

On March 11th, Hungary declared a state of emergency due to the outbreak of the COVID-19 pandemic. The state of emergency allows the government to introduce extraordinary measures by decree and suspend or modify certain laws (and they do...).

One modification made was the partial exemption from public dues and contributions payable with respect to the wages of employees employed in certain, strongly hit sectors, such as tourism, catering, gambling, film industry, performing arts, event organising or sports services. Moreover, the payment of tourism development contribution has been suspended; i.e. it shall not be declared or assessed.

Other extraordinary measures such as amended application of the rules on employment were announced. This includes the change of work conditions that the employer may unilaterally or with, the consent of the employee, exercise. Such revisions entail the following:

- to alter the work schedule, which enables the employer to determine the work schedule one day prior to work;
- to order the employees to work at home or to work remotely (please, note that these two are different and that the institution called "home office" has recently been recognised in Hungary by decree);
- to take necessary and justified measures for checking the health of employees, such as gathering health documentation, although the rules pertaining to data protection have remained in effect.

It is important to note that the above shall apply even despite collective agreements' rules to the contrary.

With the joint consent of the employee and the employer, provisions of the labour code (such that otherwise could not be deviated from) may be set aside in a separate agreement. This involves, among others, altering the provisions regarding salary, collective redundancies, vacations, termination of employment, etc.

All non-life sustaining business are mandated to close trade from 3 p.m. and 6 a.m. and shopping is reserved for pensioners between 9 a.m. and noon for health/safety reasons. Similar restrictions are set towards restaurants as they are only allowed to remain operable to the public for the purpose of fulfilling takeaway orders.

Regarding the termination of employment, it is possible for the employer and the employee to enter into a pre-agreement, in which both parties commit to conclude a

subsequent employment contract after the employer's economic situation has improved. In this case, the employer's unilateral commitment grants the opportunity for the employee to return to his/her workplace if he/she wishes to do so after the crisis. In this case, the employer is exempt from compensating the employee at the termination, which can probably lead to arguments if the pre-agreement or the employer's commitment is breached.

In the event of an employee being unable to perform work due to mass illness, a safety measure will be enforced, which requires the employee to undergo certain quarantining procedures to assure the containment of the illness. As a result, the employee may be entitled to partial government compensation.

Additional derogation became optional, according to which a framework of working time up to 2 years can be determined by the employer's unilateral decision.

In certain cases, an employer is entitled to a wage subsidy by the state due to economic reasons related to the state of emergency. This measure means that the state partially reimburses the wages to the employer when the employee has a reduction in working hours. The amount of the subsidy depends on the reduction in wages and working hours; however, the decree sets strict requirements on the reductions and the maximum amount of the subsidy. To receive the subsidy, the employer and the employee's joint application is required in which they make commitments in accordance with the decree. The decree specifies the scope of eligibility and broadly imposes requirements in relation to both the employer and the employee. The requirements such as the imposition on staff numbers, the application of the reduced working hours and the individual development time create an exhaustive list; therefore, it is important to meet all of them when requesting the support.

The situation is constantly changing, and further rules/amendments are expected.

This communication offers general comments on legal developments of concern to business organisations and individuals and is not intended to provide legal advice. Readers should seek professional legal advice on the particular issues that concern them.

Should you have questions in connection with the above or a labour/employment issue under Hungarian law, contact your usual point of contact at Forgó, Damjanovic & Partners or write to us at office@fdlaw.hu.