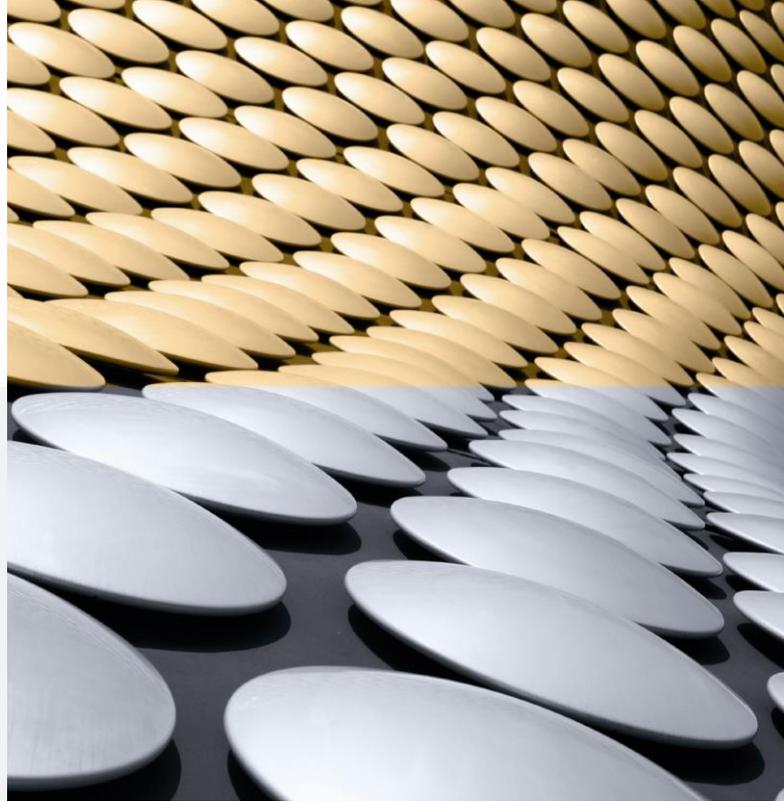




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KRS INFORMATION BROCHURE

“SIMPLIFIED” EMPLOYMENT



In case of simplified employment, parties can conclude an employment agreement for a short period of time, even for one day with less administration and payroll tax and more flexible employment rules.

Cost- and administration effective solution for temporary and/or project based employments!

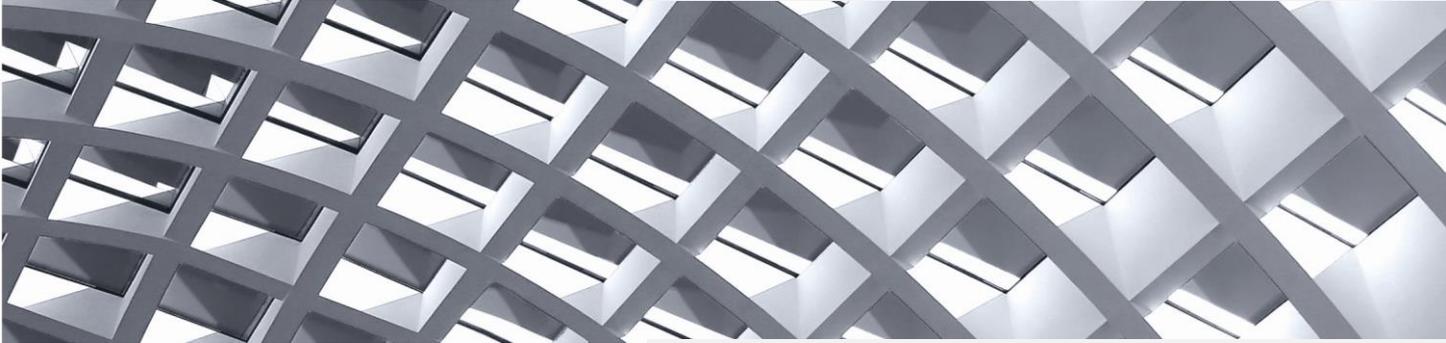
Read our Brochure to have a comprehensive overview about the following details:

- I. What is „Simplified” Employment and what are the benefits for employers?
- II. What Types of Employment are covered?
- III. Conditions of Simplified Employment
- IV. The Employment Relationship Starts with Notification
- V. How much is the Minimum Wage in case of Simplified Employment in 2015?





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I. What is „Simplified” Employment and what are the benefits for employers?

If the conditions of simplified employment are met, the amount of payroll tax the employer has to pay for each day of employment per employee is

HUF 500 (EUR 1,6) for seasonal work

HUF 1000 (EUR 3,2) for casual work,

HUF 3000 (EUR 9,6) for cinema walk-on roles.

The above fees replace the payroll taxes the employer generally has to pay in case of normal employment. By paying the above charges the employer is exempted from paying social, workforce development, healthcare and rehabilitation contributions and is further exempted from deducting personal income tax. The employee does not have to pay pension, healthcare, workforce development and medical contributions and is exempted from payment of personal income tax advance.

It is not necessary to conclude such an employment agreement in writing. Parties however can fill out a sample employment contract as stipulated by law that could exclude any possible error of law. This sample employment contract contains minimum requirements and replaces recording of working hours and written wage settlement. Parties however cannot supplement this sample with any further sections i.e they cannot stipulate a probation period.

Contact

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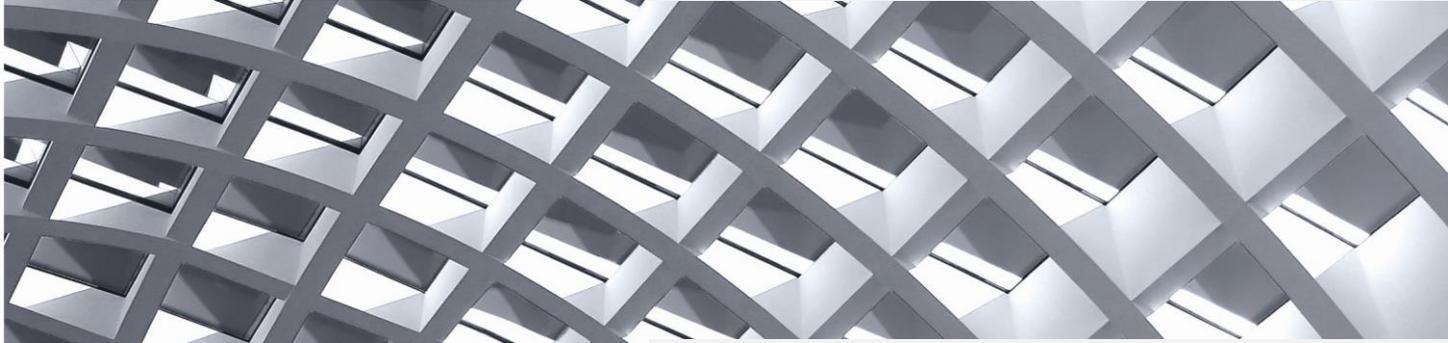
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II. What Types of Employment are covered?

Simplified employment covers four types of employment:

- agricultural seasonal work,
- touristic seasonal work,
- cinema walk-on roles and
- casual work.

III. Conditions of Simplified Employment

Length of employment

The aggregate length of simplified employment is bound by law. Employment for agricultural seasonal work or touristic seasonal work cannot exceed 120 days per calendar year. In case of casual work this time limit is 90 days.

The law sets further requirements for casual work. The fixed term employment for casual work cannot exceed

- 5 consecutive calendar days, and
- 15 calendar days within one calendar month, and
- 90 days per calendar year.

By contrast, seasonal work can be performed continuously. If the employee works both as a seasonal worker and a temporary worker for the same employer, the maximum length of employment cannot exceed 120 days.

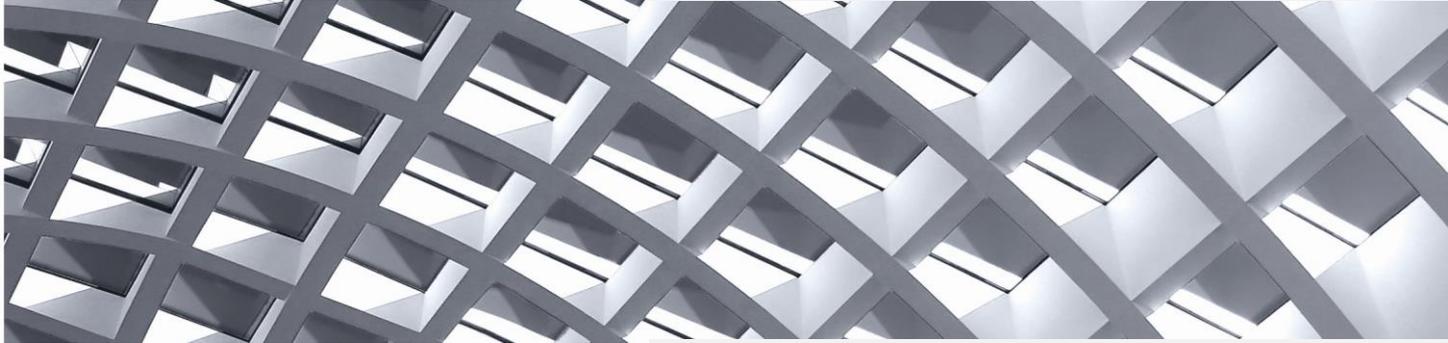
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Numbers of Employees Employed

The law does not set limits for seasonal work. However in case of casual work, there is a daily limit depending on the number of employees employed full time. It is worth noting, that the employer can spread this limit unevenly in a given year.

If the employer does not have full time employees at all it can employ only one employee on the basis of a simplified employment contract per day, which is 365 employees on an annual basis. In this case the company can either employ one individual for 365 days, or employ 365 individuals for one day. If the company employs 365 individuals for one day the employer cannot employ further employees under a simplified employment for the rest of the year. This limit does not apply in case of cinema walk-on roles.

If the employer employs between 1 to 5 full time employees, the employer can employ a maximum number of 2 employees under simplified contracts per day. If the employer employs between 6 to 20 full time employees, the employer can employ a maximum number of 4 employees under simplified contracts per day. In case of more than 20 full time employees, the daily number of individuals under simplified contracts cannot exceed 20% of the staff.

IV. The Employment Relationship Starts with Notification

As mentioned above, parties can enter into a sample employment contract stipulated by law. This contract can be downloaded from http://www.nav.gov.hu/nav/letoltések_egyeb/adatlap/egyszerusített_munkaszerződés.html.

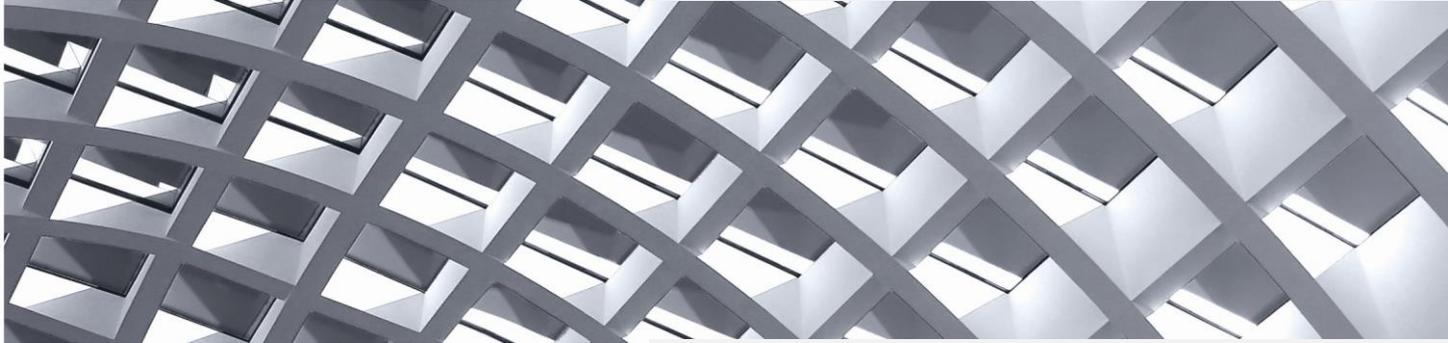
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The legal relationship between the parties starts with the employer's notification to the Tax Authority. The employer has to submit the so called 'T1042E' tax form via the internet. If the work is not performed due to any unforeseen reasons, the notification can be cancelled within two hours, in case of one day employments. If the employment is longer than one day, or it starts on the day following such notification, the notification can be cancelled on the day the notification was made, until 8 a.m. If the cancellation is submitted after the deadlines, the employer shall pay its liabilities for the cancelled day.

V. How much is the Minimum Wage in case of Simplified Employment in 2015?

In case of simplified employment the employee is entitled to 85% of the statutory minimum wage. If the employee has a secondary school certificate this amount is 87% .

It is recommended to agree on payment by the hour when concluding simplified contracts. The minimum hourly wages are follows:

- 85 % of HUF 604 Ft/hour that is **513 HUF/hour** (EUR 1,6/hour)
- for employees having secondary school certificates 87% of 702 HUF/hour, that is **611 HUF/hour** (EUR 1,9/hour)

Dated: June, 2015

For more detailed or specific information please contact us directly by phone, by e-mail or on our webpage: <http://www.krs.hu/en/oldal/contact> !

Disclaimer: The above information is a general one, based on the prevailing legislation and practice and shall not be considered as legal or tax advice. For personal, tailor made consultation please contact us!

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