

Reporting obligations of individuals perform work activity in Hungary in the frame of a non-Hungarian employment contract

August 2016

New provisions of Hungarian Act on Labor Code and Act on Labor Inspection entered into force in order to introduce in the Hungarian legislation the provisions of the Directive 2014/67/EU of the European Parliament and of the Council on the enforcement of Directive 96/71/EC concerning the posting (assignment) of workers in the framework of providing services. Based on the implementation of the Directive additional administrative obligations occur in Hungary regarding the foreign individuals who perform work activity in Hungary.

Registration and reporting obligations

This amended legislation imposes registration and reporting obligation on companies located within the EEA and posting (assigning) their employee to Hungary in order to provide services. The regulation is also applicable if companies post (assign) employee to their Hungarian establishment or subsidiary.

The obligations shall be fulfilled electronically (in Hungarian or in English language) via the labor inspectorate website of the Hungarian Ministry of National Economy. The following data are required to fulfill the registration: foreign company's data, information relating to the working activity, details of foreign company's contact person. (The contact person should be an individual who is able to represent the Company before the Hungarian Authorities anytime upon request.)

The registration shall be filed by the foreign company by no later than the first Hungarian workday of the employee. In the case of ongoing assignments the obligation shall be fulfilled by 31 August 2016.

Compliance with the Hungarian labor law

Beside the registration and reporting obligations, foreign companies are obliged to apply the rules of Hungarian Labor Code to their employment relationships with the assignee in connection with the maximum working hours, minimum paid annual holidays, the minimum wage, health, safety and hygiene at work, provisions on non-discrimination – unless the law applicable for the assignee's employment is more favorable to the employees than the Hungarian rules.

However, these provisions shall not apply in certain cases, e.g.:

- activities in the field of building construction, renovation, maintenance and wrecking work the industrial collective agreement is applicable;
- in the case of initial assembly and/or first installation of goods – where this is an integral part of a contract for the supply of goods and necessary for taking the goods supplied into use – and carried out by the skilled and/or specialist workers of the supplying undertaking, the provisions relating to the salary and minimum paid annual holidays shall not apply unless the period of posting (assignment) does not exceed eight days.

Prior to the start of posting (assignment), the Hungarian company shall inform the foreign company about the above described labor rules applicable in Hungary. In case the Hungarian company does not provide the information described above or it can be proved that the Hungarian company had information that the foreign company does not meet the mentioned requirements, the Hungarian and foreign companies shall be subject to full financial liability for the payment of the salary and related social security contributions.

Furthermore, the Hungarian company is obliged to keep and upon request disclose to the authorities documentation concerning the assignee (e.g.: employment contract, time-sheets, proof of payment) during the period of employee's Hungarian posting (assignment) and for further 3 years following the end of the posting (assignment).

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