

Employment protection in Hungary – 2008

Item 1 Notification procedures in the case of individual dismissal of a workers with a regular contract	The employer shall justify his notice. The justification shall clearly indicate the cause of the notice. Employee shall be given an opportunity for defence against the objections raised against him. Agreements and statements of an employment relationship shall be made in writing.
Item 2 Delay involved before notice can start	The notice period starts on the next day after the written notification is given to the employee.
Item 3 Length of notice period at different tenure durations	All workers: 30d<3y, 35d<5y, going up to 90d>20y.
Item 4 Severance pay at different tenure durations	All workers: 0<3y, 1m<5y, 2m<10y, going up to 5m>20y and 6m>25y.
Item 5 Definition of unfair dismissal	A regular employment contract may be lawfully terminated: (a) by mutual consent of the employer and employee; (b) by ordinary notice (e.g. for reasons in connection with 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. A termination is regarded as unfair/unlawful if it is not undertaken according to the cases mentioned above.
Item 6 Length of trial period	Maximum 3 months.
Item 7 Compensation following unfair dismissal	In lieu of reinstatement, the court shall order (upon weighing all applicable circumstances, in particular the unlawful action and its consequences) the employer to pay no less than two and no more than twelve months' average earnings to the employee. Typical compensation at 20 years tenure: 10 months.
Item 8 Reinstatement option for the employee following unfair dismissal	If a court of law declares that the employment was illegally terminated, the employee shall be reinstated to the original position if she or he requests so. At the employer's request, the court may refrain from reinstating the employee to the original position provided that the employer pays compensation.
Item 9 Maximum time period after dismissal notification up to which an unfair dismissal claim can be made	A dismissal claim may be filed within 30 days after the written notice is received.
Item 10 Valid cases for use of fixed term contracts	No restrictions for the first contract, except for public service (objective reasons only).
Item 11 Maximum number of successive FTCs (initial contract plus renewals and/or prolongations)	No limit specified. Any fixed-term contract shall be deemed as indefinite if the contract is repeatedly established or extended without the employer having a legitimate reason to do so and this violates the employee's legitimate interests.
Item 12 Maximum cumulated duration of successive FTCs	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 created within six months of the termination of the previous fixed-term employment relation.
Item 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.
Item 14 Are there restrictions on the number of renewals and/or prolongations of TWA contracts?	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 to derogate the justified interests of the employee, the employment relationship shall be regarded as indefinite term.
Item 15 Maximum cumulated duration of TWA contracts	No limit.
Item 16 Does the set-up of a TWA require authorisation or reporting obligations?	A temporary agency must be seated in Hungary and either a limited liability business association, 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.
Item 17 Do regulations ensure equal treatment of regular workers and agency workers at the user firm?	Equal treatment shall be granted for temporary agency workers from the first day of the employment, excluding wages. As regards wages, equal treatment shall be granted after 6 months employment at the same user firm.
Item 18 Definition of collective dismissal	10+ workers in firms 20-99 employees; >10% in firms 100-299; 30+ workers in firms 300+ employees.

Item 19 Additional notification requirements (compared to Item 1) in cases of collective dismissal	<p>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.</p> <p>Notification of public authorities: Notification of local employment office.</p>
Item 20 Additional delays involved (compared to Item 2)	<p>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 within 15 days prior to the decision and shall continue such negotiations until the decision is adopted or until an agreement is reached. The employer shall notify in writing the employment centre 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 particulars - including Social Insurance Numbers -, the last position, the qualification, and the average earnings of the employees to be made redundant.)</p> <p>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.</p>
Item 21 Other special costs to employers in case of collective dismissals	<p>Type of negotiation required: Consultation on principles of staff reduction, and ways to mitigate its effects.</p> <p>Selection criteria: Negotiation with workers' representatives, but no specific selection criteria for dismissal.</p> <p>Severance pay: No special regulations for collective dismissal.</p>

This summary was produced by the OECD based on responses to a questionnaire submitted by authorities in OECD member countries. It describes the situation current as at 1 January 2008 and is the basis for calculating the OECD employment protection indicators. To find out more about the methodology used to calculate the OECD employment protection indicators, see www.oecd.org/employment/protection.