

28 JANUARY 2021

COVID-19 UPDATE – HUNGARY

VACCINATION

On 27th January, Chief Medical Officer of Hungary said the campaign to inoculate healthcare workers against the coronavirus has almost been completed, while vaccinations have started in 80 of Hungary's 1,900 social care facilities too. So far, Hungary has received enough of the Pfizer and Moderna vaccines to inoculate 165,000 people, and 149,676 have received the jab. Of those, 12,639 have been fully inoculated. Those numbers are "way too low" for any restrictions to be eased. The CMO said a total of 12,113 people have died of complications of the coronavirus since March. 361,881 Hungarians have been infected so far. Around 1,755,000 people in Hungary have so far registered for the coronavirus vaccination online and by mail.

ECONOMY

On 12 January, the foreign minister stated that since the start of the coronavirus pandemic in Hungary last March, the government has supported 1,434 investments at the total value of HUF 1,676 billion (EUR 4.7bn). By January 2021, the Hungarian government gave sectoral aid to 12,000 companies in the tourism and hospitality sector, reaching 90,000 employees amounting to 22 billion HUF (63 million euro).

On 25 January the Hungarian social partners have finally reached an agreement on this year's minimum wage levels. Trade Unions initially asked for a 10% rise, while employers offered no raise at all due to the crisis caused by the pandemic. The agreement states a raise of 4% for 2021 from February 2021.

Regime on confinement

- Family gatherings and private events may only be attended by a maximum of 10 people
- All forms of assembly is forbidden

Regime on curfew

A curfew is instated between 8 p.m. and 5 a.m.

Restrictions for hotels, restaurants, bars, cafés

- Restaurants must remain close, but food delivery remain possible
- Hotels may only host business travelers
- Recreational facilities, including gyms, indoor swimming pools, museums, theaters and zoos, remain close

Restrictions for public events

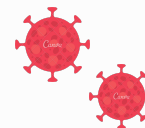
- There is a general ban on events
- All sporting events must take place behind closed doors, without spectators

Regime for commerce

Shops and services (e.g., hairdressers) must close by 7 p.m.

Regime for nurseries, kindergartens, schools, universities

- Higher education may be continued only in an online format, and university dormitories remain closed
- Digital curriculum is reintroduced above the 8th grade in high schools (for kids, typically, 14 years old and over)
- Kindergartens, nurseries and primary schools stay open for children under 14



Situation regarding testing

Hospital workers, teachers, nursery and kindergarten staff are tested regularly.

TAX RELATED MEASURES SUCH AS

Temporary reduction in VAT-rate

- The government decided to reintroduce a preferential 5% VAT rate on home construction until the end of 2022. (The VAT rate on home construction had been lowered from 27% to 5% for the period 2016-2019, supporting a sharp increase in home builds, although the numbers still fell short of those before the 2008 global economic and financial crisis.)
- Hungarians awarded Home Purchase Subsidy Scheme for Families (CSOK) funding will be allowed to reclaim VAT on new home purchases from the start of next year.

SUBSIDIES

Sectoral state aid

The state reimbursed hotels 80 percent of the value of bookings made before November 8 for the following 30 days, on the condition that hotels will not lay off workers and continue to pay their salaries.

LOANS/GUARANTEES/PAYMENT SUSPENSION SUCH AS

Moratorium

The Hungarian Parliament has unanimously approved legislation to extend a moratorium on loan repayments, but only for vulnerable borrowers by six months to June. It covers families with children, pensioners, the jobless, fostered workers and companies struggling financially because of the pandemic. The moratorium was one of the first measures the government introduced in the spring to shield against the economic fallout from the pandemic. Banks are now prohibited from cancelling any retail or corporate pre-crisis loan contracts until the end of June, effectively putting the onus on lenders to restructure the credit of distressed borrowers who are not covered by the extended moratorium. The extension could leave up to HUF 450 billion (EUR 1.2bn) with households and businesses.

LABOUR MARKET AND SOCIAL POLICY MEASURES SUCH AS

Subsidy for wages (employees)

- The government focused on "job creation" or "job-centered recovery", when it comes to subsidising companies, with the aim to support those companies that have capacity for employment and innovation. There were several types of support-program for these companies in 2020. A newly introduced state subsidy scheme focuses on job creation and the support of employment of disadvantaged labour market groups. Till now, 33 companies received subsidies for 75.000 employees.
- Employers will get a 30-day exemption from having to pay social contributions for staff at restaurants and recreational facilities. Also, the state will cover 50 percent of these employees' salaries on the condition that employees keep their jobs and continue receiving their salaries.

Short time working schemes

Kurzarbeit-type of measures were limited both in time and in content compared to other countries, and they will not be extended. The subsidy was limited, with a lot of administration.