

## Hungary

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### Foreign workers

**H**ungarian legislation on the employment of foreign workers has been amended several times in recent years. In general, the employer has to apply for a work permit before it intends to employ a foreign worker in Hungary. However, several exemptions from this rule now exist due to Hungary's admission to the EU. The new provisions of Decree 8/1999 of the Minister of Social Affairs and Labour on the Occupation of Foreign Workers, and Act IV of 1991 on the Promotion of Employment, entered into force on January 1 2008.

As of January 1 2008, European Economic Area (EEA) nationals and their spouses, and descendants under 21 years of age, who are supported by the employee, are entitled to work without a work permit provided that they are from the following countries: Denmark, Belgium, France, Norway, Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovenia, Slovakia, Malta, Cyprus, UK, Iceland, Ireland, Italy, Spain, Sweden, the Netherlands, Finland, Portugal and Luxembourg. Furthermore, a work permit will no longer be required for skilled or professional work that requires specific qualifications if the employees and their relatives are nationals of the following countries: Austria, Lichtenstein, Germany, Switzerland, Denmark, Belgium, France, Norway, Bulgaria and Romania.

Nationals of Austria, Lichtenstein, Germany, Switzerland, Denmark, Belgium, France and Norway no longer need work permits in order to continue their current employment in Hungary as long as they have been employed for a total of at least 12 months from May 1 2004 onwards.

A work permit is also not required for managers of branch offices of companies with a registered seat outside Hungary, employees of diplomatic missions or for employees of registered churches in Hungary. Employees from the EEA who are transferred from a corporate entity located in a jurisdiction outside Hungary to a related entity in Hungary do not need a work permit. Any transfer of employment of this sort must be declared to the competent Labour Office.

Even if the employee does not need a work permit, the employer must still notify the competent Labour Office of the foreign

workers' employment. The Labour Office will then certify the notification.

Non-EEA nationals require a work permit for employment in Hungary. Only when a work permit has been granted can an employment agreement be validly signed.

If a prospective employee requires a work permit, then the prospective employer must submit its request that the employee be granted a work permit to the competent Labour Office. The Labour Office will then examine whether qualified local workers exist that could also adequately perform the position offered to the foreign applicant (labour market test). If no appropriate local applicants can be found and the employers' request meets all the necessary requirements, the employment of the foreign applicant has to be authorised by the Labour Office.

Employers running businesses in Hungary need to be careful regarding the legal employment of foreign workers, as employing foreign workers without a work permit can lead to sanctions such as fines from the Labour Inspector, which are payable into the Labour Market Fund. The amount of the fine depends on the number of violations of the relevant legal provisions governing the work permits of foreign workers.