

Track Changes

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11 November 2020

Hungary: state of emergency, security measures and tax allowances/subsidies reintroduced due to second wave of COVID-19

Wolf Theiss will continue to distribute updates on legal changes related to Covid-19. A list of resources can be found here: https://www.wolftheiss.com/covid_19/

Due to the second wave of the COVID-outbreak, the Hungarian Government, in order to manage the negative impacts of the pandemic, introduced a state of emergency again (Government Decree No. 478/2020.) as of 4 November 2020, which was confirmed and extended by the Parliament for a duration of 90 days with an expiry date of 8 February 2021.

Upon the authorisation above, the Government passed several security measures with the Decree No. 484/2020 ("**Government Decree**") to stop the spread of the virus, inter alia, (i) a curfew between 20:00 pm and 05:00 am has been introduced; (ii) shops close at 19:00 pm; (iii) only take-away service is available from restaurants and bars; (iv) hotels may host guests only with the travel purpose of business / education; and (v) entertainment and recreation facilities cannot operate at all.

The Government Decree is in effect for a 30-day period with the expiry date of 11 December 2020. As the measures may result in financial issues for the affected branches of business, the Government passed the Decree No. 485/2020 on state-backed subsidies and tax allowances.

The labour-law related impacts of the Government Decree are summarized here with some HR related notes.

I. CURFEW

As per the Government Decree, people are obliged to stay at their residence between 20:00 pm and 05:00 am, with the exceptions of (i) performing work; (ii) commuting; (iii) fulfilling specified duties arising from the status of competitive athlete and (iv) handling life threatening situations and preventing possible serious damage.

Cases listed under (i) – (iii) should be verified with a document containing: (i) the name, the ID/passport/driving licence number of the employee; (ii) the place of residence; (iii)

name of the employer and its tax number; (iv) place of work; (v) reference that the failure to obey the curfew is related to the employee's work duty and (vi) the exact case prescribed by law to verify the deviation from the curfew.

In order to reduce the bureaucratic burdens on employers, the certification can be issued for the whole duration of the curfew, i.e. employers are not expected to issue such document on a daily basis. In the cases under (i) – (iii) employers should use and fill out the template form published by the government.

II. TAX ALLOWANCES AND STATE-BACKED SUBSIDIES

II. 1. Entertainment and recreation sectors

As the entertainment and recreation sectors are the most exposed sectors to the restrictions¹, these are exempted from their liability to pay (i) social contribution tax, (ii) vocational training contribution and (iii) rehabilitation contribution due for the month of November 2020. It applies for employers which (i) receive most of their revenue, but not less than 30%, from entertainment and recreation activities, 6 months before the regulation took effect ("actual main activity"); (ii) fulfil the obligation to pay wages; (iii) undertake not to terminate any employment relationship with notice in November 2020; (iv) applied for the exemptions at the tax authority and (v) otherwise would dismiss the employee without such allowances. The verification of the condition under (v) is vague and a guideline is not available yet in this respect.

Employers from the given sectors can apply for a wage subsidy in the maximum amount of the 50% of the given employee's gross wages for the month of November 2020, if, inter alia, the given employer (i) pays the affected employee's wages and (ii) the employment relationship with the affected employee is not terminated by any means, including termination without notice period as an immediate sanction for the employee's conduct.

Employers can cumulate financial subsidies with the condition that the amount of the subsidies cannot exceed the given employee's wage costs.

II.2. Tourism

The state will reimburse 80% of the net revenue of the reservations registered until 8 November 2020 for the period until 11 December 2020 for those businesses which provide tourism related services as their actual main activity². Employers can apply for the subsidy, if (i) they do not lay-off employees, –whose employment relationship existed on 8 November 2020, – in November 2020 and (ii) they fulfil their obligation to pay wages.

¹ Businesses providing the following services: (i) restaurants and mobile food service activities; (ii) event catering activities; (iii) beverage serving activities; (iv) motion picture projection activities; (v) organisation of conventions and trade shows; (vi) sports and recreation education; (vii) performing arts; (viii) support activities to performing arts; (ix) operation of arts facilities; (x) museums activities; (xi) botanical and zoological gardens and nature reserves activities; (xii) operation of sports facilities; (xiii) activities of sport clubs; (xiv) fitness facilities; (xv) other sports activities; (xvi) activities of amusement parks and theme parks; (xvii) physical well-being activities; (xviii) other amusement and recreation activities.

² Businesses providing the following services: (i) hotels and similar accommodation; (ii) holiday and other short-stay accommodation; (iii) camping grounds, recreational vehicle parks and trailer parks; (iv) other accommodation.

Contrary to the government-communication, the abovementioned tax allowances and wage subsidy do not apply in the given sector.

Does your business need support in implementing a work from home policy? We are pleased to offer our online collaboration platform WT Space to support you during the current COVID-19 pandemic.

WT Space is a fully customizable, secure collaboration platform that requires no additional hardware or software. Please let us know if you have questions or wish to discuss pricing. space@wolftheiss.com

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