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Hungary: Staff information and consultation on restructuring plans

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Hungary

Phase:

Anticipation

Type: [Staff information and consultation on restructuring plans](#)

Last modified: 16 May, 2019

Native name:

Üzemi tanács feladata és jogköre, 2012. évi I. törvény a Munka Törvénykönyvéről

English name:

Act I of 2012 on the Labour Code, 'Tasks and authority of works council'

Article

111 Sections 264, 265 and 267 (6)

Description

Employers shall consult the works council prior to passing a decision in respect of any plans for actions and adopting regulations affecting a large number of employees.

Employers' actions, in the context of restructuring, mean in particular:

- proposals for the employer's reorganisation, transformation, or the conversion of a strategic business unit into an independent organisation; and
- the introduction of production and investment programmes, new technologies, or the upgrade of existing ones.

The labour code does not detail how the consultation process should be carried out.

Regarding the transfer of undertakings (transfer of undertakings is connected to the points above but regulated in a separate section in the labour code), the labour code stipulates more detailed provisions on staff information and consultation.

Accordingly, the transferring and the receiving employer shall, within 15 days before the effective date of transfer, inform the works council concerning the schedule or proposed date of the transfer, the reasons and the legal, economic and social consequences affecting the employees. Based on this information, within the given timeframe, the transferring and the receiving employer shall, with a view to the conclusion of an agreement, enter into negotiations with the works council concerning other proposed actions affecting employees. Negotiations shall cover the principles of the actions, the ways and means of avoiding detrimental consequences as well as the means for mitigating such consequences.

The transferring and the receiving employer shall fulfil the above obligation of information and negotiation even if the decision underlying the transfer of employment upon the transfer of enterprise had been adopted by the body or person exercising control over the employer. The employer shall not be excused regarding his/her failure to satisfy the obligation to supply information and hold talks on the grounds that the controlling organisation or person had failed to inform the employer concerning their decision.

The employer and the works council may conclude a works agreement. Should this be the case, the agreement may not contain any restrictions concerning the above described provisions on staff information and consultation on restructuring plans stipulated by the legislation.

Regarding collective dismissals, the labour code also stipulates more detailed provisions.

If planning to carry out collective dismissals, the employer shall initiate consultation with the works council. Collective dismissals are defined as those affecting at least 10 workers in companies with 21-99 employees, 10% of workers in companies with 100-299 employees, and at least 30 workers in companies with 300 or more employees.

The employer shall inform the works council in writing at least seven days before the discussions. Information provided shall cover the following:

- the reasons for the projected collective redundancies;

- the number of workers to be made redundant broken down by categories;
- the number of workers employed in the six-month period before the procedure;
- the period over which the projected redundancies are to be effected, and the timetable for their implementation;
- the criteria proposed for the selection of the workers to be made redundant;
- the conditions for and the extent of benefits provided in connection to the termination of employment relationships, other than what is prescribed in the employment regulations.

The employer's obligation to consult the works council shall apply until the conclusion of an agreement, or failing this 15 days after the beginning of the negotiations.

In order to reach an agreement, the negotiations shall, at least, cover:

- the possible ways and means of avoiding collective redundancies;
- the principles of redundancies (that is, the fundamental clauses of the redundancy);
- the means for mitigating the consequences; and
- the reduction of the number of employees affected.

The agreement concluded between the employer and the works council in the course of the negotiations on collective dismissals shall be made in writing, a copy of which shall be sent to the government employment agency.

Comments

Regarding staff information and consultation, derogations by collective agreement are allowed only to the benefit of workers.

Cost covered by

Not applicable

Involved actors other than national government

Works council

Thresholds


Company size by number of employees:


21

Number of affected employees:

10

Sources

 2012. évi I. törvény a munka törvénykönyvéről

 Act I of 2012 on the Labour Code

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