



The first economic measures with respect to the coronavirus situation

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KPMG Legal Tőzső Law Firm

The first economic and labor law measures

Government Decree 47/2020 (III.18.) on the immediate actions necessary to mitigate the impact of the pandemic on the Hungarian economy introduced the first economic responses in order to eradicate the impact of the pandemic on national economy.

The Decree includes

- (i) special provisions for the sectors most affected by the pandemic;**
- (ii) moratorium on payment and related rules; as well as**
- (iii) The amendment of certain provisions of the Hungarian Labor Code.**



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However, it is important that further details are expected!

The scope of the Decree

Government Decree 47/2020 (III.18.)

Sectoral measures

- Catering sector and tourism;
- Entertainment industry; film industry and performing arts;
- Sporting services and event organization;
- Passenger transport;
- Gambling services.
- Release of certain public charges and special provisions concerning lease agreement.

General financial measures

- Moratorium on payment;
- Interest rate cap in certain cases.

Labor law measures

Employer

- Suspension of the employer's contribution obligation

Employee

- Reduction of certain employee contributions

Until 30 June 2020

Until 31 December 2020

Sectoral measures

Catering sector, tourism, entertainment industry, film industry, sporting services, event organization, passenger transport and gambling services

From 1 March 2020 until 30 June 2020, those who are obliged to pay a contribution to tourism development will not have to pay such contribution; neither will such contribution be established or have to be declared.



Until 30 June 2020, if an employee works at one of the entities operating in the sectors concerned:

- the employer will be exempt from **the payment of employer contributions on salaries**;
- the employee, from among all employee salary contributions, will only be obliged to pay **health insurance contribution**, provided that the monthly rate thereof shall not exceed the monthly amount of the health care contribution, i.e., HUF 7710,-.



For the above sectors, until 30 June 2020, non-residential lease agreements **may not be terminated by notice**. The prohibition of termination may be extended by decree (until the end of the state of danger).

The amount of **rent** in such lease agreements, even if it is allowed by the agreement, may not be increased during the state of danger.



Financial measures (moratorium on payment)

Credit, loan, financial leasing

During the time of the state of danger, a stay of payment is granted for the debtor on his obligation to pay **principal payment, interest or fee** based on the **credit contract, loan contract or financial lease contract** that the lender has provided in a businesslike manner (moratorium on payment). The moratorium on payment **will expire on 31 December 2020** (this may be extended by decree). The debtor may still fulfill payment, but is not obliged to do so.

Modification in the expiry of the time limit for performance also changes **the ancillary and non-ancillary obligations** that secure the contract.

The duration of time limits and commitments are extended by the time of the moratorium on payment. Any contract which expires during the period of state of danger shall be extended until 31 December 2020.

The above-mentioned rules shall apply to loans **disbursed** on the basis of contracts already existing at 24:00 on 18 March 2020. It is important to note that the state, local governments and undertakings which are subject to Section 39 of Act CXXXIX of 2013 on the Hungarian National Bank are not considered to be debtors (i.e., the above-mentioned provisions do not apply to them).

**CONSUMER
credit NOT
secured by
lien**

In the case of **consumer credit contracts** that are **not secured by lien, concluded after the entry into force of the Decree**, the APR may not exceed the base rate determined by the Central Bank (currently 0.9%) plus 5 per cent.

Provisions concerning the Hungarian Labor Code



The employer may alter the work schedule for a given day at least four days in advance.



Uncomplicated way to alter the work schedule



The employer may unilaterally order working at home and teleworking.



Providing the opportunity of home-office



The employer may take the necessary and justified measures to check the employee's state of health.



It may also be permissible to carry out inspections on employees using a thermometer



The employer and the employee may deviate from the provisions of the Labor Code in a separate agreement.



Greater liberty for the parties to shape their employment relationship

The rules of collective agreements other than those mentioned above shall not be applied during the period covered by the Decree.

For 30 days after the end of the state of danger!

Should you have any questions feel free to contact us.

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