

HUNGARY

Items	Regulations in force on 1 January 2019
1: Notification procedures in the case of individual dismissal of a worker with a regular contract	<p>The employer shall justify the notice. The justification shall clearly indicate the cause of the notice. Agreements and statements of termination of an employment relationship shall be made in writing including the particulars of the reason for termination (Act I of 2012 on the Labour Code (hereinafter: LC) Section 64; Section 66 Subsection (1)-(3)).</p> <p>As of a certain number of dismissals (see Item 18): see Item 19</p>
2: Delay involved before notice can start	<p>The notice period starts on the next day after the written notification is given to the employee (Section 68 of LC).</p> <p>Calculation (for EPL indicators): 1 day for letter</p> <p>As of a certain number of dismissals (see Item 18): 52 days (see Item 20)</p>
3: Length of notice period at different tenure durations (a)	<p>All workers: 30d<3y, 35d<5y, 45d<8y, 50d<10y, 55d<15y, 60d<18y, 70d< 20y, 90d>=20y (Section 69 of LC). Calculation (for EPL indicators): 9 months tenure: 30 days, 4 years tenure: 35 days, 20 years tenure: 90 days.</p>
4: Severance pay at different tenure durations (a)	<p>All workers: 0<3y, 1m<5y, 2m<10y, 3m<15y, 4m<20, 5m<25y and 6m>25y (Section 77 of LC). Calculation (for EPL indicators): 9 months tenure: 0, 4 years tenure: 1 month, 20 years tenure: 5 months.</p>
5: Definition of unfair dismissal (b)	<p>A regular employment contract may be lawfully terminated (Section 7, 64-67 of LC):</p> <ul style="list-style-type: none"> (a) by mutual consent of the employer and employee; (b) by ordinary notice (e.g. for reasons in connection with the employee's ability, conduct or the employer's operations); (c) by extraordinary notice (where the employee has seriously violated key obligations under the employment relationship deliberately or by serious carelessness or otherwise acts in such a way that makes it impossible to sustain the employment relationship); or (d) with immediate effect during the trial period. <p>A termination is regarded as unfair/unlawful if it is not undertaken according to the cases mentioned above.</p> <p>In the event of dismissal for unsuitability for medical reasons, the employment relationship can be terminated lawfully when the employer is unable to employ him or her in spite of adjustments in the working conditions (Section 66 Subsection 5-7 of LC).</p>
6: Length of trial period (c)	<p>In the employment contract the parties may stipulate a probationary period of no more than three months from the date of commencement of the employment relationship. In the event that a shorter probationary period has been stipulated the parties may extend the probationary period once. In either case, the duration of the probationary period may not exceed three months. It may be extended by collective agreement up to 6 months (Section 45 Subsection 5; Section 50 Subsection 4 of LC).</p> <p>Calculation (for EPL indicators): average of individual contracts and collective agreements</p>
7: Compensation following unfair dismissal (d)	<p>The employer shall be liable to provide compensation for damages resulting from the wrongful termination of an employment relationship. Compensation for income loss may not exceed 12 months' base pay. In addition, the employee is entitled to ordinary severance pay (Section 82 of LC).</p>
8: Reinstatement option for the employee following unfair dismissal (b)	<p>Reinstatement is possible in the case of violation of equal treatment, or dismissal on prohibited grounds or of protected categories such as for maternity or of trade union official or employees' representative. It is also possible when the employee successfully challenged termination by mutual consent. But reinstatement is not available in ordinary dismissal cases other than those above (Section 83 of LC).</p>
9: Maximum time period after dismissal up to which an unfair dismissal claim can be made (e)	<p>A dismissal claim may be filed within 30 days after the written notice is received (Section 287 Subsection 1 Point b)).</p>
10: Valid cases for use of standard fixed term contracts	<p>There are no restrictions for the first contract, but the extension of the fixed-term contracts must be based on objective grounds that have no bearing on work organization and must not infringe upon the employee's legitimate interest (Section 192 Subsection 4 of LC).</p>
11: Maximum number of successive standard FTCs (initial contract plus renewals and/or prolongations)	<p>No limit specified. But the extension of the fixed-term contracts must be based on objective grounds that have no bearing on work organization and must not infringe upon the employee's legitimate interest (Section 192 Subsection 4 of LC).</p>
12: Maximum cumulated duration of successive standard FTCs	<p>The duration of a fixed-term employment relation may not exceed five years, including the duration of an extended relation and that of another fixed-term employment relation started within six months of the termination of the previous fixed-term employment relation (Section 192 Subsection 4 of LC).</p>

13: Types of work for which temporary work agency (TWA) employment is legal	Generally allowed. It is forbidden to hire TWA employees for unlawful work, to break a strike or if the same employee had their employment with the user firm terminated in the last six months, during the trial period or by way of ordinary dismissal for reasons in connection with the employer's operations (Section 216 Subsection 1 of LC).
14: Are there restrictions on the number of renewals and/or prolongations of TWA assignments? (f)	No special regulations for assignments Where a fixed-term TWA contract is renewed or extended between the same parties without any connected justified interest of the employer and the conclusion of the renewed/extended contract is aiming at derogating from the justified interests of the employee, the employment relationship shall be regarded as indefinite term (Section 214 Subsection 2 of LC).
15: Maximum cumulated duration of TWA assignments (f)	The duration of assignment may not exceed five years, including any period of extended assignment and re-assignment within a period of six months from the time of termination of his/her previous employment, irrespective of whether the assignment was made by the same or by a different temporary-work agency. Contracts between the agency and the worker can be open-ended (Section 214 Subsection 2 of LC).
16: Does the set-up of a TWA require authorisation or reporting obligations?	In order to obtain a license, a temporary agency must have headquarter in Hungary and be either a limited liability business association or a non-profit company or a cooperative. It must satisfy the requirements prescribed in the Labour Code and in other legal regulations and must be registered by the public employment agency. Once a year, temporary agencies shall give certain data about temporary agency workers to the public employment agency where they are registered (Section 215 Subsection 1 of LC; Government Decree 118/2001. (VI.30.)).
17: Do regulations ensure equal treatment of regular workers and agency workers at the user firm?	In order to obtain a license, a temporary agency must have headquarter in Hungary and be either a limited liability business association or a non-profit company or a cooperative. It must satisfy the requirements prescribed in the Labour Code and in other legal regulations and must be registered by the public employment agency. Once a year, temporary agencies shall give certain data about temporary agency workers to the public employment agency where they are registered (Section 215 Subsection 1 of LC; Government Decree 118/2001. (VI.30.)).
18: Definition of collective dismissal (b)	10+ workers in firms 20-99 employees; >10% in firms 100-299; 30+ workers in firms 300+ employees (Section 71 of LC).
19: Additional notification requirements in cases of collective dismissal (g)	Notification of employee representatives: consultations with the local works council or, in the absence of a works council, with the committee set up by the local trade union branch and by workers' representatives. Notification of public authorities: Notification of local employment office. (Section 71 Subsection 4; Section 72 Subsection 1-2 and 5; Section 74 Subsection 1-2 of LC)
20: Additional delays involved in cases of collective dismissal (h)	When an employer is planning to implement collective redundancies, he shall begin consultations with the local works council or, in the absence of a works council, with the committee set up by the local trade union branch and by workers' representatives no later than 15 days prior to the decision and shall continue such negotiations until the decision is adopted or until an agreement is reached. The works council must be informed at least 7 days in advance of negotiations The employer shall notify in writing the employment center competent for the place where the affected place of business is located at least 30 days prior to delivery of the ordinary dismissal or the statement for the termination of an employment relationship. (This notification shall contain the details - including Social Insurance Numbers -, the last position, the qualification, and the average earnings of the employees to be made redundant.) The employer shall notify the employees affected of its decision of collective redundancy at least 30 days prior to delivery of the ordinary notice of dismissal. (Section 72 Subsection 2-3; Section 74 Subsection 2; Section 75 Subsection 1 of LC) Calculation: 30 days for extra individual notification + 7 days for notification to works council + 15 days for negotiations – 1 day for individual dismissals= 51 days
21: Other special costs to employers in case of collective dismissals (i)	Type of negotiation required: Consultation on principles of staff reduction, and ways to mitigate its effects. Selection criteria: Negotiation with workers' representatives, but no specific selection criteria for dismissal. Severance pay: No special regulations for collective dismissal.
22: The worker alone has the burden of proof when filing a complaint for unfair dismissal	No
23: Ex-ante validation of the dismissal limiting the scope of unfair dismissal complaints	No
24: Pre-termination resolution mechanisms granting unemployment benefits	Resignation and termination via mutual consent grant access to unemployment benefit, without waiting period or benefit reduction as compared to the event of dismissal (Section 25 Subsection 1 of Act IV of 1991 on job assistance and unemployment benefits).

Legend: d: days; w: weeks; m: months; y: years. For example “1m < 3y” means “1 month of notice (or severance) pay is required when length of service is below 3 years”.

Notes:

- a) Three tenure durations (9 months, 4 years, 20 years). Case of a regular employee with tenure beyond any trial period, dismissed on personal grounds or economic redundancy, but without fault (where relevant, calculations of scores to compute OECD EPL indicators assume that the worker was 35 years old at the start of employment). Averages are taken where different situations apply – e.g. blue collar and white collar; dismissals for personal reasons and for redundancy.
- b) Based also on case law, if court practice tends to be more (or less) restrictive than what specified in legislation.
- c) Initial period within which regular contracts are not fully covered by employment protection provisions and unfair dismissal claims cannot usually be made.
- d) Typical compensation at 20 years of tenure, including back pay and other compensation (e.g. for future lost earnings in lieu of reinstatement or psychological injury), but excluding ordinary severance pay and pay in lieu of notice. Where relevant, calculations of scores to compute OECD EPL indicators assume that the worker was 35 years old at the start of employment and that a court case takes 6 months on average. Description based also on case law.
- e) Maximum time period after dismissal up to which an unfair dismissal claim can be made.
- f) Description based on both regulations on number and duration of the contract(s) between the temporary work agency and the employee and regulations on the number and duration of the assignment(s) with the same user firm.
- g) Notification requirements to works councils (or employee representatives), and to government authorities such as public employment offices. Only requirements on top of those requirements applying to individual redundancy dismissal count for Versions 1 to 3 of the OECD EPL indicators (cf. Item 1).
- h) Additional delays and notice periods in the case of collective dismissal (only delays on top of those required for individual dismissals – as reported in Items 2 and 3 – count for the OECD EPL indicators).
- i) This refers to whether there are additional severance pay requirements and whether social compensation plans (detailing measures of reemployment, retraining, outplacement, etc.) are obligatory or common practice.