



Industrial relations and social dialogue
**Hungary: Institutions, policies and
practices for enforcing minimum
wage compliance**

[Minimum wages: Non-compliance and
enforcement across EU Member States](#)
[Comparative report](#)

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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

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1. Legal framework and minimum wage enforcement institutions

Regulation of minimum wage enforcement

LEGAL/REGULATORY FRAMEWORK	<p>There is no specific legislation on the enforcement of minimum wage.</p> <p>Compliance with minimum wage is monitored by the Department of Employment Inspection Management, a department of the Ministry of Innovation and Technology (ITM); while inspections are carried out by capital and county government offices¹.</p> <p>The activities of these bodies, including those related to monitoring minimum wage compliance, are regulated by Government Decree 115/2021. (III. 10.) and Government Decree 320/2014 (13.12.2014).</p> <p>There have been marginal reforms: in 2020, the role of the Labour Inspectorates was taken over by the Employment Supervision Authority. The supervision of the inspectorate, previously part of the Ministry of Finance, was transferred to the Ministry of Innovation and Technology. As of December 2022, it was moved under the new Ministry for Economic Development.</p>
SPECIFIC REGULATIONS	No specific regulation.
DISPUTE RESOLUTION MECHANISMS	<p>According to § 285 (1) of the Act I of 2012 on the Labour Code, Chapter XXIII; employees and employers have the right to appeal against a violation of an employment agreement.</p> <p>Act CLXV of 2013 on Complaints and Notifications of Public Interest regulates the procedural rules for handling complaints and notifications of public interest.</p> <p>The anonymity of witnesses must be guaranteed during the proceedings, as provided for in Act CXXXV of 2020 on Services and Support for Employment and on the Supervision of Employment.</p> <p>However, legal dispute resolution procedures are not common in matters related to minimum wage compliance.</p>

Enforcement institutions and coordination system in place

ENFORCEMENT INSTITUTIONS	<p>The Department of Employment Inspection Management of the Ministry for Economic Development is responsible for the planning and managing of inspections as well as of the evaluation of the results.</p> <p>Capital and county government offices, which fall under the control of the Prime Minister's Office, conduct labour inspections.</p> <p>They are all generalist enforcement institutions and are not specialised on MW.</p> <p>National Tax and Customs Office (NAV): occasionally takes part in labour inspections.</p>
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¹ The Ministry of Innovation and Technology was closed in December 2022. The Hungarian Labour Inspectorate was moved under a newly-established Ministry for Economic Development (GFM).

INTERNAL ORGANISATION	<p>Labour inspections are coordinated by the Department of Employment Inspection Management of the Ministry for Economic Development, which is the managing institution in charge of employment policies.</p> <p>Inspections are carried out by the local government offices which are responsible for the local administration of all public tasks with a total of about 25 departments. One of these departments deals with labour affairs, employment supervision and labour protection. They are organised on a regional basis.</p>
COORDINATION	<p>Informal co-operation with various bodies exists at the level of government offices, especially for joint inspections.</p>
MONITORING AND DATA COLLECTION SYSTEM	No

Resources and capacity of control/enforcement institutions in charge of MW compliance

FINANCIAL RESOURCES	<p>Expenditure of labour inspectorates is part of the overall budget of government offices; a separate budget is not available.</p> <p>Estimate expenditure: EUR 2.8 billion in 2022.</p> <p>According to labour inspectorates, financial resources have remained stable. The resources allocated are partially adequate.</p>
HUMAN RESOURCES	<p>400 people in local government offices working on labour inspections.</p> <p>No staff member tasked only with monitoring minimum wages.</p> <p>Stable: only minor variations over time.</p>

2. Enforcement measures

BALANCE BETWEEN DETERRENCE AND PREVENTIVE MEASURES	<p>The balance between deterrence and preventive measures has recently shifted towards preventive and persuasion measures.</p> <p>The low rate of minimum wage violations seems to indicate that deterrence measures are effective, however most common forms of violation such as quasi-part-time employment are difficult to detect.</p>
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Deterrence measures

TYPE OF MEASURE AND CHANGE IN USE IN THE LAST DECADE	<p>Stable use of: Routine inspections, spot checks, targeted inspections.</p> <p>Decreased use of: Inspections by request, use of sanctions.</p>
INSPECTIONS AND VIOLATIONS	<p>In 2021, 58,307 employees were inspected and only 92 violations were registered. The number of violations decreased over the last decade. The number of employees inspected also decreased.</p> <p>Between 2017 and 2020, exceptional inspections and targeted monitoring were carried out.</p>

SANCTIONS	<p>According to Government decree 115/2021 (III.10), the Employment Supervision Authority may impose a labour fine. No labour fine can be imposed if the employer pays the arrears of compensation due to the employee within the time limit set during the proceedings.</p> <p>Type and level of sanctions did not change, but enforcement institution tend to prefer warnings and don't impose penalties for the first infringement.</p> <p>No data available on the number of sanctions imposed.</p>
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Persuasion/preventive measures

TYPE OF MEASURE, INSTITUTION IN CHARGE, CHANGE IN THE LAST DECADE	<p>The Department for Employment Inspection Management is responsible for providing clear and reliable information on employment rules.</p> <p>Increased provision of advice and counselling to workers and employers through "open days" organised by labour inspectorates.</p> <p>Increased use of awareness raising and information through workshops organised by labour inspectorates.</p> <p>Incentives and awards for compliant firms: companies that do not respect the provisions of labour law, including provisions on minimum wage, cannot receive public financial support and cannot apply for public procurement.</p>
ROLE OF DIGITAL TOOLS	<p>An online platform to send notifications or complaints to relevant authorities has been available for many years.</p> <p>More recently, the Employment Supervision Authority has implemented a platform to request and collect documents. The platform is useful to digitalise and speed up the initial phase of inspections and to raise awareness among employers about monitoring activities, in order to encourage them to comply with the law.</p>

3. Role of social partners

Social partners

ROLE + FOCUS ON SPECIFIC SECTORS/TERRITORIES/WORKERS	<p>In the framework of VKF Permanent Consultation Forum (Permanent Consultation Forum of the government and the competitive sector), social partners discuss the annual reports on monitoring compliance with minimum wages and make recommendations.</p> <p>Social partners also have the possibility to propose unplanned inspections.</p> <p>At company level, trade unions can request information from the employer and report cases to government offices.</p> <p>Employers' organisations have not taken specific measures to promote compliance.</p> <p>Social partners recently called for more targeted inspections in sectors with a higher risk of non-compliance (tourism, hospitality and construction sectors).</p>
CHANGE IN LAST DECADE	<p>Social partners report that their suggestions are taken into account more often. Social partners' presence at company level has remained stable in recent years.</p>
COORDINATION	<p>The VKF Permanent Consultation Forum is the main cooperation mechanism between enforcement institutions and social partners. Apart from this, there is no other formal cooperation mechanism.</p>

STRENGTH/WEAKNESSES	Compliance with minimum wage is higher in companies where trade unions are strong. However, employee representation in Hungary is overall rather low, especially in micro and small enterprises.
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Role of other institutions/stakeholders

OTHER INSTITUTIONS/ STAKEHOLDERS	No other stakeholder involved.
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EU cooperation

EXAMPLES OF EU COOPERATION	<p>The Directorate General for Labour Protection Management is part of SLIC.</p> <p>The Directorate General for Employment Supervision participates in the Platform on Undeclared Work (ELA from 2021), and in all three ELA Standing Working Groups.</p> <p>The Hungarian authority does not participate in bilateral or multilateral permanent cooperation with other national supervisory authorities.</p>
CHANGE IN LAST DECADE	Stable
STRENGTH/ WEAKNESSES	Cooperation with relevant EU bodies is useful for exchanging good practices.

4. Enforcement challenges, strengths and weaknesses of the enforcement system

MAIN ENFORCEMENT CHALLENGES	A major challenge to the enforcement of the minimum wage in Hungary is that employers who pay less than the minimum wage declare workers as part-time.
STRENGTHS AND WEAKNESSES	<p>Legal framework is stable, and mandate of inspectorates is clear.</p> <p>A challenge to the enforcement is related to the distinction among basic minimum wage for unskilled workers and guaranteed minimum wage for skilled workers. Although the law regulates the difference between the two types of minimum wages, it is sometimes difficult to determine which one applies and many irregularities stem from this situation.</p>

Source: National Eurofound Correspondent for Hungary

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