



3 APRIL 2020

# HUNGARIAN COVID-19 ECONOMIC RELIEF PACKAGES

Prime Minister Viktor Orbán announced a relief package to diminish the immediate effects of the coronavirus pandemic on the Hungarian economy.

## DETAILS OF FIRST PACKAGE

ANNOUNCED ON 18TH MARCH

### HUNGARIAN HEALTH DATA ON 3RD APRIL (FRIDAY):

CONFIRMED CASES:  
623

RECOVERED:  
43

DECEASED:  
26

COMPULSORY HOME QUARANTINE:  
11 399

TESTED:  
17 769

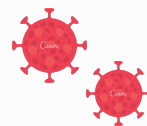
(TOTAL POPULATION  
CCA. 10 MILLION)

#### 1. Suspending loan payments

For the extent of the state of emergency, all payment obligations related to loans paid out before 18th March 2020 to businesses or private individuals are suspended. The moratorium affects all bank loans and financial leasing contracts, and beyond principal and interest payments, the moratorium extends to fees as well. The moratorium ends on 31 December 2020, but it can be extended by a government decree. The moratorium also extends to loan contracts that would expire during 2020 - the deadline of obligations arising from these contracts is postponed until 31 December 2020. Those who want to keep paying their instalments can do so; the decree does not affect debtors' rights to keep making payments in accordance with the original conditions.

#### 2. Sectoral relief

Until 30 June 2020, the decree forbids landlords to terminate non-residential rent contracts or increase rent for businesses in the economic sectors worst hit by the pandemic, namely tourism, hospitality services, event organising, gambling, entertainment industry, film industry, performance arts, and sporting services. This too can be extended by a government decree. For the months of March, April, May, and June, these sectors were also exempted from paying most contributions after their employee's wages, only healthcare contributions are still to be paid, although the decree introduces a 7710 Forint cap on that as well. Private entrepreneurs performing passenger transport services (taxis) under the so-called "KATA" tax regulation will not have to pay their flat tax for those same months, which means the deadline of their next tax payment corresponding to the month of July is 12 August. These measures affect approximately half a million Hungarians (5% of population).



### 3. More flexible labour regulations

The decree also relaxed employment regulations, "in order to help employers and employees come to agreements easier." In practice, this means that some provisions of the 2012 Labour Code (which prevents employers from altering work schedules fewer than four days in advance) were suspended until the 30th day after the end of the state of emergency. The government decree allows employers to alter work schedules anytime. Employers can also unilaterally order employees to work from home or work remotely and introduce measures to check the health condition of their employees. The decree states that these temporary rules overwrite collective agreements and allows employers and employees to divert from the Labour Code's regulations in individual agreements.

### 4. Personal loans

Starting from 19th March, the government decree also sets a limit on the annual percentage rate of all new consumer loans (except for mortgages) at the Central Bank's base interest rate (currently 0.9%) plus five percentage points. It is unclear what the consequences of a 5.9% limit on the APR of consumer loans - including personal loans and even credit card debts - will be; the introduction of similar measures is usually preceded by weeks of preparation, but the decree entered into effect hours after the announcement.

### 5. Closing borders

Hungary closed borders to all foreigners except for residence permit-holding EEA citizens and spouses and parents of Hungarian citizens on 16th March after declaring a state of emergency on the 18th March. As of 16th of March, universities and schools are closed, education will continue remotely. All events are banned, cafes, restaurants, non-essential stores have to close at 3:00 PM each day (pharmacies, drug stores, grocery stores, tobacco stores, and gas stations can remain open longer). Hospitals in Hungary no longer accept visitors, doctors, medical staff, and public officials require special permits to travel abroad on 16th March, the government has allocated more than 8 billion Forints (~€24 million) for the coronavirus response.

## DETAILS OF SECOND PACKAGE ANNOUNCED ON 23RD MARCH:

1. On top of taxi drivers, 81 thousand more private entrepreneurs and small businesses will be exempted from paying the "KATA" flat tax and social security contributions after their employees. The measure will affect performing arts, beauty services, repair services (gas, water, glass, etc.), sporting services, and other sectors, but the exact list will be released later in the government decree.
2. The government also grants exemptions for all "KATA" flat tax debts occurring after 20 March.
3. Hungarian media providers will get tax reliefs to balance missing ad revenues.
4. All evictions and foreclosures will be suspended until the end of the state of emergency, just like the enforcement of tax debts.
5. Child care allowances and child care benefits expiring during the state of emergency will be prolonged until the special legal order terminates.