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Factsheet for case **HU-2020-18/640**

Wage support programme for job retention - Kurzarbeit

Factsheet generated on 24 April 2020, 19:06

Country	Hungary, applies nationwide
Time period	Temporary, 01 May 2020 - 31 July 2020
Type	Legislation or other statutory regulation
Category	Employment protection and retention – Working time flexibility
Case created	15 April 2020 (updated 22 April 2020)

Background Information

Under the government decree 105/2020. (IV. 10.) the aim of the measure is to prevent layoffs in face of the covid-19 crisis. This measure follows the German example of Kurzarbeit, but is on a much smaller scale with a lot of narrowing criteria the applicant must fulfil. The support can be extended from 1 May 2020 for 3 months. The amount of the income support will be transferred directly from the state to the employee while the reduced wage will be paid by the employer

Content of measure

Businesses who are shedding 30-50% of working time of employees compared with their pre-covid situation who can prove that their orders have not fallen by more than 50% and are working towards the “interests of the national economy” are eligible. For every employee that is considered for layoff the state agrees to pay 70% of the part of the salary that was lost due to the worktime reduction. Only the part of salaries up to HUF 214,300 net (twice the minimum wage - €612 as of 15 Apr) per month receive the income supplement, earnings after that threshold are not subsidised.

The government calculates that on average a monthly HUF 64,500 per employee will be paid out, so the total cost for 3 months could be HUF 193.6bn (according to government calculations) or HUF 128bn according to our (KOPINT-Tárki Institute) calculations.

Additional criteria for eligibility-the employer must agree to keep headcount level until the end of the year in order to be considered for the subsidy

-the shortened work contract may not drop below 4 hours per day of working time

-employers must organise a training for the employee in 30% of the hours that have been cut from working time and pay wages for this time as well

Applications open on 16 April, 2020

Use of measure

Some 500,000 workers (estimate) could benefit: no information on actual uptake as yet. Applications must be filed to the public employment services and will be reviewed. It is not known how many will apply, as the employer has alternatives: if fired, employees get unemployment benefits for three months, they can be sent home on unpaid leave, or citing the covid situation as a vis maior they get no wages for down-time. Critics also argue that the measure comes much too late, 5 weeks after Hungary announced a state of emergency on 11 March 2020.

Actors, target groups and funding

Actors	Target groups	Funding
National government Company / Companies	employees All companies	Employer European Funds National funds

Social partners

Role of social partners	Consulted
Form of involvement	Bi-or tripartite social dialogue bodies

The Hungarian employers' federation MGYOSZ, the National Association of Entrepreneurs and Employers (VOSZ) and the Hungarian Chamber of Commerce and Industry (MKIK) welcomed the measure and said most of their proposals had been heard. They were consulted before the measures were announced. The trade union confederation LIGA said the government should do more as it does not help the thousands who had already been laid off. Trade union VDSZ said the measure did not offer job protection. Trade unions were informed at the tripartite VKF which meets weekly since the start of the crisis.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 07 April 2020: Employers' organisations welcome Orban plan (magyarnemzet.hu)
- 09 April 2020: Further crisis management measures needed (www.liganet.hu)
- 09 April 2020: Trade unions: thousands lose jobs daily while government stalls with measures (merce.hu)
- 10 April 2020: How will the Hungarian Kurzarbeit work? (www.portfolio.hu)
- 14 April 2020: Emergency state: deviating from Labour Code (ado.hu)
- 20 April 2020: Expanding the Hungarian wage subsidy scheme (www.portfolio.hu)