



**Government Decree 105/2020 (IV. 10.)
on Financial Assistance for Employment under
Reduced Working Time Arrangements Within the
Framework of the Economy Protection Action Plan**

The Government,
acting within its legislative competence conferred under Article 53(2) of the Fundamental Law,
having regard to the provisions of Act XII of 2020 on Measures for the Control of Coronavirus,
acting within its original legislative power conferred under Article 53(3) of the Fundamental
Law with respect to Section 11, based on authorisation obtained from Parliament under Section
3(1) of Act XII of 2020 on Measures for the Control of Coronavirus,
acting within its competence conferred under Article 15(1) of the Fundamental Law,
has adopted the following Decree:

Section 1 For the purposes of this Decree:

a) ‘reduced working time’ shall mean part-time work arrangement reaching at least half of the working time fixed in the employment contract in effect before it was amended upon the declaration of state of danger in three months average, but not exceeding seventy per cent thereof, amounting to at least four hours of working time on a daily basis;

b) ‘duration of individual development’ shall mean the time when the employee is excused from work duty up to thirty per cent of the working time lost stemming from reduced working time arrangement for the purpose of making improvements in connection with his or her job or the employer’s activity;

c) ‘staff maintenance obligation’ shall mean the employer’s obligation to maintain the statistical number of staff existing on the day of submission of the application;

d) ‘employer’ shall mean the employers defined by Act I of 2012 on the Labour Code (hereinafter referred to as “Labour Code”), excluding the organisations enumerated in Section 1 of Act CLXXV of 2011 on the Freedom of Association, on Public-Benefit Status, and on the Activities of and Support for Civil Society Organisations, operators receiving central subsidies under Section 4(1)(m) of Act III of 1993 on Social Administration and Social Welfare Benefits, operators receiving central subsidies under Section 5(s) of Act XXXI of 1997 on Child Protection and Custody Administration, social, child welfare and child protection institutions, institutions and networks receiving central subsidies, operators receiving central subsidies under Section 88(4) of Act CXC of 2011 on the National Public Education System, and operators receiving central subsidies under Section 84(3) of Act CCIV of 2011 on National Higher Education;

e) ‘employee’ shall mean the employee provided for in the Labour Code, except for those employees in respect whom the accredited employer receives budget support in accordance with Government Decree 327/2012 (XI. 16.) on the Accreditation of Employers which Employ Workers with Disabilities, and on Budget Support Available for the Employment of Workers with Disabilities;

f) ‘absentee pay’ shall mean the absentee pay established according to Section 148 of the Labour Code for the day of declaration of state of danger taking into account the service charge provided for in Decree No. 71/2005 (IX. 27.) GKM on Determining the Amount of Service Charges, and Laying Down Rules for the Application and Use of Service Charges;

g) ‘state of danger’ shall mean the state of danger declared under Government Decree 40/2020 (III. 11.) on the Declaration of State of Danger.

Section 2 The Budapest and county government agency acting as the government employment agency (hereinafter referred to as “government agency”) shall provide aid for economic reasons relating to the state of danger to the employee, where the employee and the employer jointly request, if

a) the employee

aa) does not receive any other form of support granted in connection with working part-time under the same employment relationship,

ab) is employed by the employer at least since the day of declaration of state of danger, and

ac) is not in the period of notice;

b) the employer

ba) employs the employee with whom the application was submitted jointly under contract of employment in reduced working time in the interest of avoiding making cuts in the number of staff,

bb) demonstrates in the application for aid the economic conditions underlying its decision to provide employment with reduced working time, how these conditions relate to the state of danger directly and closely, and the measures it has taken or plans to take to overcome economic difficulties,

bc) has exhausted all possibilities available in terms of rescheduling work arrangements in connection with subparagraph *bb)* before the application was submitted,

bd) has been in operation for at least six months, and

be) is not receiving any aid for job creation or preservation with respect to the employee with whom the application was submitted jointly, or any aid for the employment of workers engaged in research and development;

c) the working time banking arrangement has expired or concluded.

Section 3 (1) The aid may be granted for the period following the submission of the application. The aid shall be established in months.

(2) The duration of the aid shall be three months.

(3) The amount of the aid shall be calculated based on the monthly absentee pay applicable for the day of declaration of the state of danger, minus personal income tax advance, contributions determined under the general rules, amounting to seventy per cent of that sum as commensurate for lost working time reaching thirty, forty or fifty per cent.

(4) In determining the amount of aid for a month, the maximum amount of eligible absentee pay, minus taxes and contributions, may not exceed double of the mandatory minimum wage, minus taxes and contributions, prevailing at the time the application is submitted.

(5) The aid shall be paid for the employee on a monthly basis in arrears.

(6) No aid shall be provided for any duration of unpaid leave.

(7) The aid shall be tax-exempt.

Section 4 (1) Upon receiving the aid, the employee and the employer shall undertake to agree

a) in a reduced working time arrangement,

b) in a duration of individual development beyond the reduced working time,

at least for the duration of receiving the aid.

(2) Furthermore, upon receiving the aid the employee undertakes:

a) to work in reduced working time, entailing the loss of income, and

b) to ensure that entering into another employment relationship in addition to the one existing at the time of the application shall not prevent his or her reverting after the duration of the aid to the original working time arrangement that existed before the working time was reduced,

c) to be at the employer's disposal under the duration of individual development.

(3) Furthermore, upon receiving the aid the employer undertakes:

a) to abide by the staff maintenance obligation for the duration of the aid, plus one month,

b) not to order any overtime work under the duration of the aid, and

c) to report – in accordance with the obligation to cooperate and to provide information – to the government agency within two working days any change relevant to the conditions of the aid or to the duration of reduced working time,

d) to guarantee that under the duration of the aid the amount of wages shall reach the employee's absentee pay together with the aid,

e) to pay wages for the duration of individual development.

(4) If the employer has more than one business establishment, all such establishments shall be taken into consideration on the aggregate for the purposes of the staff maintenance obligation.

Section 5 (1) The aid may be granted if:

a) the employee has no payment obligation toward the government employment agency in connection with aid reclaimed by definitive decision;

b) the employer

ba) meets the conditions set out in the government decree on the implementation of the Act on Public Finances for distinguished labour relations, and compliance with said conditions is evidenced by way of the means provided for by specific other legislation,

bb) is not undergoing dissolution, liquidation ordered by final ruling, or bankruptcy ordered by final ruling or any other similar proceedings provided for by other legislation for its termination, and

bc) was not considered on 31 December 2019 a company in difficulty under Government Decree 37/2011 (III. 22.) on Proceedings Related to State Aid Within the Meaning of European Union Competition Law and on the Regional Aid Map;

c) demonstrates that the economic reason for employment with reduced working time directly and closely relates to the state of danger, and provides credible evidence that keeping the employees is in the interest of the national economy relevant to its economic activity carried out on an ongoing basis.

(2) No aid under this Decree may be granted for employment provided for in Section 53 and in Section 214(1)(a) of the Labour Code.

Section 6 (1) Aid may be granted if requested by the employer and the employee jointly.

(2) The application for aid shall be submitted by the employer during the state of danger or within one month following the end of the state of danger by way of electronic means, using the standard form prescribed for that purpose, published on the website of the Nemzeti Foglalkoztatási Szolgálat (*National Employment Services*).

(3) Where an employer applies jointly with two or more employees from the same establishment, such applications shall be submitted at the same time. With respect to a specific establishment only one application may be submitted, save where Subsections (9) and (10) apply. With respect to a specific employee only one application may be submitted in a specific establishment.

(4) The application for aid shall be accompanied by the agreement referred to in Section 1(a) and in Section 4(1).

(5) The application for aid shall be submitted at the government agency of jurisdiction by reference to the employee's place of employment. If the employee works at two or more places, the application for aid shall be submitted at the government agency of jurisdiction by reference to the business establishment of the employer's choice.

(6) The government agency

a) shall examine the application for compliance with the conditions set out in this Decree within eight working days;

b) shall give a decision on granting the aid or shall refuse the application;

c) shall grant the aid for the employee based on the application if the application is found in conformity with the conditions set out in this Decree.

(7) The minister in charge of employment and labour shall function as the supervisory body provided for in the Act on General Public Administration Procedures with respect to the competencies of the government agency conferred under this Decree.

(8) No remedy shall lie against the decision provided for in Subsection (6), and it may not be challenged in court.

(9) If the application is refused, the employer and the same employee may submit another application on one occasion only.

(10) After one month past the duration of the aid and following the expiry of the staff maintenance obligation, another application may be lodged exclusively with employees for whom no aid was granted previously.

(11) The government agency shall process data required for the aid, related to the application as provided for in Section 57/A(1) of Act IV of 1991 on Job Assistance and Unemployment Benefits (hereinafter referred to as "Unemployment Act"), according to Section 57/D(5) of the Unemployment Act.



(12) The provisions of the Unemployment Act shall be applied in accordance with this Decree.

Section 7 The aid may be provided from Chapter XLVII. Economy Protection Fund, Title 2 National Employment Fund.

Section 8 The aid shall be terminated:

- a)* when so requested by the employee and the employer jointly;
- b)* if
 - ba)* the employee's employment is terminated,
 - bb)* the employee breaches any of his or her obligation relevant to the aid;
- c)* if
 - ca)* the employer is receiving any aid for job creation or preservation with respect to the employee for whom the aid was granted, or aid for the employment of workers engaged in research and development,
 - cb)* the employer breaches any of its obligation relevant to the aid;
- d)* if the reduced working time is modified under the duration of the aid;
- e)* if the aid should not have been granted for reason of non-compliance with statutory conditions.

Section 9 (1) By lodging the application the employer undertakes to affect payment to the account of the National Employment Fund in the event it fails to comply with the obligation set out in Section 4(3)(a), as commensurate according to its non-compliance with the staff maintenance obligation. The government agency shall give a decision on such payment.

(2) Checking compliance with the staff maintenance obligation shall be carried out following expiry of the period referred to in Section 4(3)(a).

(3) The aid shall be repaid by the employee if it should not have been granted for reason of non-compliance with the statutory conditions applicable to the employer.

(4) The employer shall be liable to affect payment in the amount of the aid received if it should not have been granted for its employee for reason of non-compliance with the statutory conditions applicable to the employer.

(5) The employer shall be exempt of the payment obligation referred to in Subsection (1) if able to demonstrate that the employment relationship terminated due to the employer's dissolution without succession or upon the employee's resignation.

(6) Section 21(5) of the Unemployment Act shall apply on the understanding that the head of the government employment agency may decide to cancel the payment obligation referred to in Subsection (1) hereof in part, upon request, in cases of exceptional circumstances, except if enforcement before the state tax and customs authority is in progress.

(7) With the exception of Section 21(4) and (4a) of the Unemployment Act, the provisions of the Unemployment Act on the recovery of funds shall apply to the payment obligation provided for in Subsections (1) and (4) hereof.

(8) In the event of non-compliance with the payment obligation provided for in Subsections (1) and (4) hereof, Subtitle 57 of Act CLIII of 2017 on Enforcement Procedures Carried Out by the Tax Authority shall apply.



Section 10 (1) This Decree – with the exception set out in Subsection (2) – shall enter into force on 16 April 2020.

(2) Section 11 shall enter into force on the fifteenth day following the date of promulgation of this Decree.

Section 11¹ The Government shall extend the term of this Decree until the state of danger provided for in Government Decree 40/2020 (III. 11.) on the Declaration of State of Danger is lifted.

¹ Enters into force on 25 April 2020.