible for the family
Deadline: continuous

2.3.2. The ICCEA invites the Minister for Human Capacities and the Minister of Innovation and Technology, the Minister of Finance and the Minister without portfolio responsible for the Family to take steps to ensure adequate access to information in order to develop uniform information.

Person responsible: minister of human capacities
 minister of innovation and technology
 minister of finance
 minister w/o portfolio responsible for the family

Deadline: 31 November 2021 for the first time, and continuously thereafter

2.4. The Recommendation of the Council of the European Union requires Member States to prepare a national Action Plan and submit it to the European Commission for joint evaluation and review.

2.4.1. The ICCEA invites the Minister of Human Capacities to prepare a report on the Action Plan and submit it to the European Commission.

Person responsible: minister of human capacities

Deadline: 15 June 2021