Act XXII of 1992

On the Labor Code

PART ONE

INTRODUCTORY PROVISIONS

Scope of the Act

Section 1.

(1) Unless otherwise prescribed by law, this Act shall apply to all employment relationships on the basis of which work is performed in the territory of the Republic of Hungary, or performed by an employee of a Hungarian employer who is working abroad or on foreign service assignment.

(2) The provisions of this Act shall apply to the employment relationship of employees serving on vessels or on air transport vehicles, if such vessel or vehicle is of Hungarian registry; and, with respect to other carriers, if Hungarian law applies as the employer's personal law.

(3) If the employer is a foreign state, an office of state authority or public administration, a diplomatic mission stationed in Hungary or an agency or person otherwise granted immunity from Hungarian jurisdiction, and if the personal law of the contracting parties is the same, such personal law shall apply to the employment.

(4) Unless otherwise prescribed, this Act shall not apply to employment relationships on the basis of which employees of foreign employers perform work in the territory of the Republic of Hungary within the framework of posting, temporary assignment or hiring-out of workers.

(5) Seciton 72/A and the provisions of Chapter XI of Part Three of this Act shall apply, as defined therein, to relationships which are based on the provisions of the Civil Code as pertaining to the employment of persons under eighteen (18) years of age, or to contracts for the hiring-out of workers between placement agencies or temporary employment companies and user enterprises and/or establishments.

Section 2.

(1) Civil service legal relations shall be governed by a separate act.

(2) A separate act shall determine provisions in derogation from this Act, which concern the legal relationships for the performance of work, such relationships not qualifying as a civil service legal relationship with local authorities pursuant to Subsection (1), and which exist with budgetary agencies (institutions), with the exception of employment within the framework of community service or public work programs.

Fundamental Rules on the Exercise of Rights and Fulfillment of Obligations

Section 3.

(1) In the course of exercising rights and fulfilling obligations, employers, works councils, trade unions and employees shall act in the manner required by good faith and fairness, and they shall be obliged to cooperate with one another.

(2) The employer shall inform the employees, works councils and trade unions concerning all facts and conditions, and any changes therein, which are of import from the point of view of exercising rights and fulfilling obligations. Employers are also subject to this obligation in respect of employees during the procedure preceding the conclusion of the employment contract.

(3) The provision laid down in Subsection (2) shall duly apply also in respect of employees, works councils and trade unions in the course of exercising rights and fulfilling obligations.

(4) Employers may only disclose facts, data and opinions concerning an employee to third persons in the cases specified by law or with the employee's consent. Information and data pertaining to employees may be used for statistical purposes and may be disclosed for statistical use in such a manner which precludes identification of the individual employees.

(5) While under employment relationship, employees shall not engage in any conduct by which to jeopardize the rightful economic interests of the employer, unless so authorized by a legal regulation.

(6) Employees shall remain subject to the obligation set forth in Subsection (3) above following termination of the employment relationship only on the basis of an agreement concluded for such purpose in exchange for appropriate consideration, and for no more than a period of three years. The provisions of civil law shall apply to such agreements.

Section 4.

(1) The rights and duties prescribed in this Act shall be exercised and fulfilled in accordance with their intended purpose.

(2) Exercise of rights shall be construed improper if such is intended for or leads to the injury of the rightful interests of others, restrictions on the assertion of their interests, harassment, or the suppression of their opinion.

(3) Appropriate remedy shall be provided for any detrimental consequences resulting from improper exercise of rights.

Prohibition of Discrimination, Grant of Mandatory Priority

Section 5.

(1) In connection with an employment relationship, employees shall not be discriminated against on the grounds of sex, age, marital or family status or any handicap, nationality, race, ethnic origin, religion, political affiliation or membership in workers' representation organizations or activities connected therewith, or on the basis of any other circumstances not related to employment.

(2) For purposes of this Act indirect discrimination shall exist where - on the basis of the characteristics defined in Subsection (1) - an employment-related provision, criterion, condition or practice that is apparently neutral or that affords the same rights to all disadvantages a substantially higher proportion of the members of a particular group of employees, unless that provision, criterion, condition or practice is appropriate and necessary and can be justified by objective factors.

(3) For the purposes of Subsections (1)-(2) any provision, criterion, condition or practice that is in connection with the procedure prior to employment shall also be deemed employment-related.

(4) Employers shall provide the opportunity to employees for advancement and for promotion without discrimination, solely on the basis of professional skills, experience and performance, and on circumstances deemed substantive with regard to the position in question.

(5) Any differentiation clearly and directly required by the character or nature of the work shall not be construed as discrimination.

(6) In respect of a specific group of employees, employment-related regulations may stipulate the obligation of priority under identical conditions in connection with an employment relationship.

(7) Any consequences of discrimination shall be properly remedied. The legal remedy afforded to an employee discriminated against shall not result in any violation of or harm to the rights of another worker.

(8) In the event of any dispute in connection with the employer's actions, the employer shall be required to evidence that his actions did not violate the provisions for the prohibition of discrimination.

Legal Declarations

Section 6.

(1) Legal declarations regarding an employment relationship may be issued without particular formal requirements, unless otherwise prescribed by any legal regulation pertaining to labor relations. Upon the employee's request, the declaration shall be put in writing even if this is otherwise not mandatory.

(2) Any declaration made in violation of formal requirements shall be construed invalid.

(3) Employers shall justify all actions issued in writing if the employee concerned is entitled to seek legal remedy in respect of such actions. In such cases the employees shall be duly informed regarding the manner and deadline of the available legal remedy.

(4) A written declaration shall be regarded as served upon delivery to the person concerned or the person authorized to receive such declaration. The declaration shall also be valid if the person concerned refuses to receive it or intentionally prevents delivery, which is to be recorded in a report.

Invalidity

Section 7.

(1) An agreement may be contested if either party was incorrect regarding any imperative fact or circumstance at the time of its conclusion, provided that such error was caused or could have been recognized by the other party, or if both parties were under the same erroneous assumption. A statement may also be contested if it was issued under unlawful duress.

(2) An agreement may be contested by a person who has been misled or persuaded to issue the statement by unlawful duress, or by a person acting under an erroneous assumption.

(3) The time limit for filing a contest shall be thirty days; this period shall commence upon recognition of the error or deception or, in the case of an unlawful duress, upon cessation of duress. The statute of limitations shall duly apply to the time limit for filing a contest, whereby the right to contest shall terminate after six months.

(4) The other party shall be notified in writing regarding the filing of the contest within the deadline set forth in Subsection (3) above. Thereafter, such proceedings shall be governed by the procedural regulations on labor disputes.

(5) The provisions set forth in Subsections (1)-(4) above shall be duly applied when a party wishes to contest his own legal declaration.

(6) For the purposes of this Act, a contract of employment and any other agreement between an employer and an employee in connection with an employment relationship shall be construed an agreement.

Section 8.

(1) An agreement which violates any employment-related regulation or otherwise violates a legal regulation shall be null and void. If such invalidity cannot be remedied within a short time without causing injury to the parties and to public interest, it shall be recognized ex officio.

(2) An employee shall not waive his rights in protection of his wages and his person in advance, nor shall he conclude an advance agreement which may prejudice his rights to his detriment.

Section 9.

An agreement if annulled or successfully contested shall be invalid. The regulation pertaining to employment relationships shall be applied in place of any invalid part of an agreement, unless the parties would otherwise not have concluded the agreement without the invalid part.

Section 10.

(1) Rights and obligations arising from an invalid agreement shall be adjudged as if they were valid. Unless otherwise prescribed in this Act, employers shall terminate - with immediate effect - any legal relationships created on the basis of invalid agreements.

(2) In the event of invalidity attributable to the employer, the legal consequences of ordinary dismissal by the employer shall be duly applied.

(3) In the event that the invalidity of an agreement results in damages to the parties, the provisions on liability for damages shall be duly applied.

Term of Limitation for Claims Originating from Employment Relationships

Section 11.

(1) The term of limitation for claims related to employment relationships shall be three years. The period of liability for damages caused by a criminal offense shall be five years, or longer, as consistent with the statute of limitations for such criminal liability.

(2) The term of limitation for a claim shall commence upon the date on which the claim falls due. Lapse of a claim shall be recognized ex officio. Any performance effected following the term of limitation may not be reclaimed on the grounds of limitation.

(3) If the obligee is unable to enforce his claim for an excusable reason, he may do so within six months of the cessation of the hindrance thereto even if the period of limitation has already lapsed, or if there is less than six months remaining.

(4) The term of limitation shall be suspended by a written notice for the enforcement of a claim, the judicial enforcement of a claim, the amendment of a claim by agreement, conclusion of a concession, or by acknowledgment of a claim by the obligor. The period of limitation shall recommence after suspension or after the definitive conclusion of a suspension proceeding causing such interruption. If a writ of execution is issued in the course of a suspension proceeding, the period of limitation shall be suspended only by acts of enforcement.

Regulations Pertaining to Deadlines

Section 12.

(1) Unless any provision pertaining to employment relationships provides otherwise, a day shall be construed as a calendar day.

(2) A deadline specified in days shall not include the day on which the action (e.g. delivery) substantiating the commencement of the deadline was effected.

(3) A deadline specified in weeks shall expire on the day that, by definition, corresponds to the day of initiation. The day of expiration of a deadline (period of time) specified in months or years shall be that day the numbering of which corresponds with the day of initiation, or the last day of the month if such day is not available in the month of expiration.

(4) If the last day of a deadline prescribed for the issuance of a statement is a Saturday, Sunday, or other official holiday, the deadline shall expire on the next working day.

(5) Failure to comply with a deadline prescribed in this Act shall be excusable if expressly permitted by this Act.

Provisions Pertaining to Employment Relationships

Section 13.

(1) Employment-related matters shall be governed by law or, on the basis of authorization granted by law, by other legal regulations.

(2) A collective bargaining agreement may govern any employment-related issues, however, with the exception set forth in Subsection (3), such agreement may not be contrary to legal regulations.

(3) Unless otherwise provided for by this Act, a collective bargaining agreement or an agreement between the parties may deviate from the provisions set forth in Part Three of this Act on condition that such deviation provides more favorable terms for the employee.

(4) A collective bargaining agreement or an agreement between the parties shall be null and void in the event that it violates the provisions of Subsections (2)-(3) above.

(5) Wherever this Act refers to employment-related regulations, it shall be interpreted as per the provisions set forth in Subsections (1)-(2) above.

PART TWO

LABOR RELATIONS

Section 14.

In the interest of protection of employees' social and economic interests and of maintaining peace in labor relations, this Act shall govern the relations between employees and employers, and their interest representation organizations. Within such framework, it shall guarantee the freedom of organization and the employees' participation in the formation of work conditions, furthermore, it shall govern the order of collective bargaining negotiations, as well as the procedures for the prevention and resolution of labor conflicts.

Section 15.

(1) In accordance with the conditions prescribed by another law, employees and employers shall have the right to establish together with others, without any form of discrimination whatsoever, interest representation organizations for the promotion and protection of their economic and social interests, and, at their discretion, to join or not to join an organization of their choice, depending exclusively on the regulations of such organization.

(2) Interest representation organizations shall be entitled to establish federations or associations or to join such, including international federations as well.

Chapter I.

National Interest Reconciliation

Section 16.

The Government shall discuss issues of national significance pertaining to labor relations and employment relationships with the interest representation organizations of employees and employers through the National Labor Council .

Section 17.

(1) The Government, with the agreement of the National Labor Council , shall

a) establish the provisions, in derogation from this Act, concerning the termination of employment due to economic reasons affecting large numbers of employees, in the interests of preserving jobs;

b) establish the mandatory minimum wage (Section 144) and the provisions for the supervision of labor relations;

c) submit recommendation to define the maximum duration of daily worktime and to determine official holidays.

(2) Negotiations within the National Labor Council for agreement on the mandatory minimum wage, defined under Paragraph *b)* of Subsection (1), shall be concluded by the 10th day of September preceding the year to which it pertains. If no agreement is reached, the deadline for negotiations may be extended by 15 days. If the extension passes without agreement, the Government shall have the power to determine the amount of minimum wage in order to endorse the considerations defined under Subsections (5)-(7) of Section 144.

(3) The Government shall initiate national wage negotiations in the National Labor Council.

(4) The Minister of Labor, as proposed by the National Labor Council, shall promulgate the agreements concluded in the National Labor Council in a legal regulation.

(5) The Minister of Labor, in agreement with the National Labor Council, may determine the system of labor qualification.

Chapter II.

Trade Unions

Section 18.

For the purposes of this Act, all employee organizations whose primary function is the promotion and protection of employees' interests related to their employment relationship shall be construed as trade unions.

Section 19.

(1) Employees shall be entitled to organize trade unions within the work organization. It is the trade union's right to operate chapters inside any work organization and to involve its members in the operation of such chapters.

(2) Trade unions shall have the right to inform their members of their rights and obligations concerning their financial, social, cultural, as well as living and working conditions, furthermore to represent their members against the employers and before state agencies in matters concerning labor relations and employment matters.

(3) Trade unions shall be entitled to represent their members, if duly authorized, before the court or any other authority or agency in matters concerning their living and working conditions.

Section 19/A.

(1) An employer may not deny entry of a person acting on behalf of a trade union who is not employed by the employer onto the employer's premises, if any member of the trade union in question is employed by the employer. The trade union shall notify the employer accordingly in advance.

(2) The person described in Subsection (1) above shall abide by the regulations pertaining to the employer's internal regulations during his proceedings.

Section 20.

Trade unions shall be entitled to conclude collective bargaining agreements in accordance with the regulations set forth in this Act.

Section 21.

(1) State authorities, local governments and employers shall cooperate with trade unions; within the framework of such cooperation they shall promote their interest representation activities by providing the information required for such activities, and shall notify trade unions of their detailed position and the reasons for such position in relation to trade union comments and proposals within a period of thirty days.

(2) Employers shall consult the local trade union branch prior to passing a decision in respect of any plans for actions affecting a large group of employees, in particular those related to proposals for the employer's reorganization, transformation, the conversion, privatization and modernization of a strategic business unit into an independent organization.

(3) The above-specified consultation shall be governed by the provisions laid down in Section 66, however, the fifteen-day deadline shall commence on the day of receipt of the plan by the representative of the local trade union branch.

(4) In the event an employer is replaced through legal succession, the predecessor and the successor employer shall notify the trade unions regarding the reason for legal succession, on the legal, economic and social consequences of such affecting the employees and shall - in due time - initiate talks concerning other proposed actions which affect the employees prior to legal succession or at least before such would affect the employment relations or work conditions of the employees.

(5) For the purposes of this Act, a trade union which, according to its statutes, operates an agency authorized for representation or has an officer at an employer shall be construed as the local trade union branch.

(6) Employers shall deduct trade union membership dues as governed by specific other legislation.

Section 22.

(1) Trade unions may request information from employers on all issues related to the economic interests and social welfare of employees in connection with their employment. Employers shall not refuse such information, nor the justification of their actions. Additionally, trade unions shall be entitled to express their position and opinion to the employer concerning any employer actions (decisions) and, furthermore, to initiate talks in connection with such actions.

(2) Trade unions shall be entitled to monitor compliance with provisions pertaining to working conditions. Within the framework of such activities, trade unions may request information on the enforcement of the provisions pertaining to employment relationships from the authorities concerned, who shall disclose the necessary information and data.

(3) Trade unions shall notify the competent authorities regarding any discrepancies and/or deficiencies revealed by its inspection and, in the event that the aforementioned authorities fail to take the necessary actions in due time, shall initiate the appropriate proceedings. The authority conducting such proceedings shall inform the trade union regarding its outcome.

Section 23.

(1) A local trade union branch shall be entitled to contest any unlawful action taken by the employer (or his failure to act) by way of demurrer if such action directly affects the employees or the interest representation organizations of employees.

(2) The demurrer shall be delivered to the employer's executive officer within a period of five working days upon gaining knowledge regarding the contested action. No demurrer may be delivered later than one month following the introduction of an action.

(3) A demurrer may not be submitted if an employee is entitled to file for legal action against the action in question. On the other hand, if an employer has terminated the employment relationship of a trade union official by ordinary dismissal without the prior consent of the immediate superior trade union branch, the local trade union branch shall be entitled to lodge a demurrer.

(4) Negotiations shall be held regarding any demurrer with which the employer disagrees. Such negotiations shall commence within a period of three working days following the date when the demurrer was filed. Should such negotiations fail to produce a settlement within a period of seven days, the trade union may file for court action within five days of the declaration of failure of such negotiations. The court shall pass its decision within fifteen days in nonlitigious proceedings.

(5) Contested actions shall not be executed or, if already in progress, shall be suspended until the negotiations between the employer and the trade union are concluded, or until the court's final decision.

Section 24.

(1) Employers shall provide for the opportunity for trade unions to publish the information and announcements they regard as necessary, along with the data related to their activities, in a manner customary at the employer or in any other way deemed appropriate.

(2) Trade unions shall have the right to use the employer's premises after or during working hours, as agreed with the employer, for the purposes of interest representation activities.

Section 25.

(1) Employers shall provide worktime allowance for trade union officials.

(2) For all trade union officials, the total worktime allowance for every three trade union members employed by the employer shall be two hours per month up, unless there is an agreement to stipulate otherwise. Time spent on negotiations with the employer shall not be included in the above-specified allowance. The trade union shall determine the appropriation of the worktime allowance. Any absence from work shall be reported in advance.

two hours per month up to 200 trade union members,

one and a half hours per month between 201 and 500 trade union members,

one hour per month for more than 501 trade union members.

Time spent on negotiations with the employer shall not be included in the above-specified allowance. The trade union shall determine the appropriation of the worktime allowance. Any absence from work shall be reported in advance.

(3) Trade union officials shall be entitled to receive absentee pay for the duration of the worktime allowance.

(4) Based on the total number of trade union members, employers, as agreed in advance, shall provide one extra day of paid vacation each year for every ten trade union members in their employment for the purpose of training or advance training courses organized by the trade union. The trade union shall decide on the extent of vacation time to be appropriated. Employers shall be notified at least thirty days in advance regarding the date of taking such leave of absence.

(5) If so requested by the trade union, the employer shall provide reimbursement for the unused portion of worktime allowance that is due under Subsection (2), but not to exceed half of such allowance. The amount of reimbursement shall be determined based on the average earnings during the previous calendar year of the trade union officials affected, and shall be paid in the gross amount to the trade union subsequently on a monthly basis. The trade union must use such reimbursement moneys solely for the purposes of employee interest representation activities.

Section 26.

(1) Employers may not demand employees to reveal their trade union affiliation.

(2) Employment of an employee may not be rendered contingent upon his membership in any trade union, on whether or not the employee terminates his previous trade union membership, or on whether or not he agrees to join a trade union of the employer's choice.

(3) Employment of an employee shall not be terminated, and the employee shall not be discriminated against or mistreated in any other way on the grounds of trade union affiliation or trade union activity by the employee.

Section 27.

It is forbidden to render any entitlement or benefit contingent upon affiliation or lack of affiliation with a trade union.

Section 28.

(1) The consent of the immediately superior trade union body is required for transfer of an employee who has been elected as a trade union official to another workplace, as initiated by the employer, as well as for the termination of the employment of such employee by the employer by way of ordinary dismissal. The relevant trade union body's opinion shall be requested prior to termination of the employment relationship of such an official by extraordinary dismissal, and the relevant trade union body shall be notified in advance regarding the application of the legal consequences set forth in Section 109 and regarding the transfer to another workplace of an official employed in a position subject to transfer.

(2) The trade union shall communicate its position in writing with respect to the employer action set forth in Subsection (1) above within eight days of receipt of notification by the employer. If the trade union does not agree with the proposed action, the statement shall include the reasons therefor. Failure by the trade union to communicate its opinion to the employer within the above specified deadline shall be construed as agreement with the proposed action.

(3) In the event that an official's employment relationship is terminated by extraordinary dismissal, the provisions of Subsection (2) shall be applied, with the exception that the trade union shall submit its opinion concerning the proposed action within a period of three days following receipt of notification by the employer.

(4) Officials shall be entitled to the protection set forth in Subsection (1) above for the duration of their term and for a period of one year following expiration of such term, provided that the official held the office for at least six months.

(5) If it is not possible to determine which trade union body is competent to proceed in the case of an elected official, the entitlement set forth in Subsection (1) shall be exercised by the trade union body in which the official conducts his activities.

(6) Officials shall be entitled to the protection set forth in Subsection (1) for the duration and under the conditions set forth in Subsection (4) in the case of succession of the employer as well.

Section 29.

(1) The trade union qualified as representative at the employer shall be entitled to the rights prescribed by Section 23. A trade union which is not qualified as representative shall also be entitled to the right of demurrer as set forth in Section 23, if the employer's action (or failure to act) violates a legal provision.

(2) For the purposes of Subsection (1), the trade union whose candidates received at least ten per cent of the votes in the workers' council election shall be construed as representative. If more than one workers' council is elected at an employer, the results of each workers' council elections shall be combined for the determination of representative

rights. A trade union in which at least two-thirds of the employees of the employer in the same employment group (profession) are members shall also be construed as representative.

(3) If the workers' council election is declared invalid pursuant to Subsection (5) of Section 51, representative rights shall be determined by the results of the first round of the election.

Chapter III.

Collective Bargaining Agreement

Section 30.

Collective bargaining agreements may govern:

a) rights and obligations originating from employment relationships, the method of exercising and fulfilling and the procedural order of such relationships;

b) the relations between the parties to the collective bargaining agreement.

Section 31.

(1) A collective bargaining agreement may be concluded, on the one hand, by an employer, an employer interest representation organization, or several employers, and on the other, by a trade union or several trade unions.

(2)-(4)

Section 32.

The trade union or the employer interest representation organization which is independent of the other party in respect of its interest representation activities shall be entitled to conclude a collective bargaining agreement. Authorization by the members shall also be required for an employer interest representation organization for entitlement to conclude a collective bargaining agreement.

Section 33.

(1) One collective bargaining agreement may be concluded with an employer.

(2) With due consideration of the deviations set forth in Subsections (3)-(5), a trade union shall be entitled to conclude a collective bargaining agreement with the employer, if its candidates have received more than half the votes in the workers' council election.

(3) If more than one trade union maintains a local branch at an employer, the collective bargaining agreement may be concluded jointly by all the trade unions, provided that the candidates of such trade unions have jointly received more than half the votes in the workers' council election.

(4) If the conditions for having the trade unions jointly conclude a collective bargaining agreement are not fulfilled as defined in Subsection (3), the representative trade unions [Subsection (2) of Section 29] shall conclude the collective bargaining agreement together, provided the candidates of such trade unions have jointly received more than half the votes in the workers' council election.

(5) If the conditions for having the representative trade unions jointly conclude a collective bargaining agreement are not fulfilled, the trade union whose candidates jointly received more than sixty-five per cent of the votes in the workers' council election shall be entitled to conclude the collective bargaining agreement.

(6) If, in the cases set forth in Subsections (2) and (3) above, the trade union or the candidates of the trade union did not receive more than half the votes in the workers' council election, negotiations may be held for the conclusion of the collective bargaining agreement, however conclusion of the agreement is subject to endorsement by the employees. The employees shall vote on such endorsement. The ballot shall be valid upon participation by more than half the employees eligible for election to the workers' council.

(7) The provisions of Subsections (2)-(3) of Section 29 shall be duly applied for the determination of support set forth in Subsections (2)-(5) above.

(8) All trade unions represented at the employer may attend the negotiations for the conclusion of the collective bargaining agreement; such trade unions shall cooperate in the interest of successful conclusion of the negotiations.

Section 34.

(1) The Minister of Labor may extend the scope of the collective bargaining agreement to the entire sector (or subsector), if so requested by the parties, and following request of the opinion of the national employee and employer interest representation organizations affected by such extension of scope, provided the organizations concluding the agreement qualify as representative for the sector (or subsector) in question.

(2) For the purposes of Subsection (1), the employer interest representation organization which - on the basis of its membership, market position and number of employees - is the most significant in its field of activity, shall, in particular, be construed as representative.

(3) For the purposes of Subsection (1) above, the trade union that, by virtue of its membership and the support it receives from the employees, is the most significant in its field of activity, shall be particularly construed as representative.

(4) The degree of employee support of a trade union shall be determined primarily on the basis of the results of the last workers' council election prior to the conclusion of the collective bargaining agreement governing the employers falling under the scope of such agreement.

(5) In respect of the extension of the scope of a collective bargaining agreement concluded by more than one trade union, the representative rights of the trade unions shall be reviewed collectively.

(6) Termination of a collective bargaining agreement with extended scope shall be reported to the Minister of Labor without delay by the party rescinding the agreement.

(7) In the event of termination of a collective bargaining agreement with extended scope, furthermore, for a collective bargaining agreement concluded by more than one trade union, in the event that the collective representative rights of the trade unions, as set forth in Subsection (5), cease to exist due to rescission of the agreement by any of the trade unions, the Minister of Labor shall cancel ex officio the extension of the scope of the collective bargaining agreement effective as of the last day of the termination notice.

(8) The Minister of Labor shall publish his resolution on the initiation or cancellation of extension of scope, and the official text of collective bargaining agreements with extended scope in the Ministry's official gazette. An extension of scope shall become effective on the day of its publication.

Section 35.

Any trade union, employer interest representation organization or employer operating in the sector affected by a collective bargaining agreement may file for court action against a resolution by the Minister of Labor pertaining to the extension of the scope of a collective bargaining agreement.

Section 36.

(1) The effect of a collective bargaining agreement, in the absence of any extension of scope (Section 34), shall apply to employers who

a) concluded the collective bargaining agreement, or

b) were a member of the employer interest representation organization at the time the collective bargaining agreement was concluded, or

c) subsequently joined the employer interest representation organization.

(2) In the event of joining as set forth in Paragraph *c)* of Subsection (1) above, the consent of the local trade union branch shall be required for the collective bargaining agreement to apply to the employer.

(3) Collective bargaining agreements shall include a clause to specify the group of employers, as set forth in Paragraph *b)* of Subsection (1) above, to which they apply.

(4) A collective bargaining agreement shall also apply to the employees of the affected employer who are not members of the trade union concluding the collective bargaining agreement.

Section 37.

(1) With due consideration of the provisions of Subsection (2), neither party shall reject a proposal for negotiations for the conclusion of a collective bargaining agreement.

(2) The provisions of Subsection (1) shall be applied in respect of the employer, if the trade union presenting the proposal is regarded as representative in accordance with Subsection (2) of Section 29 of the Labor Code.

(3) The provisions of Subsections (1) and (2) shall be duly applied in respect of negotiations for the amendment of a collective bargaining agreement.

(4) Disputes related to the right to conclude a collective bargaining agreement shall be decided by the court in nonlitigious proceedings, upon request by the organization concerned.

(5) In addition to providing the necessary data, each year employers shall submit a proposal to the trade unions entitled to conclude an agreement regarding re-negotiation of the wage clauses in the collective bargaining agreement.

Section 38.

(1) In the absence of an agreement to the contrary, a collective bargaining agreement shall enter into effect when promulgated.

(2) Employers shall provide assistance to employees in order for them to become familiar with the collective bargaining agreement.

(3) Employers shall supply a copy of the collective bargaining agreement to each employee whose duty involves the application of the provisions of such agreement, as well as to the members of the workers' council and the officials of the local trade union branch.

(4) In agreement with the National Labor Council , the Minister of Labor shall determine the order of registration of collective bargaining agreements and, within this framework, may prescribe reporting and data disclosure obligations as well.

Section 39.

(1) Unless otherwise agreed, a collective bargaining agreement may be canceled by either party to the agreement with three months notice.

(2) Neither of the parties shall be entitled to exercise the right of rescission within six months of the conclusion of the collective bargaining agreement.

(3) In respect of a collective bargaining agreement concluded jointly by more than one trade union, employer or employer interest representation organization, any of the parties to the agreement may exercise the right of rescission, unless otherwise agreed. Where a collective bargaining agreement was concluded under Subsection (3) of Section 33 by more than one trade union, they shall agree on the exercise of the right of rescission.

(4) In the event of cancellation of a collective bargaining agreement concluded jointly by more than one employer or employer organization, the collective bargaining agreement shall cease to apply only to the employees of the employer exercising the right of rescission.

(5) If a new workers' council election grants entitlement to a trade union to conclude a collective bargaining agreement pursuant to Subsection (5) of Section 33, such trade union may cancel the collective bargaining agreement in accordance with the regulations pertaining to the parties.

Section 40.

(1) Upon dissolution of an employer or a trade union without legal successor, the collective bargaining agreement shall be terminated as well. If the collective bargaining agreement was concluded by more than one employer or employer interest representation organization, or by more than one trade union, the collective bargaining agreement shall be terminated solely in the event of the dissolution of all employers and trade unions without legal successor.

(2) Dissolution of an employer or trade union with a legal successor shall not affect the validity of the collective bargaining agreement.

Section 40/A.

(1) In the event the employer is replaced by legal succession, the work conditions, not including the work order, as prescribed in the collective bargaining agreement applicable to the predecessor at the time of succession shall be honored by the successor employer, in respect of the employees affected by the succession, until the collective bargaining agreement is canceled by the predecessor employer or the expiration of the collective bargaining agreement, or until another collective bargaining agreement is concluded with the successor employer, or in the absence of such for at least one year following the date of succession.

(2) If the work conditions stipulated in a collective bargaining agreement which applies to the successor employer are more favorable for the employees than those stipulated in the collective bargaining agreement which applies to the predecessor employer, the collective bargaining agreement applicable to the successor employer shall be authoritative.

Section 41.

A collective bargaining agreement of limited effect shall only depart from one with a broader scope insofar as it specifies more favorable regulations for employees.

Chapter IV.

Employee Participation Rights

Section 42.

(1) As part of labor relations the community of employees shall be entitled to rights of participation in accordance with the provisions of this Chapter.

(2) On behalf of the community of employees, participation rights shall be exercised by the workers' council or by the representative elected by the employees.

Election of Workers' Councils

Section 43.

(1) A workers' council shall be elected at all employers or at all of the employers' independent operational facilities (divisions) with more than fifty employees.

(2) An employee representative shall be elected at an employer or at an independent operational facility (division) of an employer with at least fifteen but no more than fifty-one employees.

(3) A workers' council or an employee representative shall only be elected at an employer's independent operational facility (division), if the head of the independent operational facility (division) is entitled, in part or in full, to exercise employers' rights in connection with the workers' council privileges set forth in Section 65.

(4) Workers' councils and employee representatives are elected for a term of three years.

(5) The workers' council or the employee representative at new employers shall be elected within a period of three months.

(6) The provisions pertaining to workers' councils and to members of workers' councils shall be duly applied to employee representatives.

Section 44.

(1) If, as consistent with the provisions of Section 43, there is more than one workers' council or employee representative at an employer, a central workers' council shall also be formed simultaneously upon election of the individual workers' councils.

(2) The provisions of Subsection (1) of Section 45 shall be applied for the formation of a central workers' council, with the exception that the workers' councils elected at each of the employer's independent operational facilities (divisions) shall delegate members to the central workers' council in accordance with the number of employees.

(3) The provisions pertaining to workers' councils and workers' council members shall be duly applied to the central workers' council and its members.

Section 45.

(1) The number of workers' council members shall be:

a) three, if the number of employees does not exceed one hundred;

b) five, if the number of employees does not exceed three hundred,

c) seven, if the number of employees does not exceed five hundred,

d) nine, if the number of employees does not exceed one thousand,

e) eleven, if the number of employees does not exceed two thousand,

f) thirteen, if the number of employees is more than two thousand,

at the time of elections.

(2) If the number of employees and the number of workers' council members are not consistent with the provisions of Subsection (1) for at least six months due to an increase in the number of employees, new workers' council members shall be elected as appropriate.

Section 46.

(1) Employees nominated as workers' council members shall be physically able and shall have been employed by the employer for a period of at least six months.

(2) Persons exercising employers' rights, close relatives of employers or of the employer's executive officer [Subsection (2) of Section 139] and members of the election committee may not be elected members of a workers' council.

(3) In respect of new employers, the period of prior employment relationship of a workers' council member shall not be applied as a condition.

(4) For the purposes of Subsection (2) above, employers' rights shall be construed as entitlement to establish and terminate employment relationships, to apply legal consequences in the event of any culpable violation of obligations originating from an employment relationship (Section 109), and to establish liability for damages [Subsection (2) of Section 173].

Section 47.

(1) All employees employed by the employer shall be entitled to participate in the election of workers' council members.

(2) The election committee shall establish and publish the list of employees entitled and nominated to be elected on the basis of the data disclosed by the employer within a period of five days of the election committee's request for such information.

Section 48.

(1) The election committee shall

a) determine the deadline for the nomination of candidates and the date of the election,

b) oversee that the nomination and election proceedings are conducted in accordance with the law, and

c) establish the detailed regulations for ballot counting.

(2) Nomination and election shall be organized with due consideration to the employer's organization, work schedule and other particulars. The election shall be held simultaneously at all the employer's facilities if possible.

Section 48/A.

A person who is a member or chairman of the workers' council at the time of formation of the election committee may not be a member of such committee.

Section 49.

(1) For the execution of nomination and ballot proceedings the workers' council shall, at least eight weeks prior to the election, form an election committee from among the employees eligible to vote. The representatives of local trade union branches may participate in the activities of the election committee. The employer may not participate in and may not influence the election committee's work.

(2) If there is no workers' council at an employer, the election committee shall be formed from the representatives of local trade union branches and/or the non-union employees.

(3) A local trade union branch may independently nominate a candidate from among its members.

(4) A candidate may be nominated by at least ten per cent of the employees eligible to vote or at least by fifty employees eligible to vote. The nomination shall be put in writing with the signatures of the supporting employees affixed, and submitted to the election committee.

(5) The election committee shall compile and publish the list of candidates at least three weeks prior to the election. The candidates shall issue a written statement of acceptance of the nomination.

(6) The list of candidates may be published if the nomination of candidates was valid. Nomination of candidates shall be construed valid if the number of candidates corresponds to at least the number of members that can be elected to the workers' council. In the event that the nomination proceedings are invalid, the nomination period shall be extended.

Section 50.

(1) The election committee shall prepare the ballot sheets in accordance with the list of candidates. The candidates' names shall be placed on the ballot sheet in alphabetical order. The name of the trade union shall also be indicated on the ballot sheet next to the name of its candidate.

(2) The election committee shall provide for the organization of the ballot and the establishment of the vote collection committees.

Section 51.

(1) Members of the workers' council shall be elected by secret and direct ballot.

(2) The name of the candidate nominated for election shall be clearly indicated on the ballot sheet.

(3) A vote shall be invalid if

a) it was not cast on the ballot sheet prescribed in Subsection (1) of Section 50;

b) it can not be established for whom the vote was cast;

c) the number of candidates marked on the ballot sheet is greater than the number of members eligible for election.

(4) The persons receiving the most, or at least thirty per cent of the valid votes shall be construed as having been elected members of the workers' council, in the number specified in Subsection (1) of Section 45. In the event of a tie vote, the length of the employment relationship with the employer in question shall be taken into consideration.

(5) An election shall be declared invalid if the number of candidates set forth in Subsection (1) of Section 45 did not receive the amount of votes specified in Subsection (4). In the event of an invalid ballot, the nominees receiving the amount of votes set forth in Subsection (4) shall be declared elected workers' council members, and a new election within a period of thirty days shall be announced to fill the remaining positions. For the new election, new candidates may also be nominated up to the fifteenth day preceding the election.

(6) Persons receiving at least twenty per cent of the valid votes shall be regarded as junior members of the workers' council. This provision shall not be applied for the election of an employee representative at the employer (employer's other facilities).

(7) In respect of a repeated election, as set forth in Subsections (2)-(3) of Section 51/A, or new elections held due to an invalid election, notwithstanding Subsection (6), the twenty per cent of the valid votes necessary for junior membership must be acquired by the nominee during such ballot.

Section 51/A.

(1) An election shall be declared valid if more than half of those eligible to vote have participated. For such purposes an employee eligible to vote who, at the time of the election, was

a) incapacitated to work due to illness,

b) on maternity leave or on a leave of absence without pay for reasons specified in Sections 138-140,

c) in regular or reserve army or civilian service, or

d) on a duty assignment of more than one week

shall not be counted, if such employee did not participate in the election.

(2) In the event of an invalid ballot, the election shall be repeated within a period of ninety days. The new election may not be held within a period of thirty days.

(3) The repeated election shall, in deviation from the general regulations, be declared valid if more than one-third of those eligible to vote participated. The nominees receiving the most, or at least thirty per cent of the valid votes shall be declared elected members of the workers' council. In such case the term of the workers' council shall be for two years. The provisions of Subsections (5)-(6) of Section 51 shall not be applied for the repeated election. If the repeated election is declared invalid, a new workers' council election shall be held after one year.

Section 52.

(1) The ballot boxes at the employer may only be opened by the election committee and after voting is closed, at the same place and time.

(2) The votes shall be counted by the election committee, based on which the committee shall immediately establish and announce the results of the election, and inform the employer regarding such.

Section 53.

(1) The election committee shall draw up a report on the election, which shall contain the following in particular:

a) the circumstances of opening the ballot boxes,

b) the time and place of the election,

c) the number of persons eligible to vote according to Subsection (1) of Section 51/A,

d) the number of persons participating,

e) the total number of votes cast,

f) the number of valid and invalid ballot sheets;

g) the number of votes cast for each candidate,

h) the name of the elected workers' council members and junior members;

i) disputed matters, if any, related to the election, and the decision thereon.

(2) The election report shall be signed by members of the election committee and shall be published in a manner customary at the employer. The report shall be kept on file by the workers' council for the duration of its term. In the event of an invalid ballot, such obligation shall be fulfilled by the employer until the election of the next workers' council.

(3) In agreement with the national trade unions participating in the National Labor Council , the Government shall determine the contents of the ballot sheets for the election of the workers' council and, in order to establish the representative rights of trade unions, the method and order of counting votes within each sector (subsector), regionally and nationwide.

Section 54.

In the event of any dispute in connection with the nomination, the election or its results, negotiations for settlement may be initiated within a period of five days. Employees, employers, the local trade union branches and the election committee shall be entitled to initiate such negotiations. In the course of negotiations the election committee and the local trade union branches shall jointly pass a resolution within five days. Parties entitled to initiate negotiations, as set forth in this Section, may file for court action against such resolution within five days or in the event of failing to reach a settlement. The court shall resolve such cases within fifteen days in nonlitigious proceedings.

Section 55.

(1) The workers' council shall be dissolved if

a) the employer is dissolved without legal successor,

b) its term expires,

c) it is dismissed,

d) its membership, for any reason, decreases by more than one-third,

e) the number of employees drops below fifty or by at least one-third,

f) merger (or fusion) of several employers or divisions would require more than one workers' council at the employer, and

g) the employer or the operational facility is demerged.

(2) Delegation of an employee representative shall be terminated in the cases defined in Paragraphs *a)-c)* of Subsection (1) above. Additionally, delegation of an employee representative shall be terminated also if such representative is unable to perform his duties for a period of more than three months.

(3) A ballot shall be held with regard to the dismissal of a workers' council or an employee representative, if so proposed in writing by at least thirty per cent of the employees eligible to vote. More than two-thirds of the valid votes shall be required for dismissal. The vote shall be declared valid upon the participation of more than half the employees eligible to vote.

(4) A motion for dismissal may not be filed again within a period of one year.

(5) The provisions pertaining to the election procedure shall be duly applied for the dismissal of a workers' council.

Section 55/A.

(1) Upon the expiration of the term of a workers' council member, such member shall be replaced from among the elected junior members as appropriate.

(2) The member departing as set forth in Subsection (1) shall be replaced by the junior member, receiving the most votes, from the same trade union of which the departing workers' council member was also a member. If the departing workers' council member is not a member of any trade union, the replacement member shall be selected from the non-union (independent) junior members who received the most votes.

(3) Notwithstanding Subsection (2), if the trade union has no junior member, or if there is no independent junior member, the order of delegation shall be determined by the number of valid votes received by the junior members.

Section 56.

(1) If the workers' council is dissolved on account of the reasons set forth in Paragraphs *c)-g)* of Subsection (1) of Section 55, an employee representative or a workers' council shall be elected within three months following such dissolution.

(2) New elections shall be held if, upon the dissolution of an employer with legal successor, the work location (division) of the successor employer would have more than one workers' council.

(3) The provisions of Subsections (1) and (2) shall be duly applied for the expiration of the terms of employee representatives as well.

Section 57.

(1) The term of a workers' council member shall cease

a) upon resignation,

b) upon dismissal,

c) upon loss of capacity, or

d) if he becomes entitled to exercise employer's rights for a period exceeding six months,

e) if he becomes a close relative of the employer or the employer's executive officer [Subsection (2) of Section 139],

f) upon dissolution of the workers' council,

g) upon termination of his employment relationship.

(2) In addition to the provisions of Subsection (1), the term of an employee representative shall also cease if the number of employees drops below fifteen for at least a period of six months.

(3) If a member of the workers' council becomes eligible to exercise employers' rights for a period of six months or less, his rights in relation to his workers' council membership shall be suspended for such period.

(4) If an employee representative becomes eligible to exercise employers' rights, his term shall cease and a new employee representative shall be elected in his place.

Section 58.

(1) A ballot shall be held with regard to the dismissal of a workers' council member if so proposed by at least thirty per cent of the employees eligible to vote. More than half of the valid votes shall be required for dismissal. The ballot shall be declared valid upon the participation of more than half the employees eligible to vote.

(2) A motion for dismissal shall not be filed again within a period of six months.

(3) The provisions on election shall otherwise be duly applied for the dismissal of workers' council members.

Section 59.

(1) The workers' council shall convene within fifteen days following its election.

(2) The workers' council shall elect a chairman from among its members at its inaugural session.

Section 60.

(1) The workers' council shall pass its resolutions by majority vote.

(2) The workers' council shall have quorum if at least half its members are present. In the event of a tie vote the chairman's vote shall be decisive.

(3) Notwithstanding the provisions of Subsection (1), a workers' council resolution shall require at least a two-thirds majority vote by the members present when the workers' council is exercising its right of codetermination [Subsection (1) of Section 65].

Section 61.

(1) The workers' council shall convene as deemed necessary. The workers' council shall be called by the chairman. It shall be called if so requested by a member or the employer with the purpose properly stated.

(2) Members shall attend the workers' council meetings in person.

(3) The workers' council's detailed operating regulations shall be determined by its procedural order.

Section 62.

(1) Employers shall ensure the opportunity for the workers' councils to publish the information, announcements, as well as data related to their activities, in the manner customary at the employer or any other way deemed appropriate.

(2) Members of the workers' councils shall be entitled to worktime allowance of ten per cent of their monthly worktime, while the chairman of the workers' council shall be entitled to fifteen per cent. The appropriation of the total worktime allowance for workers' council members and the chairman may be established in the operative agreement in derogation from the provisions of this Act; nevertheless, the time allowance granted may not exceed

half of the members' or chairman's entire worktime. Absentee pay shall be paid for the duration of the worktime allowance.

(3) The provisions pertaining to elected trade union officials shall be duly applied for the protection of workers' council members under the labor law, with the exception that the entitlement of the trade union body set forth in Section 28 shall be exercised by the workers' council.

Section 62/A.

(1) As regards employee representatives, the labor law protection prescribed in Subsection (3) of Section 62 shall be applied with the difference that the entitlement of the trade union body set forth in Section 28 shall be exercised by the community of employees, if the employee representative is not a trade union official.

(2) Employees shall decide on the agreement by voting within fifteen days following notification of the employer. Such ballot shall be declared valid upon the participation of more than half of the employees eligible to vote. The provisions pertaining to election shall otherwise be duly applied for the voting, whereby absence or invalidity of the ballot shall be construed as having the agreement granted.

(3) Employers shall provide for appropriate advance notification of the employees.

Section 63.

Employers shall cover the justified and necessary costs of election and operation of the workers' council. The extent of such shall be determined jointly by the employer and the workers' council. Any dispute in connection therewith shall be settled by negotiations.

Section 64.

(1) The chairman of a workers' council operating at an employer with more than one thousand employees shall receive remuneration for such activities.

(2) Remuneration shall be provided by the employer in the amount established by the workers' council in agreement with the employer.

(3) Employers, other than those set forth in Subsection (1) above, may establish and pay remuneration for a workers' council chairman only in agreement with the workers' council.

Section 64/A.

The issues pertaining to the privileges of a workers' council and its relations with the employer shall be set forth in an operative agreement.

Section 65.

(1) Workers' councils shall have the right of codetermination with regard to the appropriation of welfare funds specified in the collective bargaining agreement and with regard to the utilization of institutions and real property of such nature.

(2)

(3) Employers shall consult the workers' council prior to passing a decision in respect of

a) plans for actions affecting a large group of employees, in particular those related to proposals for the employer's reorganization, transformation, the conversion, privatization and modernization of an organizational unit into an independent organization;

b) proposals for setting up a personnel records system, the set of data to be recorded, plans for the contents of the data sheet specified in Section 77 and staff policy plans;

c) plans connected with employee training, proposals for the appropriation of job assistance subsidies for the betterment of employment conditions, and drafts of plans for early retirement;

d) plans for actions pertaining to the occupational rehabilitation of persons whose capacity to work has been reduced;

e) the plan for the annual vacation schedule;

f) the introduction of new work organization methods and performance requirements;

g) plans for internal regulations affecting the employees' substantive interests;

h) tenders announced by the employer offering financial reward or recognition of exemplary performance.

(4) Employers shall notify the workers' council

a) at least every six months regarding the fundamental issues affecting the employer's economic situation, and

b) regarding the plans for major decisions pertaining to a significant modification of the employer's sphere of activities and improvement projects;

c) at least every six months regarding the trends in wages and salaries, liquidity related to the payment of wages, the characteristic features of employment, utilization of work time, and the characteristics of working conditions.

(5) In respect of a company operating under the general management of a company council or general meeting (general assembly), the workers' council shall only be informed on the issues contained in Paragraphs *a)* and *g)* of Subsection (3) above.

Section 66.

(1) The workers' council shall convey its opinion in connection with the employer's planned actions [Subsections (1)-(3) of Section 65] to the employer within a period of fifteen days. Failure to do so shall be construed as granting consent to such action.

(2) The fifteen-day deadline shall commence on the day of receipt of the plan by the chairman or the person designated in the workers' council's procedural order.

Section 67.

Any action taken by an employer in violation of the provisions set forth in Subsections (1)-(3) of Section 65 shall be construed invalid. The workers' council may file for court action for the establishment of such invalidity. The court shall pass its decision within fifteen days in nonlitigious proceeding.

Section 68.

(1) Workers' councils shall be entitled to review the employers' files in connection with their privileges specified in Subsections (1)-(3) of Section 65.

(2) Works councils shall be entitled to request information from the employers concerning all issues related to the employees economic and social interests in connection with employment, and with the observance of discrimination regulations. Employers may not refuse to disclose such information.

Section 69.

Workers' councils and their members shall be authorized to publish any information or data acquired in the course of operations solely in a manner which does not jeopardize the employer's justified business interests and without violating the employees' personal rights.

Section 70.

Workers' councils shall remain unbiased in relation to a strike organized against employers. Consequently, it shall neither organize a strike, nor shall it support or impede a strike. The term of workers' council members participating in a strike shall be suspended for the duration of the strike.

Chapter V

Section 70/A-B.

PART THREE

EMPLOYMENT

Chapter I.

Parties to Employment Relationships

Section 71.

The parties to an employment relationship shall be the employer and the employee.

Section 72.

(1) All persons entering into an employment relationship as employees must be at least sixteen years of age.

(2) Persons of diminished capacity may also enter into an employment relationship without the permission of their legal guardians.

(3) For the purposes of employment-related matters, employees under eighteen years of age shall be construed as young persons.

(4) Notwithstanding Subsection (1) above, an employment relationship may be entered into by a person of at least fifteen years of age pursuing elementary school, vocational school or secondary school full-time studies during the school vacation period.

(5) Young persons under sixteen years of age may enter into an employment relationship only with the consent of their legal guardians.

(6) No deviation from the provisions set forth in Subsections (1)-(5) shall be considered valid.

(7) Young persons subject to compulsory full-time schooling may be employed by way of derogation from the provisions laid down in Subsections (1) and (4) for the purposes of performance in artistic, sports, modeling or advertising activities upon prior authorization by the competent authority.

Section 72/A.

As regards the performance of work by persons under eighteen years of age by way of means other than employment contract, the provisions set forth in Section 72, Subsection (3) of Section 76 and Subsection (5) of Section 79 shall duly apply. Furthermore, the provisions of this Act pertaining to the employment of young persons shall also be observed.

Section 73.

All employers must have legal capacity.

Section 74.

(1) Employers shall notify employees as to which office or person exercises or fulfills the employers' rights and obligations (employer's powers) originating from the employment relationship.

(2) If the employer's powers was not exercised by the office or person authorized thereto, its actions shall be invalid, unless the employee concerned could reasonably conclude from the circumstances as to the authority of the acting person (office).

(3) No deviation from the provisions of Subsections (1)-(2) shall be considered valid.

Section 75.

(1) Women and young persons shall not be employed in work which may result in detrimental effects with a view to their physical condition or development. The particular jobs for which women or young persons may not be

employed, or may only perform if specific working conditions are provided or on the basis of a preliminary medical examination, shall be determined by legal regulation.

(2) Employment conditions may be specified by legal regulations, upon consultation with the National Labor Council , for the protection of health or in the public interest, above and beyond the provisions of this Act, and may render the fulfillment of specific jobs contingent upon vocational training or previous experience.

(3) In respect of the employment of persons with reduced capacity to work, different provisions may be established by legal regulations in agreement with the National Labor Council .

Chapter II.

Establishment of an Employment Relationship

Section 76.

(1) Unless otherwise prescribed by law, an employment relationship is deemed established by an employment contract.

(2) Employment contracts shall be concluded in writing. Invalidity on the grounds of failure to set forth the contract in writing may only be cited by the employee within a period of thirty days from the first day of commencing work.

(3) When employment is subject to official approval, the employment contract may be concluded only in possession of such authorization.

(4) The parties to an employment contract may settle any issues in the contract. The employment contract shall not be contrary to law and the collective agreement, unless it stipulates more favorable terms for the employee.

(5) The parties must specify in the employment contract the employees personal base wage, job profile and the place of employment.

(6) The employment contract must contain the identities of the parties and their particulars of import from the point of view of employment.

(7) Upon conclusion of the employment contract the employer shall be obliged to notify the employee of

a) the basic work hours,

b) the other component elements of the remuneration,

c) the date of payment of wages,

d) the date of commencement of the employment,

e) the amount of paid leave and the procedures for allocating and determining such leave, and

f) the rules governing the periods of notice to be observed by the employer and the employee should their contract or employment relationship be terminated, and

g) whether a collective agreement applies to the employee.

(8) The employer shall also provide the information referred to in Subsection (7) to the employee not later than thirty (30) days after the conclusion of the employment contract in written form.

Section 76/A.

(1) In the case of work to be performed abroad the employee must be informed in writing of

a) the place and duration of the employment abroad,

b) the benefits in cash or kind,

c) the currency to be used for the payment of remuneration and other payments, and

d) the conditions governing the employees repatriation.

(2) The information specified in Subsection (1) and in Subsection (7) of Section 76 must be conveyed to the employee before his/her departure.

Section 76/B.

(1) The information referred to in Paragraphs *a)-c)* and *e)-f)* of Subsection (7) of Section 76 and in Paragraphs *b)-c)* of Subsection (1) of Section 76/A may also be given in the form of a reference to the laws or collective agreements governing the points in question.

(2) Any change in the name or other aspects of the employer, or in the details referred to in Subsection (7) of Section 76 shall be documented in writing and thus conveyed by the employer to the employee within thirty (30)

days of the date of entry into effect of the change in question. By way of derogation of the above, any change in the rules pertaining to employment shall be governed by the provisions of Subsection (1).

Section 76/C.

(1) An employment contract is concluded, as agreed by the parties, for work to be performed at a fixed place or at various places.

(2) Where, due to the specific nature of the work, the employee is frequently required to work at places other than the employer's regular place of business, the place of business from where the employee is instructed shall be recorded in the employment contract as the main place of work.

(3) In the case when work is performed at various locations, from the point of view of the regulations pertaining to places of work, the place of work for which the employer has assigned the employee shall be construed as the employee's place of work. If, by agreement, work is to be performed at various locations, the employee must be informed in accordance with Subsections (7)-(8) of Section 76 of the initial place of work.

(4) If there is any change in an employee's place of work due to a change in the employer's domicile or place of business, the employment contract is to be amended if

a) on account of the change the time of daily commute to and from work between the employee's place of residence and the workplace - traveling by public transportation - has increased by one-and-a- half hours, or by one hour if the employee is a woman raising a child under ten years of age or is a single man raising a child under ten years of age, or is a worker suffering in any degree of incapacity using other means of transportation, or

b) it constitutes unreasonable or substantial detriment to the employee in respect of his/her personal, family or other conditions, thus in particular the conditions of work and/or the duration and costs of commuting to work.

(5) The amendment of the contract of employment based on the above grounds shall include an agreement between the employer and employee concerning any extra costs of travel.

Section 77.

An employee shall only be requested to make a statement, fill out a data sheet, or take an aptitude test which does not violate his personal rights and which essentially provides substantive information for the aspects of the establishment of an employment relationship.

Section 78.

(1) The employment relationship shall commence on the day of commencing work.

(2) Parties shall determine the day of commencing work in the employment contract. In the absence of an agreement thereto, the employee shall commence work on the working day following the conclusion of the employment contract.

(3) During the period between the day the employment contract is concluded and the day of commencing work, unless regulations pertaining to the employment relationship or the employment contract stipulate otherwise, the parties shall be entitled only to the rights and subject to the obligations originating from employment which facilitate the commencement of work.

Section 79.

(1) In the absence of an agreement to the contrary, an employment relationship is established for an unfixed duration.

(2) The period of fixed-duration employment shall be determined according to the calendar or by other appropriate means. The duration of such relationship shall not exceed five (5) years, including the establishment of a new employment relationship. No deviation from this provision shall be considered valid.

(3) If the duration of employment relationship is not determined by the calendar, the employer is obliged to inform the employee in the employment contract of the expected duration of employment.

(4) A fixed-duration employment relationship shall be considered open-ended if the employee works for at least one extra day following the expiry of the original term with the knowledge of his/her immediate superior. However, an employment relationship established for a period of thirty (30) days or less shall be extended only by the amount of time for which it was originally established.

(5) By way of derogation from the provisions of Subsections (1)-(2), where an employment relationship is subject to official approval, it may only be for the duration specified in the authorization. If the authorization is extended, the duration of the new fixed-duration employment relationship may exceed five (5) years together with the previous employment relationship.

(6) The provisions set forth in Subsection (4) shall not apply to employment relationships established by election and to those subject to official approval.

Tenders

Section 80.

(1) If a position specified by virtue of a legal regulation, regulations pertaining to employment relationships or by the employer's decision is filled by way of tender, an employment contract for such position shall only be concluded with an employee who participated in the tender and satisfied the conditions thereof.

(2) The tender announcement shall include the deadline for evaluation. No deviation from this provision shall be considered valid.

(3) The content of a submitted tender shall be disclosed to a third person only upon the consent of the applicant.

Trial Period

Section 81.

(1) A trial period may be stipulated under the employment contract upon establishment of the employment relationship.

(2) The duration of the trial period shall be thirty days. A shorter or longer trial period, not to exceed three months, may be stipulated in the collective bargaining agreement, or agreed upon by the parties. The trial period may not be extended; no deviation from this provision shall be considered valid.

(3) During the trial period either of the parties may terminate the employment relationship with immediate effect.

Chapter III.

Amendment of the Employment Contract

Section 82.

(1) Employment contracts may only be amended by the mutual consent of the employer and the employee.

(2) An employment contract may not be amended to the employee's disadvantage by a collective bargaining agreement.

(3) The provisions on the conclusion of employment contracts shall be duly applied for the amendment thereof.

Section 83.

If, on the basis of an agreement, the employee is employed for a fixed term in deviation from the employment contract, his employment shall be continued in accord with the employment contract beyond the expiration of such period, and his wages shall be adjusted as per the wage improvements implemented in the meantime.

Section 83/A.

(1) It shall not be deemed an amendment of the employment contract when the employee - for reasons in connection with the employer's operations - is ordered by the employer to temporarily work in another position in lieu of or in addition to his/her original position (transfer).

(2) The transfer of an employee must not result in unreasonable harm in view of the employee's position, qualification, age, health condition or his/her other circumstances.

(3) The employee shall be informed of the expected duration of transfer. Unless otherwise stipulated in the collective agreement, the duration of work under transfer shall not exceed forty-four (44) working days in any calendar year. When the duration of work under transfer exceeds four (4) hours in any given working day, it shall be accounted as one working day. The duration of any number of transfers during a calendar year shall be accounted on the aggregate.

(4) The duration of transfers during a calendar year and of the employer's actions instituted on the basis of Sections 105-106 and Subsection (1) of Section 150 shall be taken into account on the aggregate and, unless otherwise stipulated in the collective agreement, it shall not exceed one hundred and ten (110) working days.

(5) An employee, if ordered to work in a position other than his/her original position, shall be entitled to remuneration based on the actual work performed during the entire time under transfer, which may not be less than the employee's average earnings.

(6) Any employee who is ordered to perform work in addition to his/her regular duties during specific and identifiable periods of his/her working hours, shall - according to Subsection (5) - be entitled to remuneration commensurate with the work actually performed.

(7) Where the duration of work performed by an employee in addition to his/her regular duties cannot be determined separately, such employee shall be entitled to receive extra remuneration apart from his/her regular wages (substitute pay). The amount of substitute pay shall be determined based on the remuneration that is due for work performed under transfer.

Section 84.

The base wage of employees shall be adjusted following the completion of military or civil service, and upon ending a leave of absence without pay taken for the nursing or care of children [Paragraph *a)* of Subsection (4) of Section 138] or for the nursing or care of a close relative (Section 139), in accordance with the average annual wage improvement implemented in the meantime by the employer for employees in the same position and with the same experience. In the absence of such similar employees, the rate of actual annual wage improvements implemented by the employer shall be applied.

Section 85.

(1) A woman, from the time her pregnancy is established until her child reaches one year of age, shall be temporarily placed in a position suitable for her condition from a medical standpoint, or the working conditions in her existing position shall be modified as appropriate, on the basis of a medical report pertaining to employment. The new position shall be designated upon the employee's approval.

(2) The wages of a woman temporarily transferred to a different position or employed under modified work conditions without being transferred on the basis of Subsection (1) above shall not be less than her previous average earnings. If the employer is unable to provide a position as appropriate for her medical condition, the woman shall be relieved from work and shall receive the wages payable for idle time for such period of time.

(3) Employers shall continue to employ employees whose capacity to work has been reduced in the course of employment, in due compliance with the provisions of separate legal regulations, in positions suitable for their condition.

(4) No deviation from the provision of Subsections (1)-(2) shall be considered valid.

Change of Employer by Legal Succession

Section 85/A.

(1) In the event the employer is replaced through legal succession all employment-related rights and obligations shall be transferred from the predecessor employer to the successor employer at the time of legal succession.

(2) The predecessor and the successor employer shall be subject to joint and several liability for liabilities incurred prior to legal succession, if such claims are enforced within one year of the legal succession.

(3) A legal predecessor employer, if controlling more than half the votes in the decision-making body of the legal successor employer, shall, as a surety, be liable for the employee's emoluments due upon the termination of employment if terminated by the legal successor employer by ordinary dismissal within one year of the date of legal succession

a) for reasons in connection with the employer's operations, and

b) by virtue of Subsection (2) of Section 88.

Chapter IV.

Cessation and Termination of an Employment Relationship

Cessation of an Employment Relationship

Section 86.

An employment relationship shall cease
a) upon the employee's death,
b) upon the dissolution of the employer without legal successor,
c) upon the expiration of the fixed term.

Section 86/A.

If the employment relationship ceases on the basis of Paragraph b) of Section 86, the employee shall be paid the sum equal to his average wages payable for the period of exemption from work specified for ordinary dismissal by the employer, unless the employee is not entitled to any wages for the period of exemption from work under ordinary dismissal.

Termination of an Employment Relationship

Section 87.

(1) An employment relationship may be terminated
a) by mutual consent of the employer and the employee;
b) by ordinary dismissal;
c) by extraordinary dismissal;
d) with immediate effect during the trial period;
e) as per the provisions of Subsection (2) of Section 88.
(2) Agreements and statements for the termination of an employment relationship shall be made in writing.
(3) No deviation from the from the provisions of Subsections (1)-(2) shall be considered valid.

Section 87/A.

(1) For the purposes of this Act, an employee shall be construed as a pensioner
a) upon attaining the age of sixty-two and if having the service time required to receive old-age pension (entitlement to old-age pension benefits), or if he/she receives
b) old-age benefits before the age limit described in Paragraph *a)*, or
c) old-age pension with age allowance, or
d) advanced (reduced) old-age pension benefits, or
e) a service pension; or
f) early retirement pension, or
g) other pension benefits construed as being the same as old-age benefits, or
h) invalidity (accident-related disability) benefits.
(2) Payment of the benefits described in Paragraphs *b)-h)* of Subsection (1) above shall commence when awarded upon request by the beneficiary employee.
(3) The employee shall notify his/her employer if Subsection (1) applies to him/her.

Termination of Fixed-term Employment

Section 88.

(1) An employment relationship established for a fixed term shall only be terminated by mutual consent or by extraordinary dismissal or, if a trial period applies, with immediate effect.

(2) An employer may terminate the employment relationship of an employee employed for a fixed term under conditions other than stipulated in Subsection (1); in such case however, the employee shall be paid one year's average salary, or his average salary for the period remaining if such period is less than one year.

Ordinary Dismissal

Section 89.

(1) Both the employee and the employer may terminate the employment relationship established for an unfixed-term by notice. No deviation from this provision shall be considered valid.

(2) With the exception stipulated in Subsection (6), employers must justify their dismissals. The justification shall clearly indicate the cause therefor. In the event of a dispute, the employer must prove the authenticity and substantiality of the reason for dismissal.

(3) An employee may be dismissed only for reasons in connection with his/her ability, his/her behavior in relation to the employment relationship or with the employer's operations.

(4) A change of employer by legal succession may not serve in itself as grounds for termination by ordinary dismissal of an unfixed-term employment relationship.

(5) Prior to dismissal by the employer on the grounds of the employee's work performance or conduct, an opportunity shall be given to the employee for defense against the complaints raised against him, unless it may not be expected of the employer in view of all the applicable circumstances.

(6) An employer is not required to explain the ordinary dismissal of a dismissed employee, if the employee is construed as a pensioner within the meaning of Paragraphs *a)-g)* of Subsection (1) of Section 87/A.

(7) An employer shall be allowed to terminate an employee's employment within the five-year period preceding the date when the employee attains the pertinent age limit described under Paragraph *a)* of Subsection (1) of Section 87/A by ordinary dismissal only in particularly justified cases, unless the employee is already receiving some form of pension benefits [Paragraphs *b)-h)* of Subsection (1) of Section 87/A].

Section 90.

(1) Employers shall not terminate an employment relationship by ordinary dismissal during the periods specified below:

a) incapacity to work due to illness, but not to exceed one year following expiration of the sick leave period, furthermore, for the entire duration of eligibility for sick pay on the grounds of incapacity as a result of an accident at work or occupational disease,

b) for the period of sick leave for the purpose of caring for a sick child,

c) leave of absence without pay for nursing or caring for a close relative (Section 139),

d) during pregnancy, for three months after giving birth, or during maternity leave [Subsection (1) of Section 138],

e) leave of absence without pay for the purpose of nursing or caring for children (Subsection (5) of Section 138),

f) during regular or reserve army service, from the date of receiving the enlistment orders or the notice for the performance of civil service.

(2) The notice period of dismissal, if the duration of termination restriction described in Subsection (1)

a) is more than fifteen days, may commence after another fifteen days,

b) is more than thirty days, may commence after another thirty days.

(3) The restriction stipulated in Subsection (1) above shall not apply to the termination of an employee who qualifies as a pensioner [Subsection (1) of Section 87/A].

(4) For the purposes of prevalence of the restriction set forth in Subsection (1) above, the date of announcement of the dismissal shall be taken into account.

(5) The provisions of Subsections (2) and (4) shall not apply for the implementation of collective redundancy.

Section 91-91/A.

Section 92.

(1) The period of notice shall be minimum thirty days and maximum one year. No deviation from this provision shall be considered valid.

(2) The thirty-day notice period shall be extended

a) by five days after three years,

b) by fifteen days after five years,

c) by twenty days after eight years,

d) by twenty-five days after ten years,

e) by thirty days after fifteen years,

f) by forty days after eighteen years,

g) by sixty days after twenty years

of employment at the employer.

Section 93.

(1) In the event of ordinary dismissal the employer shall relieve the employee from performing work. The length of such relief shall be half of the notice period. Any fraction of a day shall be applied a full day.

(2) An employee shall be relieved from his duties, at least for the duration of half the notice period, in the time and in stages of his choice.

(3) For the period of being relieved of his duties the employee shall be entitled to his average earnings. The employee shall not be entitled to his average earnings for the period of time during which he would not be eligible for any wages otherwise.

(4) If the employee was relieved of his duties permanently prior to the end of the notice period, and the circumstance precluding payment of wages occurred subsequent to having the employee relieved of his duties, the wages already paid out may not be reclaimed. The average earnings paid for the duration of the relief period shall not be reclaimed even if the employee establishes a legal relationship for the performance of work during the notice period.

Section 94.

In the event of ordinary dismissal by the employer, if the employee requests the termination of his employment relationship during the notice period at a time prior to his being relieved of his duties, the employer shall terminate the employment relationship at the time designated by the employee.

Provisions Pertaining to Collective Redundancy

Section 94/A.

(1) 'Collective redundancy' shall mean when an employer, based on the average statistical workforce for the preceding six-month period, intends to terminate the employment relationship

a) of at least ten workers, when employing more than twenty (20) and less than one hundred (100) employees,

b) of 10 per cent of the employees, when employing one hundred (100) or more, but less than three hundred (300) employees,

c) of at least thirty (30) persons, when employing three hundred (300) or more employees within thirty (30) days (Section 94/C) for reasons in connection with its operations.

(2) For employers in operation for less than six months the average statistical workforce as defined in Subsection (1) shall be determined for the period applicable.

(3) The criteria specified in Subsection (1) shall be assessed, where applicable, separately for each place of business; however the number of workers employed at various locations, but within the jurisdiction of the same employment center shall be calculated on the aggregate. The employee who works at various places shall be accounted at the location where he/she works in the position registered at the time when the decision on collective redundancy was passed.

Section 94/B.

(1) When an employer is contemplating collective redundancies, he shall begin consultations with the works council or, in the absence of a works council, with the committee set up by the local trade union branch and by the workers' representatives (hereinafter referred to as "workers' representatives") within fifteen (15) days prior to the decision, and shall continue such negotiations until the passing of such decision or until reaching an agreement.

(2) When an employer is terminated without legal successor, the obligation defined in Subsection (1) shall apply to the liquidator.

(3) At least seven days before the discussions, the employer shall inform the workers' representatives in writing regarding

a) the reasons for the projected redundancies,

b) the number of workers to be made redundant broken down by categories, and

c) the number of workers employed during the period specified under Subsection (1) of Section 94/A.

(4) During the course of the consultations the employer shall in good time inform the workers' representatives in writing of

a) the period over which the projected redundancies are to be effected,

b) the criteria proposed for the selection of the workers to be made redundant, and

c) the conditions for eligibility and the method for calculating any redundancy payments other than those arising out of national legislation and/or collective agreement.

(5) In order to reach an agreement, the consultations shall, at least, cover

a) the possible ways of avoiding collective redundancies,

b) the principles of redundancies,

c) the means of mitigating the consequences, and

d) reducing the number of employees affected.

(6) If an agreement is reached between the employer and the workers' representatives during the course of consultation, it shall be documented in writing, a copy of which shall be sent to the competent employment center.

Section 94/C.

(1) If, following consultation, the employer decides to implement collective redundancy, the decision thereof shall specify

a) the number of workers affected broken down by job categories,

b) the date of commencement and conclusion and the timetable of collective redundancy.

(2) Collective redundancies shall be effected in thirty-day periods.

(3) For the purposes of the thirty-day period defined in Subsection (1) of Section 94/A the timetable indicated in the employer's decision shall be taken into account. If within thirty (30) days from the date of communicating a statement for the last termination of employment or from the date of reaching an agreement the employer communicates another statement or concludes an agreement for the termination of employment in a given period, the employee affected shall be included among the number of employees affected in the previous period.

(4) For the purposes of Subsection (3)

a) a statement for the termination of employment shall mean an ordinary dismissal based on reasons in connection with the employer's operations, or the employer's action defined in Subsection (2) of Section 88,

b) an agreement for the termination of employment shall be understood as mutual agreement [Paragraph *a)* of Subsection (1) of Section 87].

Section 94/D.

(1) The employer shall notify the employment center competent for the place where the affected place of business is located of its intention of collective redundancy, and of the details and aspects defined in Subsections (3)-(4) of Section 94/B. This notification shall be conveyed to the employment center simultaneously with the provision of information to the workers' representatives [Subsections (3)-(4) of Section 94/B], a copy of which shall be delivered to the workers' representatives.

(2) The employer shall notify in writing the employment center competent for the place where the affected place of business is located at least thirty (30) days prior to delivery of the ordinary dismissal or the statement defined in Subsection (2) of Section 88. This notification shall contain

a) the particulars (including Social Insurance Numbers),

b) the last position,

c) the qualification, and

d) the average earnings

of the employees to be made redundant.

Section 94/E.

(1) The employer shall notify the employee affected of its intention of collective redundancy at least thirty (30) days prior to delivery of the ordinary dismissal or the statement defined in Subsection (2) of Section 88. A copy of this notification shall be delivered to the workers' representatives and to the competent employment center.

(2) If at the time when the information referred to in Subsection (1) is communicated the employee is under the restriction defined in Subsection (1) of Section 90, ordinary dismissal may be communicated only after the restriction is terminated.

Section 94/F.

(1) Any dismissal effected in violation of Subsection (2) of Section 94/D and/or of Section 94/E, or in violation of the agreement reached by consultation between the employer and the workers' representatives shall be unlawful.

(2) If the employer in its procedure violates the rights (defined in Section 94/B) of the works council or of the trade union, the works council and the trade union may seek remedy in a court of law. The court shall resolve such matters within eight (8) days in nonlitigious proceeding.

Section 94/G.

The provisions of Sections 94/A-94/F shall not apply to the crews of seagoing vessels.

Severance Pay

Section 95.

(1) An employee shall be entitled to severance pay if his employment relationship is terminated by ordinary dismissal or in consequence of the dissolution of the employer without legal succession.

(2) Notwithstanding the provisions of Subsection (1), the employee shall not be entitled to receive severance pay if he/she qualifies as a pensioner [Subsection (1) of Section 87/A] on or before the date on which his/her employment is terminated.

(3) Eligibility for severance pay shall only apply upon the existence of an employment relationship with the employer during the period specified in Subsection (4). The following shall not be included in the period applicable for eligibility for severance pay:

a) any term of imprisonment or public service work, and

b) a leave of absence without pay for a period of more than thirty days, with the exception of a leave of absence without pay for caring for a close relative or a child under ten years of age.

(4) Severance pay shall be the sum of the average earnings of

a) one month for at least three years;

b) two months for at least five years;

c) three months for at least ten years;

d) four months for at least fifteen years;

e) five months for at least twenty years;

f) six months for at least twenty-five years

of employment.

(5) The amount of severance pay as specified in Subsection (4) above shall be increased by three months average earnings if the employee's employment is terminated in the manner specified in Subsection (1) within the five-year period preceding his/her eligibility

a) for old age pension [Paragraph *a)* of Subsection (1) of Section 87/A], or

b) for old-age pension with age allowance.

An employee who previously received extra severance pay on the basis of Paragraph *a)* or *b)* shall not be entitled to additional increments in severance pay as specified above.

Extraordinary Dismissal

Section 96.

(1) An employer or employee may terminate an employment relationship by extraordinary dismissal in the event that the other party

a) willfully or by gross negligence commits a grave violation of any substantive obligations arising from the employment relationship, or

b) otherwise engages in conduct rendering further existence of the employment relationship impossible. No deviation from this provision shall be considered valid.

(2) The provisions of Subsection (2) of Section 89 shall be duly applied regarding the reasons for extraordinary dismissals. Prior to the employer's announcement of extraordinary dismissal an opportunity shall be given to the employee to learn about the reasons for the planned action and for defense against the complaints raised against him, unless it may not be expected of the employer as a result of all the applicable circumstances.

(3) The cases for which the legal consequences set forth in Subsection (1) apply may be stipulated in the collective bargaining agreement or employment contract, within the framework of Subsection (1).

(4) The right of extraordinary dismissal shall be exercised within a period of fifteen days of gaining knowledge of the grounds therefor, but no more than within one year of the occurrence of such grounds, or in the event a criminal offense up to the statute of limitation. If the right of extraordinary dismissal is exercised by a committee, the date of gaining knowledge shall be the date when the committee, acting as the body exercising employer's rights, is informed regarding the grounds for the extraordinary dismissal.

(5)

(6) In respect of extraordinary dismissal, with the exceptions prescribed in this Act, the provisions pertaining to ordinary dismissal shall not be applied.

(7) Notwithstanding Subsection (6), if an employment relationship is terminated by the employee by extraordinary dismissal, the employer shall pay the employee his average earnings for a period the same as in the event of ordinary dismissal by the employer, while the provisions pertaining to severance pay shall be duly applied as well. The employee may also claim compensation for any damages incurred.

Procedure in the Event of the Cessation and Termination of an Employment Relationship

Section 97.

(1) An employee, upon cessation (termination) of employment, shall vacate his position as ordered and settle accounts with the employer. The employer shall sufficiently provide for the conditions of job transfer and accounting.

(2) Upon cessation (termination) of the employment relationship, an employee shall be paid his work wages and other emoluments on the last day of employment, and shall be supplied the statements and certificates prescribed by regulations pertaining to employment relationships and other legal regulations.

(3)

Section 98.

(1) Upon cessation (termination) of an employment relationship, the employer shall present the employee with a certificate containing the information specified in Subsection (2).

(2) The certificate shall contain:

a) the employee's particulars (name, maiden name, mother's name, place and date of birth),

b) the employee's TAJ Number,

c) the length of time spent in the employer's employment;

d) any debt to be deducted from the employee's wages on the basis of a final resolution or pursuant to a legal regulation, as well as the entitlement thereto;

e) the amount of sick leave taken by the employee during the year when the employment relationship was terminated.

f) the amount of extra severance pay the employee has received under Subsection (5) of Section 95.

(3) The employer shall also certify that the employee's wages are not encumbered by any debt as specified in Paragraph d) of Subsection (2).

(4) The certificate shall contain the name, address and bank account number of the private pension fund that the employee has joined. If a first-time employee, who is subject to statutory membership, has not joined any fund, it shall be noted on the certificate along with the name and address of the fund responsible for the area indicated.

Section 99.

(1) At the employee's request, upon cessation (termination) of his/her employment, or within a year thereof, the employer shall provide a work certificate.

(2) The work certificate shall contain:

a) the job profile filled by the employee at the employer;

b) an evaluation of the employee's work.

(3) The employer shall be required to disclose information regarding the circumstances set forth in Paragraph *b)* of Subsection (2) only upon the employer's express request.

Unlawful Termination of Employment Relationships and its Legal Ramifications

Section 100.

(1) If it is determined by court that the employer has unlawfully terminated an employee's employment, such employee, upon request, shall continue to be employed in his original position.

(2) At the employer's request the court shall exonerate reinstatement of the employee in his original position if the employee's continued employment cannot be expected of the employer.

(3) The provisions of Subsection (2) shall not be applied if

a) the employer's action violates the requirements of the proper execution of law (Section 4), the prohibition on discrimination (Section 5), or restriction of termination [Subsection (1) of Section 90], or

b) the employer has terminated the employment relationship of an employee under labor law protection prescribed for elected trade union representatives in violation of the provisions of Subsection (1) of Section 28 and/or Section 96.

(4) If the employee does not request or if upon the employer's request the court exonerates reinstatement of the employee in his original position, the court shall order, upon weighing all applicable circumstances - in particular the unlawful action and its consequences -, the employer to pay no less than two and no more than twelve months' average earnings to the employee.

(5) If the employee does not request or if upon the employer's request the court exonerates reinstatement of the employee in his original position, the employment relationship shall be terminated on the day when the ruling to determine unlawfulness becomes definitive.

(6) If employment is terminated unlawfully the employee shall be reimbursed for lost wages (and other emoluments) and compensated for any damages arising from such loss. The portion of wages (other emoluments) or damages recovered elsewhere shall neither be reimbursed nor compensated.

(7) An employee, if his employment was not terminated by ordinary dismissal, shall be eligible for his average earnings payable for the notice period (Section 93) and severance pay payable in the event of ordinary dismissal, in addition to the provisions set forth in Subsection (6).

Section 101.

(1) The employee, if he does not terminate his employment relationship in accordance with the provisions of this Act [Subsection (2) of Section 87, Section 92, Section 96, and Subsection (1) of Section 97] shall be liable to pay compensation to the employer in an amount equal to his average earnings falling due for the notice period.

(2) In the event of an employee unlawfully terminating his fixed-term employment relationship, the provisions of Subsection (1) shall be duly applied. If, however, the period remaining of such fixed term is less than the period described in Subsection (1), the employer may demand payment of average earnings only for the remaining period.

(3) Employers shall be entitled to demand payment for damages if such are in excess of the amount described in Subsection (1) or (2).

(4) Concerning the enforcement of an employer's claim created on the basis of Subsections (1)-(3) above, the provisions on the compensation of damages caused by employees (Section 173) shall be authoritative.

Chapter V.

Regulations for the Performance of Work

Section 102.

(1) Employers shall employ employees in accordance with the rules and regulations pertaining to contracts of employment, employment relationships and the provisions of other legal regulations.

(2) Employers shall ensure proper conditions for occupational safety and health in observation of the provisions pertaining thereto.

(3) Employers shall

a) organize work so as to allow the employees to exercise the rights and fulfill the obligations originating from their employment relationship;

b) provide the employees with the information and guidance necessary for the performance of work;

c) ensure the acquisition of knowledge required for the performance of work.

(4) Employers shall pay employees wages in accordance with the provisions on employment relationships and as stipulated in the employment contracts.

Section 103.

(1) Employees shall

a) appear at the place and time specified, in a condition fit for work and spend the working hours performing work, or be at the employer's disposal for the purpose of performing work during this time;

b) perform work with the expected level of professional expertise and diligence, in accordance with the relevant regulations, requirements and instructions;

c) cooperate with their co-workers and perform work, and otherwise proceed in a manner without endangering the health and safety of others, without disturbing their work and causing financial detriment or damaging their reputation;

d) fulfill all work duties in person.

(2) Employees shall be obliged to perform the preparatory and final stages of work connected to their position as specified by the regulations pertaining to employment or in the employment contract.

(3) Employees shall not disclose any industrial (business) secrets obtained in the course of work, nor any information of fundamental importance pertaining to the employer or its activities. Furthermore, employees shall not convey any data learned in connection with the fulfillment of their position to unauthorized persons, the revealing of which would result in detrimental consequences for the employer or other persons.

(4) Employees shall participate in the seminars and advance training courses designated by the employer, upon being reimbursed for wages and costs, and to complete the required examinations, unless such would be disproportionately detrimental in light of personal or family reasons.

Section 104.

(1) In the absence of an agreement to the contrary, employees shall perform their work in accordance with the employer's instructions.

(2) The employee shall not be obliged to follow instructions if such would violate a legal regulation or a regulation pertaining to employment. If carrying out an instruction could result in damage and the employee is aware of such possibility, it shall be pointed out to the person issuing the instruction. In such a case however, compliance may not be refused.

(3) Employees shall refuse compliance with an instruction if it would result in direct and grave risk to the life, physical integrity or health of others.

(4) Legitimate refusal of compliance with an instruction shall not relieve employees from the responsibility of remaining available for the performance of work and for the fulfillment of legitimate instructions.

(5) If an employee does not perform work on account of lawfully refusing to comply with an instruction, such employee shall be entitled to absentee pay for the time lost in consequence.

Section 105.

(1) For economic reasons the employer may oblige its employee to work temporarily at places other than the normal place of work (posting) on condition that the posted employee continues to work under the employer's direction and instructions. The employee who performs work at a place other than the normal place of work due to the nature of the work in question shall not be considered posted.

(2) If work is performed at various locations the normal place of work shall be the employer's place of business specified as the principle place of work in the employee's job description.

(3) A woman shall not be obliged to carry out work at another location without her consent as of the time of her pregnancy up to the time when her child reaches three years of age. This provision shall duly apply to men if the man is a single parent.

(4) The provisions of Subsections (2)-(3) of Section 83/A shall be duly applied to posted workers.

(5) Posted workers shall be entitled to remuneration as defined in the employment contract, unless otherwise agreed by the parties or if this Act contains provisions to the contrary. If during the period of posting the employee performs work outside his/her regular scope of duties, the remuneration to which the employee is entitled shall be determined in accordance with the provisions of Subsections (5)-(7) of Section 83/A.

(6) If the place where the employee is posted is in Hungary and if the commuting time falls outside the employee's working hours as defined in the work schedule, the employee shall be entitled to twice the amount stipulated according to the provisions on stand-by duty, unless otherwise stipulated in the collective agreement.

(7) For the purposes of Subsection (6) 'commuting time' shall mean

a) when traveling by car, the time between departure and arrival of the car;

b) when traveling by public transportation, the time between departure and arrival of the means of transportation, including the time of any transfer;

c) the time between the arrival of the means of public transportation and the commencement of worktime as posted, and the time between the conclusion of work and the departure of the means of public transportation.

(8) When posting an employee the employer shall cover any and all necessary and justified expenses of the employee in addition to the expenses which are reimbursed on the basis of legal regulation.

Section 106.

(1) An employee may be ordered to perform work on a temporary basis at another employer by virtue of an agreement between the employers concerned (temporary assignment) on condition that there is no consideration of any kind involved and that

a) the owner of the other employer is also the owner - in part or in full - of the employer, or

b) at least one of the two employers holds some percentage of ownership in the other employer, or

c) the two employers are connected through their ownership in a third organization.

(2) For the purposes of Subsection (1) it shall not be deemed a consideration when the wages of the employee, the related public dues and the expenses related to the assignment are covered - by agreement between the employers involved - by the employer to whom the employee is assigned, or if any fee is paid or other payment is made by either employer for reasons not related to the assignment, in connection with the use of some service.

(3) Unless otherwise agreed, the employer to whom the employee was assigned shall be entitled to the rights and fulfill the obligations originating from the employment relationship. The right of termination of the employment relationship may only be exercised by the original employer. The employee must be informed of the party entitled to exercise the employer's rights.

(4) Unless otherwise agreed, the employee on assignment shall be entitled to remuneration as stipulated in his/her employment contract. If during the period of assignment the employee performs work outside his/her regular scope of duties, the remuneration to which the employee is entitled shall be determined in accordance with the provisions of Subsections (5)-(7) of Section 83/A.

(5) In respect of the employment of a worker on assignment the provisions on working time and rest periods and, if in favor of the employee, on remuneration as laid down in the collective agreement which applies to the employer to whom the employee is assigned shall be applied.

(6) The provisions of Subsections (2)-(3) of Section 83/A, Subsections (3) and (6)-(8) of Section 105 shall be duly applied.

Section 106/A.

(1) As regards the employment - by virtue of agreement with a third party - of a foreign employer's employee in the territory of the Republic of Hungary in accordance with the provisions of Sections 105, 106 and Chapter XI, such employee shall be subject Hungarian labor laws, with the exceptions set forth in Subsection (3), in terms of

a) maximum working time and minimum rest periods,

b) minimum annual paid leave,

c) minimum wages,

d) conditions of the hiring-out of workers,

e) occupational safety,

f) access to employment or work by pregnant women or women who have recently given birth, of children and of young people, furthermore

g) the principle of equal treatment for men and women and of non-discrimination regulations.

(2) As regards employers engaged in construction work that involves the building, remodeling, maintenance, alteration or demolition of buildings, thus particularly excavating, earthwork, actual building work, the assembly and dismantling of prefabricated components, fitting and installations, renovation, restoration, dismantling, demolition, maintenance, upkeep, painting, cleaning works and improvements, in terms of the requirements specified in Subsection (1) the workers employed for these activities shall be subject to collective agreements covering the entire industry or an entire sector in lieu of legal regulation, provided the given collective agreement provides more favorable conditions concerning the entitlement in question.

(3) The provisions of Subsections (1) and (2) need not be applied if the employee posted (assigned, hired out) is subject to more favorable regulations in terms of the requirements defined in Subsection (1) by virtue of the relevant labor law or the parties' agreement to the contrary.

(4) For the purposes of Paragraph *c)* of Subsection (1) 'minimum wage' shall cover the personal base wage, the consideration paid for special work duty and the remuneration paid for work abroad. Supplemental payments to pension funds and the part of reimbursed expenses in connection with work abroad, such as the costs of travel and room and board, that are not subject to personal income tax shall not be included in the minimum wage.

(5) The provisions of Subsections (1)-(4) shall be duly applied to the foreign posting (assignment, hiring-out) of workers employed by Hungarian employers if these aspects are not covered by the laws of the country where the work is performed.

Section 106/B.

(1) The provisions of Section 106/A shall not apply to merchant navy enterprises as regards seagoing personnel.

(2) In the case of initial assembly and/or first installation of goods where this is an integral part of a contract and carried out by workers posted by the supplying enterprise, the provisions of Section 106/A shall not apply in terms of minimum paid annual holidays and minimum rates of pay if the period of posting does not exceed eight days, with the exception of the activity defined under Subsection (2) of Section 106/A.

(3) Domestic employers must ensure that the provisions laid down in Section 106/A and in this Section are applied to employees posted at their facilities by foreign employers in the manner defined in Section 106/A.

Section 107.

Employees shall be relieved from the obligation of performance of work

a) for the duration of performing civil duties;

b) upon the death of a close relative [Subsection (2) of Section 139], for at least two working days per occurrence;

c) if being incapacitated due to illness;

d) for the entire duration of compulsory medical examination (including pregnancy tests);

e) for the duration of being engaged in fire suppression or rescue operations as a volunteer or institutional fire fighter, if such activities are not otherwise included in the employee's job profile;

f) for the entire duration of absence for the reason of donating blood, or for at least four hours if it takes place outside of the work place;

g) if unable to appear at work due to circumstances beyond their control;

h) on the basis of regulations pertaining to the employment relationship, or with the employer's consent.

Section 108.

(1) Employees shall notify their employers if establishing additional employment relationships or other legal relationships for the performance of work.

(2) In the absence of an agreement to the contrary, employers may prohibit the establishment of a legal relationship or may order the employee to terminate the additional employment relationship if such relationship stands in violation of Subsection (5) of Section 3.

Section 109.

(1) For the event of a grave violation by an employee of any obligation stipulated in the employment relationship, the collective bargaining agreement may prescribe legal consequences, in addition to the provisions of Subsection (1) of Section 96, while determining the related rules of procedure as well.

(2) The disadvantages related to the employment relationship established by the collective bargaining agreement, as adverse legal consequences, shall not violate the employee's personal rights and human dignity. No pecuniary fine shall be prescribed as an adverse legal consequence.

(3) No action shall be passed against an employee involving adverse legal consequences following one year after commission of the offense of breach of duty.

(4) An action to impose adverse legal consequences shall only be carried out by way of a written resolution, including the explanation and information regarding the available course of legal remedy.

(5) An employee, who is the subject of proceedings for the imposition of adverse legal consequences, shall be allowed to present his defense and to use the services of a legal counsel.

Study Contract

Section 110.

(1) In the interest of meeting the staff requirements for skilled experts, an employer may conclude study contracts. In such agreement the employer undertakes to provide support for the duration of studies while the other party undertakes to complete the studies as agreed and to remain in the employer's employment for a predetermined period of time following graduation.

(2) An employee wishing to conclude a study contract with a different employer shall notify his employer thereof.

Section 111.

No study contract may be concluded

a) for providing any benefits which are due on the basis of the provisions pertaining to employment relationships, furthermore

b) if the employer obligated the employee to complete the studies.

Section 112.

(1) Study contracts may only be concluded in writing.

(2) Study contracts must stipulate the mode and extent of support to be provided by the employer, furthermore, in proportion to the extent of support, the period of mandatory employment the employee is required to spend at the employer, which shall not exceed five years.

(3) The aforementioned mandatory period of employment shall not include, unless otherwise stipulated in the study contract, any leave of absence without eligibility for vacation time.

Section 113.

(1) In the event the employer fails to provide the support or severely breaches the agreement in any other way, the other party shall be relieved of his obligations set forth in the contract and may seek compensation for any damages incurred by the breach of contract.

(2) If the beneficiary of the support fails to achieve the required grades in his studies, fails to commence work at the employer upon the date set forth in the agreement, fails to maintain employment for the specified period or commits any other substantive breach of contract conditions, the employer may demand reimbursement of the sum physically provided as support. If the beneficiary of the support fails to maintain employment only for a portion of the contracted period, his liability for compensation shall be commensurate thereunto.

Section 114.

Any dispute arising in connection with a study contract, not including scholarship contracts for full time studies, shall be resolved in accordance with the provisions pertaining to employment-related legal disputes.

Section 115.

(1) Employers shall allow sufficient time off for studies necessary for employees participating in education within the school system.

(2) An employer shall determine the length of time off in accordance with the certificate issued by the educational institution concerning the duration of the compulsory school course and vocational training.

(3) In addition to the provisions set forth in Subsection (2), the employer shall allow four days leave of absence for each exam, also if the employee is required to take more than one exam on the same day, including the day of the exam. An exam shall be construed as the recitation of knowledge specified by the educational institution.

(4) The employer shall allow a period of ten days leave for the completion of diploma work (subject and grade thesis).

(5) An employee participating in a training program outside the school system shall be entitled to a leave of absence for studies only if so prescribed by an employment-related provision or if so stipulated in the study contract.

(6) The employer shall schedule the time off described in Subsections (3)-(4) as requested by the employee.

Section 116.

The employees pursuing elementary school studies shall be entitled to absentee pay as appropriate for the duration of such studies.

Chapter VI.

Working Hours and Time Off

Working Time and Rest Periods

Section 117.

(1) For the purposes of this Act

a) 'working time' shall mean the duration from the commencement until the end of the period prescribed for working, that is to include any preliminary and concluding activities. Unless prescribed or agreed to the contrary, the duration of breaktime (Section 122) shall not be included in the working time, with the exception of stand-by duty;

b) 'daily working time' shall mean the duration of working time in a calendar day or in a twenty-four hour uninterrupted period;

c) 'weekly working time' shall mean the duration of working time in a calendar week or in a one hundred and sixty-eight hour uninterrupted period;

d) "night work' shall mean work carried out between 10 p. m. and 6 a. m.;

e) 'shift work' shall mean any method of organizing work in shifts for the employer's daily time of operation exceeding the full working time of the employees, whereby workers succeed each other at the same work stations according to a certain pattern in a day;

f) "afternoon shift' shall mean work carried out between 2 p. m. and 10 p. m. when working in alternating shifts;

g) 'night shift' shall mean night work carried out on the basis of work in alternating shifts;

h) 'night worker' shall mean any worker

ha) who regularly works on a night shift as a normal course, or

hb) who works during night time in at least one-fourth of his/her annual working time;

i) 'rest day' shall mean any period between midnight and 12 p. m. of a calendar day, or - unless otherwise prescribed by employment-related regulation or otherwise agreed by the parties concerned - a period of twenty-four consecutive hours preceding the next shift for workers working in three- or four-shift work schedule or at employers operating nonstop;

j) 'seasonal work' shall mean any work to be performed, due to the nature of the goods produced or the service provided, in a specific season or a given time or period of the year, irrespective of the conditions under which the work is organized.

(2) Derogations from Paragraphs *d)-f)*, *h)* and *j)* of Subsection (1) may be adopted by means of collective agreements by which to stipulate that the period of night work cannot be less than seven hours, that is to include the period between midnight and 5 a. m.

Section 117/A.

(1) Derogations from the provisions pertaining to working time and rest periods - with the exception of the provisions of Section 117/B - may be adopted by means of collective agreements in respect of employees

a) serving on vessels and on waterborne equipment,

b) working as navigators, flight attendants and aviation engineers or engaged in the operation and control of ground equipment serving aircraft, furthermore

c) employed in travel-intensive jobs in scheduled domestic or international passenger transport by road, and

d) working in dining or sleeping cars or couchettes in the international railroad transportation of passengers.

(2) In respect of employees working in stand-by or emergency duty of some medical profession, as defined in the relevant law, the collective agreement

a) may stipulate a six-month or twenty-six-week working time cycle at the most,

b) may derogate from Subsection (6) of Section 119 and may determine the duration of any given stand-by or emergency duty based on the average time usually spent on stand-by or emergency duty that is to be considered for the purposes of Subsections (3)-(6) of Section 119, if the working time of stand-by or emergency duty is not measured or cannot be measured on a regular basis,

c) may prescribe a compulsory eight-hour daily rest period,

d) may derogate from Subsection (3) of Section 123 and from Subsections (6) and (8) of Section 124.

(3) If, in connection with an industry or sector, any trade regulations particular to that industry or sector are prescribed by an Act, the provisions of this Act on working time and rest periods shall be applied as consistent with the different provisions stipulated in such trade regulations.

Full-time Employment

Section 117/B.

(1) The working time of full-time employment shall be eight hours a day, or forty hours per week.

(2) Employment-related provisions or an agreement between the parties may stipulate less working time for full-time employment than that specified in Subsection (1).

(3) Based on employment-related provisions or an agreement between the parties, the working time of full-time employment may be increased to not more than twelve hours daily or to sixty hours weekly for employees

a) working in stand-by duty;

b) who are close relatives of the employer or the owner [Subsection (2) of Section 139].

(4) For the purposes of Subsection (3) 'owner' shall mean any member of the business association holding more than twenty-five per cent of the votes in the company's decision-making body.

(5) In order to prevent any health hazard or danger, the maximum time allowed for conducting such activities may be stipulated by law or by collective agreement, where additional restrictions may be prescribed as well.

Section 118.

(1) The order of work, the working time cycle and the daily work schedule shall be stipulated in the collective agreement or, in the absence of such, by the employer.

(2) Work may be organized in continuous shifts

a) if the employer's operation is suspended for not more than six hours in any calendar day or for the reasons and for the duration required by the technology employed in any calendar year and

aa) the employer provides basic public services continuously, or

ab) if economic or feasible operation cannot be ensured otherwise for objective and technical reasons; or

b) if so justified by the nature of work.

Section 118/A.

(1) Based on the length of daily working time defined in Subsections (1)-(3) of Section 117/B, working time may be determined in not more than two-month or eight-week cycles.

(2) Notwithstanding Subsection (1), working time may be determined in maximum four-month or eighteen-week cycles on the basis of collective agreement, or in maximum six-month or twenty-six-week cycles if the collective agreement applies to several employers.

(3) Collective agreement may stipulate a working time cycle of maximum one year or fifty-two weeks for

a) employees working in stand-by duty,

b) employees working in continuous shifts,

c) employees working in alternating shifts, and

d) seasonal workers.

(4) Where applicable, the beginning and ending date of the working time cycle shall be specified in writing and shall be provided to the employees. In this respect, any information published in the manner customary at the employer shall be construed as provided in writing.

(5) When calculating the working time for a working time cycle the duration of absence [Subsection (2) of Section 151] and of incapacity shall not be included, or the days affected by such absence or incapacity shall be taken into account by the working time of the employee in question.

Work Schedule

Section 119.

(1) Employers shall insure that the work schedule of employees is adopted in view of the nature of work and of safety and health in terms of working conditions.

(2) Unless otherwise provided by collective agreement, the work schedule shall be for at least one week and shall be communicated at least one week in advance in the manner defined in Subsection (4) of Section 118/A. If not provided, the last work schedule shall be observed.

(3) The daily and weekly working time of employees shall not exceed twelve and forty-eight hours, respectively; the daily and weekly working time of employees on stand-by duty shall not exceed twenty-four and seventy-two hours, respectively. Any duration of special work duty shall be included in the daily and weekly working time.

(4) Where working time is determined in cycles, for the purposes of Subsection (3) the weekly working time shall be taken into account in the average of the working time cycle.

(5) The daily working time of workers employed under conditions of health hazards as specified by law shall not exceed eight hours in respect of night work.

(6) For the purposes of Subsections (3)-(5) the entire duration of stand-by duty shall be considered working time if the duration of work cannot measured.

(7) No deviation from the provisions of Subsections (1) and (3)-(6) shall be considered valid.

Section 120.

(1) The daily working time in a working time cycle may be determined irregularly, in which case the daily working time must be at least four hours. Parties may also agree on a shorter daily working time in respect of part-time employees.

(2) Employees shall be allowed to work in split shift if so stipulated in the collective agreement or by agreement of the parties concerned.

(3) The employees defined in Paragraphs *a)-b)* of Subsection (5) of Section 127 may only be ordered to work in irregular work schedule or in split shift upon their prior consent.

(4) If the maximum duration of work under conditions of health hazard or danger is specified by law or by collective agreement, the maximum time allowed for employees working in irregular work schedule must not exceed the limit specified for the particular activity.

Section 121.

(1) The employees defined in Paragraphs *a)-b)* of Subsection (5) of Section 127 cannot be employed for night work [Paragraph *d)* of Subsection (1) of Section 117]. No deviation from this provision shall be considered valid.

(2) Employers shall provide health examination to the employees defined in Paragraph h) of Subsection (1) of Section 117 prior to and at regular intervals during employment. If the health examination of an employee states that night work may be detrimental to the employee's health or that his/her illness is directly related to night work, such employee must be transferred to day work.

Rest Periods

Section 122.

If the scheduled daily working time or the duration of special work duty exceeds six hours, and after each additional three-hour period, the employee shall be entitled to a minimum twenty-minute break from work.

Section 123.

(1) Employees shall be afforded at least eleven hours of resting time after the conclusion of daily work and before the beginning of the next day's work.

(2) With the exception of the workers defined in Paragraph c) of Subsection (5) of Section 127, at least eight hours of resting time may be prescribed by collective agreement for

a) employees working in stand-by duty,

b) employees working in continuous shifts,

c) employees working in alternating shifts, and

d) seasonal workers.

(3) Collective agreement may stipulate that employees on stand-by duty at a place other than the employer's place of business shall not be entitled to resting time afterwards.

Section 124.

(1) Employees shall be entitled to two resting days each week, one of which must fall on a Sunday.

(2) By way of derogation from Subsection (1), employees working in a working time cycle may be provided a minimum weekly resting period of forty-eight consecutive hours, that is to include a Sunday, in lieu of the resting days provided based on the work schedule.

(3) For employees working in a working time cycle, in lieu of the resting days specified in Subsection (1), based on the work schedule, an employee may be provided a minimum weekly resting period of forty-eight consecutive hours

a) if working in a position or with an employer who regularly operates on Sundays,

b) if working in stand-by duty,

c) if working in continuous shifts,

d) if working in three or more shifts, or

e) if working as seasonal workers, where it is to include a Sunday at least once a month.

(4) For employees working in a working time cycle, in lieu of the resting days specified in Subsection (1), based on the work schedule, an employee may be provided a minimum weekly resting period of forty consecutive hours that is to include one full calendar day and a Sunday at least once a month. Where the weekly resting period provided is at least forty hours, the employee shall receive a resting time of at least forty-eight hours on the average of the working time cycle.

(5) For employees working in a working time cycle the resting days may be carried forward and allocated - in part or in full

a) biweekly, or

b) monthly, if so stipulated by collective agreement or by agreement between the parties concerned.

(6) For employees working in a working time cycle

a) in stand-by duty,

b) in continuous shifts,

c) in three or more shifts, or

d) if working as seasonal workers, the resting days may be carried forward and allocated - in part or in full - monthly if so stipulated by collective agreement.

(7) For the purposes of Subsections (5) and (6), the duration of resting days carried forward shall not exceed the duration of the working time cycle. One resting day must be provided after six days of work, unless otherwise provided in the collective agreement in the case of employees working in alternating shifts or in continuous shifts, and in the case of seasonal workers.

(8) In respect of the employees defined in Paragraph *c)* of Subsection (5) of Section 127 the weekly resting days cannot be carried forward.

(9) In respect of the employees defined in Paragraphs *a)* and *b)* of Subsection (5) of Section 127 the weekly resting days can be carried forward solely upon the employee's consent.

Section 124/A.

(1) Work on Sundays shall be allowed only

a) if the employer generally operates on Sundays by the nature of its business, or

b) in the case of employees working in stand-by duty, in continuous shifts or in three or more shifts, and in the case of seasonal workers, and

c) in the cases specified in Subsections (5) and (6) of Section 124.

(2) As regards Paragraph *a)* of Subsection (1) the provision of Subsection (2) of Section 125 shall be duly applied.

(3) In the cases defined in Paragraphs *a)-c)* of Subsection (1) at least one resting day (resting period) each month shall be allocated on a Sunday. One resting day (resting period) must be provided after six days of work, unless otherwise provided in the collective agreement in the case of employees working in alternating shifts or in continuous shifts, and in the case of seasonal workers.

(4) The employees working on Sunday pursuant to Subsection (1), with the exception of the employees working in three or more alternating shifts or in continuous shifts and in the case of seasonal workers, must not be required to work on the preceding Saturday.

Section 125.

(1) With the exception defined in the second sentence of Subsection (1) of Section 127, employees may be required to work on legal holidays only if the employer operates in continuous shifts or if the employer operates on such days by the nature of its business. No deviation from this provision shall be considered valid.

(2) An employer or a specific job shall be approved to operate or to be carried out on legal holidays if the service provided is required on that particular day by way of local tradition or commonly accepted social custom, or if provided in connection with the protection of human life, health, physical integrity or property.

(3) Legal holidays are 1 January, 15 March, Easter Monday, 1 May, Whitsun Monday, 20 August, 23 October, 1 November and 25-26 December.

(4) When a legal holiday falls on a Sunday the provisions pertaining to legal holidays shall be duly applied concerning any work performed on such day, or on Easter Sunday or on Whit Sunday.

(5) The Minister of Economic Affairs shall regulate the changes in the work schedule each year as consistent with the legal holidays of that year. Nevertheless, no Sunday shall be declared a working day on account of such changes.

Special Work Duty

Section 126.

(1) 'Special work duty' shall mean any work performed outside the work schedule, or over and above the working time cycle, or in stand-by duty.

(2) Work performed by an employee working extra hours by consent of the employer to compensate for any permitted leave of absence shall not be considered special work duty.

Section 127.

(1) Employees may be required to work in special duty only under extraordinary circumstances. Special work duty on legal holidays can be ordered only

a) if the employee can otherwise be required to work on such day, or

b) in the interest of the prevention or mitigation of any imminent danger of accident, natural disaster or serious damage or of any danger to life, health or physical integrity.

(2) Special work duty may not be required if it imposes any danger to the physical integrity or health of the employee, or if it constitutes any unreasonable hardship to the employee in respect of his/her personal, family or other conditions.

(3) If so stipulated by collective agreement or so requested by the employee, special work duty shall be ordered in writing.

(4) An employee may be ordered to work not more than two hundred hours in any given calendar year in special work duty; or three hundred hours under collective agreement.

(5) Special work duty shall not be required from

a) any woman between the time of her pregnancy up to the time when her child reaches one year of age,

b) any man caring for his child as a single parent up to the time when his child reaches one year of age,

c) any employee who works under conditions harmful to health as defined by legal regulation.

No deviation from this provision shall be considered valid.

(6) An employee caring for his/her child as a single parent may be required to work in special work duty only with his/her consent as from the time his/her child reaches one year of age up to the time when the child reaches four years of age.

Section 128.

(1) With the exception set forth in Subsection (5) of Section 127, special work duty shall not be subject to any restriction if ordered in the interest of the prevention or mitigation of any imminent and serious danger of accident, natural disaster or serious damage or of any danger to life, health or physical integrity.

(2) The detailed provisions for the requirements specified in Subsection (1) may be prescribed by legal regulation pertaining to public education and public health for the particular sector.

Stand-by Duty

Section 129.

(1) Under extraordinary circumstances the employer may require an employee to be on stand-by duty in a specified place until a specified time. In the absence of any provision to the contrary the employer shall be entitled to specify the place of stand-by duty.

(2) Stand-by duty shall be ordered in due compliance with the provisions of Section 127.

(3) When on stand-by duty the employee shall be obliged to remain in a condition suitable for work.

(4) Stand-by duty shall be scheduled for one month ahead and the actual time shall be communicated one week in advance. The employer shall be entitled to derogate from this provision under extraordinary circumstances, during which safety and health requirements must be observed. Different rules by which to order stand-by duty may be stipulated by collective agreement.

Different Provisions Pertaining to Young Persons

Section 129/A.

(1) The working time of young people must not exceed eight hours daily or forty hours weekly. The working time cycle of young persons shall not be longer than one week. For the purposes of working time limits, the time of work performed for several employees shall be accounted on the aggregate.

(2) Any young person whose working time is over four and half hours daily shall be entitled to at least thirty minutes of breaktime.

(3) The daily resting period defined in Subsection (1) of Section 123 shall be at least twelve hours for young persons.

(4) Subsections (2)-(3) of Section 123 and Subsections (2)-(5) of Section 124 shall not apply to young persons.

(5) Young persons cannot be used to work night hours, for special work duty or for stand-by duty.

(6) No deviation from Subsections (1)-(5) shall be allowed.

Vested Vacation Time

Section 130.

(1) Employees shall be entitled to vacation time, comprised of basic and extra vacation, for each calendar year spent in an employment relationship.

(2) For the period of time during which an employment relationship is suspended, the employee shall be entitled to vacation time as follows:

a) for the duration of being incapacitated to work due to illness;

b) for the duration of maternity leave;

c) for the first year of leave without pay for caring or nursing a child under fourteen years of age;

d) for the duration of leave without pay of thirty days or less;

e) for the duration of reserve military service, and

f) for all time not spent in work, for which the employee receives absentee pay or his average pay.

Section 131.

(1) The amount of basic vacation time shall be twenty working days.

(2) The vacation time specified in Subsection (1) above shall be increased to

a) twenty-one days for employees over twenty-five;

b) twenty-two days for employees over twenty-eight;

c) twenty-three days for employees over thirty-one;

d) twenty-four days for employees over thirty-three;

e) twenty-five days for employees over thirty-five;

f) twenty-six days for employees over thirty-seven;

g) twenty-seven days for employees over thirty-nine;

h) twenty-eight days for employees over forty-one;

i) twenty-nine days for employees over forty-three;

j) thirty days for employees over forty-five

years of age.

(3) Employees shall be first entitled to extended vacation time in the year when reaching the age specified in Subsection (2) above.

Section 132.

(1) Employees under the legal age shall be entitled to five extra days of vacation time each year. The last time such benefit applies shall be the year when the young persons reaches eighteen years of age.

(2) The employee assuming the greater role in raising a child according to the parents' decision, and single parents shall be entitled to extra vacation time amounting to

a) two days a year for one child,

b) four days a year for two children,

c) a total of seven days a year for more than two children

under sixteen years of age. In respect of extra vacation time, a child shall first be taken into consideration in the year of his birth and for the last time in the year in which he/she reaches the age of sixteen.

(3) Blind employees shall be entitled to five extra days of vacation each year.

(4) Employees permanently working underground or spending at least three hours a day on a job subject to ionizing radiation shall be entitled to five extra days of vacation each year.

(5)

(6) A collective bargaining agreement or an employment contract may stipulate additional extra vacation time above and beyond the provisions of Subsections (1)-(5).

(7) Unless otherwise stipulated in the collective bargaining agreement, employees shall be entitled to the extra vacation, in addition to the vested vacation time prescribed in Section 131, as well as to any and all forms of extra vacation time.

Section 133.

(1) An employee, whose employment relationship commenced during the year, shall be entitled to a commensurate portion of vacation time for such year.

(2) If the calculation of vested vacation time results in a fraction of a day, any fraction that comes to half a day shall count as a full work day.

Appropriation of Vacation Time

Section 134.

(1) Vacation time shall be scheduled by the employer following advance discussion with the employee.

(2) Employers shall schedule one-fourth of the basic vacation time as requested by the employees, with the exception of the first three months of the employment relationship. Employees shall indicate their requests for vacation at least fifteen days prior to the requested date of the first day of vacation time.

(3) Vacation time shall be allocated in the year in which it is due. Employers shall allocate vacation time

a) before 30 June of the year following the year in question in the event of economic interests of particular importance, or before 31 December of the year following the year in question if so stipulated in the collective bargaining agreement,

b) in the event of the employee's illness or another unavoidable restraint affecting the employee, within a period of thirty days following the cessation of such restraint

subsequent to the year in question. No deviation from the provision of Paragraph *b)* shall be considered valid.

(4) Vacation time may only be broken up into more than two periods at the employee's request.

(5) Employees shall be notified of the scheduled date of their vacation time no later than one month before the first day of vacation. Employers shall be allowed to change such date only in particularly justified cases, and shall compensate employees for any damages and/or expenses incurred thereby.

(6) Employers may interrupt an employee's vacation already in progress for particularly important reasons. In such cases, the time spent by traveling from the place of stay during the vacation to the place of employment, or the return trip and the time spent working shall not be included in the vacation time. Employers shall reimburse the employees for any damages and/or expenses incurred in connection with such interruption.

Section 135.

(1) In terms of scheduling vacation time, work days according to the order of work (work schedule) shall be taken into consideration.

(2) In respect of a work schedule which allows more than two rest days a week, every day of the week shall count as a work day for the purposes of scheduling vacation time, with the exception of the employee's two rest days and official holidays.

(3) Vacation time for employees whose work schedule does not include two rest days for a week shall be scheduled so that such employees are relieved from work for the same calendar period (week) as those working five days a week.

Section 136.

(1) Upon termination of the employment relationship, or upon being enlisted for regular military or civil service, the employee shall be paid financial compensation for any unused vacation time as appropriate for the duration of employment. Vacation time shall not be financially compensated under any other circumstances; no deviation from this provision shall be considered valid.

(2) If taking more vacation time up to the date of termination of employment relationship as consistent with the duration of employment, employees shall repay the wages received for the difference. No overpayment shall be reclaimed if the employment relationship was terminated due to the employee's retirement or death, the dissolution of the employer without a legal successor, or to the employee being enlisted for regular military or civil service.

Sick Leave

Section 137.

(1) Employees shall be entitled to fifteen days of sick leave per calendar year for the duration of time during which the employee is incapacitated to work due illness, not including accidents at work and occupational diseases as specified by social insurance provisions.

(2) An employee's incapacity to work shall be certified by a physician, in accordance with the provisions on the medical diagnosis of incapacity.

(3) Employees shall be paid 80 per cent of the absentee pay for the duration of sick leave.

(4) In respect of employment relationships beginning during the year, employees shall be entitled to a portion of sick leave commensurate to the calendar year. However, if the employee has already been employed in the course of the year, such portion shall not be more than the unused fraction of the sick leave for the calendar year in question.

(5) The portion of sick leave not used during the calendar year may not be claimed subsequently.

(6) For the purposes of sick leave, the provisions of Subsection (2) of Section 130, Subsection (2) of Section 133 and Subsections (1)-(2) of Section 135 shall be duly applied.

Other Time Allowances

Section 138.

(1) Women in the pregnancy period or giving birth shall be entitled to twenty-four weeks of maternity leave. Such leave shall be scheduled so as to commence four weeks prior to the expected time of birth if possible.

(2) Maternity leave shall end

a) in the event of a stillborn child, six weeks subsequent to such birth;

b) if the child dies, on the fifteenth day following death;

c) on the day following placement of the child - according to the provisions set forth in another legal regulation - into temporary custody, temporary or permanent foster care, or a residential social institution for over thirty days.

(3) In the cases described in Paragraphs *b)-c)* of Subsection (2), the period of maternity leave shall be no less than six weeks from the date of birth.

(4) If the child receives treatment in an institute for premature infants, the unused portion of the maternity leave may be used after the child has been released from the institute up to the end of the first year following birth.

(5) The employee shall be entitled to a leave of absence

a) in order to care for the child until the child reaches the age of three;

b) in order to care for the child until the child reaches the age of fourteen, if the employee receives a child-care allowance;

c) in order - in the event of the child's illness - to provide home care until the child reaches the age of twelve.

(6) During the first six months of nursing, a woman shall be entitled to two hours of worktime allowance each day, and one hour daily thereafter up to the end of the ninth month. In respect of multiple births, the worktime allowance for nursing shall be commensurate with the number of children.

Section 139.

(1) Upon the employee's request, the employer shall permit leave of absence without pay for any extended (foreseeably more than thirty days) nursing or home care (hereinafter referred to as "nursing") of a close relative for the duration of care, but for a maximum of two years, provided the employee personally provides such care. Extended home care and its justification shall be certified by the physician of the person in need of care.

(2) Close relatives: spouses, next of kin, spouse's next of kin, adopted persons, stepchildren, foster children, adoptive parents, stepparents, foster parents, brothers and sisters, and common-law spouses.

Section 140.

(1) Upon request, employees shall be granted a leave of absence without pay of up to one year for the purpose of building a home for own use without outside resources. Leave of absence without pay may be requested by the person on whose name the building permit was issued or the by his/her spouse (common-law spouse) sharing the same household.

(2) The requested uninterrupted leave of absence without pay shall be allocated on the date indicated by the employee at least one month in advance.

(3) If asking to take the leave of absence at various times, the employee shall agree upon the scheduling of such leave with the employer.

Section 140/A.

(1) Employers shall keep records of the employees'

a) regular and other work hours,

b) vacation time,

c) other worktime allowances.

(2) The provision specified in Paragraph *a)* of Subsection (1) shall not apply if the employee is entitled to determine or arrange his/her own work schedule.

Chapter VII.

Remuneration for Work

Wages

Section 141.

Employees shall be entitled to a wage from the employer on the basis of employment; any agreement to the contrary shall be considered null and void.

Section 142.

Unless otherwise agreed, an employee shall be entitled to a wage corresponding to the personal base wage specified in the employment contract.

Section 142/A.

(1) In respect of the remuneration of employees for the same work or for work to which equal value is attributed no discrimination shall be allowed on any grounds (principle of equal pay).

(2) The principle of equal treatment shall be based on the nature of work, its quality and quantity, working conditions, vocational training, physical and intellectual efforts, experience and responsibilities.

(3) For the purposes of Subsection (1) 'wage' shall mean any remuneration provided to the employee directly or indirectly in cash or kind based on his/her employment.

(4) The wages of employees - whether based on the nature or category of the work or on performance - shall be determined without any discrimination among the employees (Section 5).

Section 143.

(1) The wage payable to an employee shall be established on the basis of time or performance, or a combination of the two. The personal base wage shall be specified on the basis of time.

(2) Performance requirements and performance-based wage factors shall be determined by the employer. The employees concerned shall be notified of such in writing in advance.

(3) If the fulfillment of the performance requirement, for the most part, is not dependent on the employee, a guaranteed salary shall also be established.

Section 144.

(1) The personal base wage or the performance wage shall be at least the mandatory lowest wage (minimum wage) in accordance with the conditions specified; no deviation from this provision shall be considered valid.

(2) The normative performance requirement for full-time employees shall be established so that the wages payable upon one hundred percent fulfillment of such and upon the completion of the entire work time shall amount to at least the mandatory minimum wage; no deviation from this provision shall be considered valid.

(3) A mandatory minimum wage shall be established for specific fields, or areas, if such is necessary in light of the working conditions.

(4) The mandatory minimum wage payable to employees and the scope of applicability shall be established by the Government with due consideration of the provisions of Subsections (1) and (2) of Section 17.

(5) The mandatory minimum wage shall be established in observation of employees' needs, with due consideration of national trends in wages, costs of living, social security benefits, and the relative standards of living of different social groups, as well as economic circumstances, including economic development requirements, productivity levels and the desirability of maintaining a high level of employment.

(6) The Minister of Labor may grant exemptions from the mandatory minimum wage in respect of certain fields, particularly with regard to minors, workers with reduced capacity to work and part-time employees, with the agreement of the National Labor Council , if it appears necessary in the interest of promoting employment.

(7) The amount of the mandatory minimum wage shall be reviewed regularly.

Section 145.

If an employment-related provision or an agreement between the parties prescribes the payment of a wage supplement, the employee's personal base wage shall be the basis for the calculation of such, unless otherwise agreed.

Section 146.

(1) Employees shall be paid a fifteen per cent wage supplement for working night shift [Paragraph *d)* of Subsection (1) of Section 117].

(2) The employees working in alternating shifts [Paragraph *e)* of Subsection (1) of Section 117] or in continuous shifts [Subsection (2) of Section 118] shall be entitled to an afternoon or night shift supplement as defined in Subsection (3).

(3) The rate of supplement for work in afternoon shifts [Paragraph *f)* of Subsection (1) of Section 117] shall be fifteen per cent, and thirty per cent for work in night shifts [Paragraph *g)* of Subsection (1) of Section 117]. Employees working in continuous shifts shall be entitled to an additional five per cent shift supplement for afternoon shifts, and an additional ten per cent shift supplement for night shifts. The amount of shift supplements shall be established in due consideration of the provisions of Section 145.

Section 147.

(1) In addition to regular wages, employees shall be entitled to extra remuneration as defined in Subsections (2)-(4).

(2) Employees shall be entitled to a fifty per cent wage supplement for work performed in excess of the daily working time cycle or over and above the weekly or monthly working time. Employment-related provisions or an agreement between the parties may stipulate the provision of time off in lieu of a wage supplement; the time off shall not be less than the duration of the work performed.

(3) The rate of wage supplement for work on a resting day (resting period) shall be one hundred per cent; the rate of wage supplement shall be fifty per cent if another resting day (resting period) is provided.

(4) Unless otherwise agreed, the time off defined in Subsection (2) and the resting day (resting period) defined in Subsection (3) shall be allocated at the latest in the month following the month in which the special work was performed. When working time is specified in cycles, the time off, or the resting day (resting period) shall be allocated before the end of the given working time cycle.

(5) Notwithstanding Subsections (2)-(3), flat rate compensation may also be provided for special work duty in addition to the regular wages due.

(6) Unless there is an agreement to the contrary, the provisions of Subsections (1)-(3) and (5) shall not apply to the employee who is entitled to determine his/her own work schedule.

(7) As regards the employees defined in Subsection (1) of Section 117/A different provision may be provided by collective agreement.

Section 148.

(1) In respect of stand-by duty, a wage corresponding to twenty-five per cent of the personal base wage shall be paid. If the stand-by duty is spent at a place specified by the employer, the employee shall be entitled to a higher level of remuneration.

(2) If an employee on stand-by duty is ordered to work, remuneration for such work time shall be paid in accordance with Subsections (2), (3) and (5) of Section 147, or a flat-rate payment shall be determined that is to include the stand-by fee and the remuneration defined in Subsections (2)-(3) of Section 147 (on-duty fee).

Section 149.

(1) For any work performed on a legal holiday as a normal course

a) for employees paid monthly, remuneration shall be paid as due for work on legal holidays in addition to the monthly wages,

b) for employees paid on the basis of performance or by hourly wages, absentee fee shall be paid in addition to the wages due for work on legal holidays.

(2) For special work duty on legal holidays the employee shall be entitled to remuneration as defined in Subsection (3) or (5) of Section 147 over and above the wages defined in Subsection (1).

Section 149/A.

Employees shall be paid a fifty per cent wage supplement for working Sundays - with the exception of employees working in continuous shifts or if working in a position or with an employer who regularly operates on Sundays by the nature of its business, and in the case of seasonal workers - if such work is performed

a) in three or more shifts, or

b) on the basis of Subsections (5) or (6) of Section 124

during normal work hours as as defined in the employee's work schedule.

Section 150.

(1) By agreement between employers without consideration an employee may be required to work at another employer, if his/her employer is temporarily unable to provide employment as contracted due to technical reasons in its operations. As regards work at another employer the provisions of Subsections (3)-(6) of Section 106 shall be duly observed.

(2) If the employer temporarily reduces the working time stipulated in the employment contract of an employee on account of economic reasons the employee shall be entitled to his/her personal base wage for such time lost, unless employment-related provisions provide otherwise.

Section 151.

(1) If so prescribed by employment-related provisions, the employee's wage shall be supplemented to his absentee pay or, if no work is done, absentee pay shall be paid. Absentee pay shall be also paid if employment-related provisions prescribe the payment of wages without having any work performed, and without specifying the actual amount of such payment.

(2) Employees shall be paid absentee pay:

a) for work time lost due to the absence described in Paragraph *a)* of Section 107;

b) for two days in the case specified in Paragraph *b)* of Section 107;

c) in the cases specified in Paragraphs d) and *f)* of Section 107;

d) for the time lost because of an official holiday (Section 125);

e) for the duration of vacation time (Sections 131-132);

f) for the duration of the worktime allowance for nursing an infant [Subsection (5) of Section 138];

g) for the duration of being relieved from work as specified by employment-related provisions.

(3) If an employee is relieved from work on the basis of the employer's permission [Paragraph *h)* of Section 107], remuneration for work time lost thereby shall be paid in accordance with their agreement.

(4) Where an employee is unable to work due to reasons attributable to the employer such employee shall be entitled to his/her personal base wage for the work time lost (idle time).

Section 151/A.

(1) An employee, if eligible for absentee pay, shall be paid the commensurate portion of the total amount received by adding up his/her personal base wage applicable for the time (duration) of the absence, the regular wage supplement(s) and the pay for extra work performed in addition to the hours defined in the work schedule or above the working time cycle as described in Subsection (4).

(2) For the purposes of calculation of the absentee pay, the wage supplements payable to the employee on a regular basis for work performed, as prescribed in employment-related provisions or in an agreement between the parties, shall be construed as regular wage supplements.

(3) For the purposes of calculation of the absentee pay

a) 7.5 per cent of the employee's personal base wage if working in a two-shift rotation,

b) 15 per cent of the employee's personal base wage if working in a two-shift rotation and if the ratio of the night shift exceeds 30 per cent of the weekly or monthly work time, or if working in a three-shift rotation,

c) 20 per cent of the employee's personal base wage if working in continuous shifts.

shall be applied as a shift supplement.

(4) In the event of an employee working more than fifty hours of extra work in addition to the hours defined in the work schedule or above the working time cycle during the preceding year, an extra supplement for special work duty shall be added to the absentee pay as well. The extra supplement shall be three per cent of the personal base wage if the extra work performed in addition to the hours defined in the work schedule or above the working time cycle during the period in question was less than one hundred hours, or five per cent of the personal base wage if it was one hundred hours or more. Any work performed on the weekly resting day or on a legal holiday shall not be

included in the duration of special work duty. If the employment relationship began in the preceding year, the work hour limits shall be applied accordingly.

(5) In respect of monthly salary

a) absentee pay for one day shall be established by dividing the monthly absentee pay by the number of working days for the month;

b) absentee pay for one hour shall be established by dividing the daily absentee pay by the employee's total daily work time.

(6) The provisions of Subsection (5) shall not be applied if the absentee pay is the same as the amount payable to the employee for work performed.

(7) In respect of hourly wages absentee pay for one day shall be calculated by multiplying the hourly absentee pay with the number of hours the employee worked during the day.

(8) If payment is established by performance, for the purposes of calculation of the absentee pay the employee's personal base wage applicable for the time (duration) of the employee's absence, or the personal base wage if the prior is less than the personal base wage in effect on 1 January of the year in question, multiplied with the employee's annual performance factor shall be applied.

(9) The provisions of Subsection (8) shall not be applied if the performance factor is one or less.

(10) The annual performance factor shall be calculated by dividing the employee's performance rate for one hour as achieved during the preceding year - including the time wage portion received upon combining the time wage with the performance wage, and the guaranteed salary - with the employee's personal base wage for one hour in effect on 1 January of the year in question.

(11) The annual performance factor of the employee whose employment commenced during the year in question shall be calculated by dividing the hourly performance wage applicable for the relevant period of the year, as described in Subsection (5) of Section 152, with the employee's personal base wage for one hour in effect when the first absentee payment becomes due.

(12) The annual performance factors of employees shall be determined as of 1 January of the year, or when the first absentee pay is calculated in the case described in Subsection (11).

Section 152.

(1) If an employee's remuneration is established as an average wage, it is to be calculated on the basis of the commensurate wages paid for the relevant period (hereinafter referred to as "normative period").

(2) In respect of the calculation method described in Subsection (1), wages paid at a time other than the regular payday shall be construed as if paid on a regular payday.

(3) In respect of time wages, for the calculation of average wages, the personal base wage shall be applied in the sum applicable for the date when the average wage is due.

(4) The average wage shall be calculated on the basis of the wages paid for the last four calendar quarters.

(5) If the period of an employee's employment is less than the four calendar quarters, the average wage of such employee shall be calculated on the basis of the wages paid for the relevant calendar quarter(s), or for the last calendar month(s), as appropriate.

(6) In respect of the calculation of average wages, only the commensurate portion of wages paid during the normative period as being due for a specific period which is in excess of the normative period, and the portion of wages paid outside of the normative period which is applicable only as the basis for the calculation - with due consideration of the factor set forth in Subsection (8) - of the average due for the work performed during the normative period shall be included in the amount of paid wages.

(7) If an employee has been employed for a period of less than one calendar month, the average wage of such employee shall be the same as the absentee pay.

(8) The average wage for one hour or for one day shall be calculated by dividing the total of the employee's wages paid for the normative period with the number of hours or days spent on the job, or not spent on the job, but compensated by wages, during the period in question (jointly referred to as "divisor").

(9) The calendar quarter, or the calendar month in the absence of calendar quarter(s) described in Subsection (5), during which no divisor is related to the employee's paid wages shall not be included when establishing the normative period.

(10) If an employment-related provision prescribes the application of monthly average wages for the establishment of payment obligations, one day's average wage multiplied by twenty-two shall be applied as the employee's monthly average wage. In respect of hourly wages, the average wage for a day shall be calculated by multiplying the average established for one hour with the employee's full daily work time.

Reimbursement of Costs

Section 153.

(1) Employers shall reimburse employees for all necessary and substantiated costs incurred in the course of fulfilling their work-related obligations, as well as for all other required expenses incurred in the employer's interests, if the employer has approved such in advance.

(2) Costs of commuting to work shall be reimbursed as prescribed in a separate legal regulation.

Protection of Wages

Section 154.

(1) Unless otherwise prescribed by legal regulation, all wages shall be established and paid in the official Hungarian currency. Wages shall not be paid in payment vouchers or in any other form. This provision shall not preclude employers from transferring all or part of the wages to the employee's bank account by virtue of a clause therefor in the collective bargaining agreement or if so requested by the employee.

(2) Payment of wages in kind may be established by employment-related provisions in the form of commodities or services which contribute to satisfying the needs of employees and their families. Payment of wages in kind shall not exceed twenty per cent of the wage specified in money. Alcoholic beverages or other articles detrimental to health shall not be provided as payment in kind.

(3) No deviation from the provisions of Subsections (1)-(2) shall be considered valid.

Section 155.

(1) The wages of employees shall be retrospectively accounted and paid once a month, unless otherwise prescribed by employment-related provisions or an agreement between the parties. In respect of employment for less than one month, the wages shall be accounted and paid upon the termination of the employment relationship.

(2) If the result serving as basis for the employee's wages, in full or in part, can only be established after a period of more than one month, it shall be paid at the time as appropriate. However, a monthly advance shall be payable in such case as well.

(3) Unless otherwise prescribed by employment-related provisions or an agreement between the parties, wages shall be paid by the tenth of the month following the month in question. If payday falls on a rest day or an official holiday, the wages shall be paid on the last preceding work day.

Section 156.

Upon establishing employment within thirty days of being discharged from regular military or civil service, or reentering an existing employment relationship within fourteen days thereof, employees shall be paid two week's personal base wages in advance upon request. The wages paid in this fashion may be deducted, unless otherwise agreed, in two monthly installments. If the employee's employment is terminated prior to having repaid such advance, it may be deducted from his wages.

Section 157.

(1) If an employee is not at his place of employment or at the employer's premises for justified reasons on payday, his wages, upon request, shall be paid on the last preceding work day spent at such place, or shall be sent to his place of stay at the employer's expense.

(2) Unless otherwise agreed the employer shall pay the employee at latest on the working day preceding the date when vacation commences

a) the wages due on a payday falling within the time of the vacation, and

b) the wages payable for the period of the vacation time.

(3) If, in the case described in Subsection (2) of Section 155, employment was terminated prior to payment, the employer shall forward the wages on the due day to the address indicated by the employee. The costs thereof shall be borne by the employer.

Section 158.

(1) Wages shall be paid at the employee's place of employment or at the employer's main offices. In drink bars and other places of entertainment wages shall only be paid to the persons working therein; no deviation from this provision shall be considered valid.

(2) Wages shall be paid during working hours, unless otherwise prescribed by employment-related provisions.

(3) Wages shall be paid to the employee unless another person is duly authorized thereto, or if the employee is restrained by a court verdict or by another official resolution.

Section 159.

Interest prescribed by civil law regulations shall be payable for any delay as appropriate.

Section 160.

Employees shall be provided with a detailed accounting sheet of the wages. The accounting sheet shall be devised as to allow the employee to check the authenticity of calculations, as well as the grounds and sums of deductions; no deviation from this provision shall be considered valid.

Section 161.

(1) Deductions from wages shall only be made on the basis of legal regulations, executable resolutions or by the employee's consent; no deviation from this provision shall be considered valid.

(2) Employers may deduct any debt originating from the provision of any advance to the employee.

(3) In other respects the legal regulations pertaining to judicial execution shall apply to any wage deductions.

(4) The above provisions shall also be applied for the deduction of trade union membership fees. Employers shall not claim any compensation for withholding and transferring membership fees to the trade union.

Section 162.

(1) Any payment of wages without legal grounds may be reclaimed from the employee within sixty days upon issuing a written notice.

(2) Any wages paid without legal grounds may be reclaimed within the general term of limitation if the employee should have recognized, or himself has caused, the unsubstantiated nature of the payment.

(3) Employers may demand payment from employees regarding their employment-related liabilities by written notice.

Section 163.

It is forbidden to implement a wage deduction which benefits the employer, his representative or a mediator in exchange for the establishment or retention of the employee's employment relationship.

Section 164.

(1) An employee may not waive his claim to his wages in advance.

(2) The deduction-free part of the wages shall not be assigned.

(3) Having a future wage claim assigned may be prohibited by employment-related provisions.

(4) The employer shall have no recourse in relation to a deduction-free wage claim or otherwise if such is prohibited by employment-related provisions.

(5) No deviation from the provisions of Subsections (1)-(2) shall be considered valid.

Social Benefits

Section 165.

(1) Employers may support the fulfillment of the employees' cultural, welfare and health care needs, and the improvement of their living standards. The fringe benefits provided therefor shall be set forth in the collective bargaining agreement, however employers may also provide additional support to employees.

(2) If any work results in extensive soiling or wear of clothing, the employer shall provide the employee with work clothes.

Chapter VIII.

Employees' Liability for Damages

Section 166.

(1) Employees shall be subject to liability for any and all damages caused by violation of employment-related obligations.

(2) Employers shall be required to prove the liability of employees, the occurrence and the amount of damage, as well as the causal correlation.

Section 167.

(1) In the event of causing damage by negligence, the amount of liability shall not exceed fifty per cent of the employee's average wages for one month.

(2) The collective bargaining agreement or the employment contract may stipulate different provisions regarding the amount of liability as laid down in Subsection (1), with consideration to the circumstances of the occurrence and of the person responsible, such as the degree of negligence, the nature and frequency of the damage, and the employee's position.

(3) The employment contract and the collective bargaining agreement may specify the amount of liability as no more than one and a half month's and no more than six months' average wages, respectively; no deviation from this provision shall be considered valid.

(4) In respect of financial institutions, cash-desk accountants and supervisors shall be subject to full liability even for damages caused by negligence in the course of accounting, or by the omission or incomplete fulfillment of inspections related thereto.

Section 168.

Employees shall be subject to full liability for damages caused willfully.

Section 169.

(1) An employee shall be subject to full liability, irrespective of accountability, concerning the loss of objects received under the obligation to be returned or accounted for, which are permanently safeguarded and exclusively used or handled by such employee.

(2) The employee shall be relieved of liability if able to prove that the loss was caused by an unavoidable reason beyond his control or that the employer failed to provide the conditions for safeguarding.

(3) The employee shall be subject to full financial liability, as described in Subsection (1), only if receiving the object (tool, product, commodity, material, etc.) with a list or receipt attached. Cashiers, handlers of money and valuables shall be liable, irrespective of the prior, regarding the money, securities and other valuables they handle.

(4) The employer shall be required to prove the presence of conditions specified in Subsections (1) and (3), as well as the occurrence and extent of the damage (loss).

(5) If an object under safeguarding is physically damaged, the employee's liability shall be determined in accordance with the provisions on liability for negligence, however, in this case the employee shall be required to prove his integrity.

Section 170.

(1) An employee subject to an agreement on inventory liability shall be liable for all shortages regardless of any misconduct.

(2) Any shortage in the material and/or goods (inventory) or commodity duly deposited, and received, for sale, marketing or management, caused by unknown reasons and in excess of natural quantitative decline and permissible losses (hereinafter jointly referred to as "marketing loss") shall be construed as inventory shortage.

(3) If not regulated in the collective bargaining agreement or unless otherwise agreed by the parties, the employer shall establish the following in due consideration of the employer's organizational structure or of the special features of the organizational unit that is deemed independent for inventory purposes

a) the permissible level or ratio of marketing loss,

b) the sphere of materials and/or goods for which no marketing loss shall apply in view of the characteristics and size of the material or of the conditions of warehousing or storage,

c) the method and rules of delivering and receiving inventory stocks,

d) the rules and regulations for determining shortages,

e) employer's liabilities for the safe storage of inventory stocks.

(4) The employee shall be informed regarding the conditions prescribed according to Paragraphs *a)-e)* of Subsection (3) prior to the conclusion of an inventory liability agreement and/or prior to the inventory period.

Section 170/A.

(1) The following shall be construed prerequisites for inventory liability:

a) conclusion of an inventory liability agreement;

b) proper delivery and receipt of inventory stocks;

c) inventory shortage established by a procedure to include all stocks on inventory and conducted according to inventory regulations.

(2) If an employee who is not subject to liability for inventory shortages also has access to the inventory stocks - for the purposes of establishing responsibility - the employer is required to obtain the prior consent of the employee responsible for inventory shortages before hiring an employee who is not subject to liability for inventory shortages, but is allowed access to the inventory stocks.

(3) Liability for inventory shortages may be enforced solely in respect of an employee who is in the employer's employment, at the workplace in question, for at least half the period between two consecutive inventory controls (inventory period).

(4) When establishing responsibility and/or the amount of damages all circumstances of the case shall be taken into consideration, thus particularly such having an effect on employee's liability, and which may have influenced the safe and proper administration of inventories, such as the fulfillment of employer's obligations concerning security and the duration of the absence of the employee, if any.

Section 170/B.

(1) Agreements for inventory liability shall be concluded in writing, and are to define the sphere of inventory stocks for which the employee is responsible.

(2) A collective agreement for inventory liability may be concluded if an inventory is administered by more than one employee. Such agreements shall, above and beyond Subsection (1), define the positions where an inventory count is to be taken when filled by a new employee.

(3) A collective agreement for inventory liability may specify the division of responsibility among the employees concerned; joint and several liability, however, may not be stipulated. If the division of responsibility is not specified in the collective agreement for inventory liability, the employees shall bear liability according to the percentage of their respective average salaries.

Section 170/C.

(1) Unless otherwise stipulated in the agreement for inventory liability, the employee who permanently handles the inventory stocks by himself shall be liable for the full amount of shortages.

(2) If an employee who is not subject to liability for inventory shortages also has access to the inventory stocks, the employee subject to liability for inventory shortages may only be accountable up to six months' average wages.

(3) In respect of a collective agreement for inventory liability, the amount of compensation for damages may not exceed the aggregate amount of six months' wages of the employees included in the agreement.

(4) The collective bargaining agreement may stipulate different provisions than in Subsections (1)-(3) regarding the amount of compensation for damages.

Section 170/D.

(1) The detailed order of the procedure for establishing inventory liability shall be set forth by the employer, unless it is stipulated in the collective bargaining agreement.

(2) When taking inventory, the presence of the employee, or his representative if the employee is not available, or the employees specified in the procedural rules in respect of collective liability, shall be provided for. If the employee fails to attend or delegate a representative, the employer may appoint an unbiased representative with expertise in the field in question.

(3) The employee subject to liability for inventory shall be notified regarding the inventory count and its result. The employee may comment during the procedure and such comments shall be acknowledged, unless the employee failed to attend in spite of being duly notified.

(4) The employer may enforce its claim for compensation for inventory shortages, with the deviations set forth in Subsection (5), in accordance with the general provisions (Section 173).

(5) A demand for compensation for inventory shortages may be enforced during the sixty-day non-appealable deadline following the conclusion of inventory control. In the event of criminal indictment, the deadline shall be thirty days and it shall commence on the day following the announcement of the definitive resolution of the investigating authority or the court.

Section 171.

(1) In respect of damages caused by several persons together, liability shall be borne by such persons as consistent with the degree of their involvement, or in proportion of their wages for any missing objects received for safeguarding.

(2) The liability for damages caused willfully by several persons shall be joint and several.

Section 172.

(1) For establishing the amount of damage, the following shall be taken into consideration:

a) the cost of repair of the damaged object, including overhead costs, and the amount of any potential loss in value remaining in spite of repairs;

b) if the object has been destroyed or has become unusable, or if it cannot be located, the applicable retail price at the time of the occurrence of the damage, including depreciation.

(2) An employee shall not be liable for the portion of the damage incurred in consequence of the employer's action.

Section 173.

(1) The employer may enforce his claim for damages caused by the employee before the court.

(2) The collective bargaining agreement may determine the value up to the extent of which the employer can directly subject the employee for liability for damages. In this case the standard procedure for determining the amount of damages shall also be established.

Chapter IX.

Employers' Liability for Damages

Section 174.

(1) Employers shall be subject to full liability for damages caused to employees in connection with their employment, regardless of accountability.

(2) An employer shall be relieved from liability if able to prove that the damage was caused by an unavoidable event outside his field of operations or solely by the unavoidable conduct of the aggrieved party.

(3) No liability shall apply for the portion of damage caused by the employee's negligence.

(4) The employee shall be required to prove that the damage has occurred in a causal connection with his employment.

(5) The employer's field of operations shall particularly include the causes arising from the conduct related to the activities pursued by the employer in the course of his duties and from the characteristics, properties, movement and operation of the materials, equipment and energy involved.

Section 175.

(1) In derogation from the provisions of Subsection (1) of Section 174, a private individual employer employing a maximum of ten full-time employees shall be liable for damages caused to the employee by negligence.

(2) The employer shall be relieved from liability if able to prove that he is not responsible for the occurrence of the damages.

Section 176.

(1) Employers shall be subject to liability as per Section 174 for damages caused to objects and things of the employees brought along to the place of employment.

(2) Employers may require things brought to the place of employment to be deposited in a safe place (dressing room) or to have them reported. Employers may prohibit, restrict or impose certain conditions for carrying things which are not required for commuting to work or for the performance of work. If the employee violates the prescribed regulation, the employer shall be liable only for the damages caused willfully.

Section 177.

(1) On the basis of their liability pursuant to Sections 174-176, employers shall reimburse employees for the loss of income, material damages and justified expenses incurred in connection with the damage and its prevention.

(2) Employees shall also be compensated for damages which are not of financial nature.

Section 178.

(1) For the purposes of determining loss of income from employment, the lost wages, whether in money or in kind, and the cash value of the regular services for which the employee is entitled on the basis of the employment relationship in addition to his wages shall be taken into consideration, if such were regularly received prior to the occurrence of the damages.

(2) Other regular earnings lost due to the grievance shall be compensated for as income lost outside of employment.

(3) For the purposes of determining the loss of income, potential future changes presumed to take place at a specific time shall also be taken into consideration.

(4) Damages prevented by the employee by extraordinary work performance in spite of his severe handicap originating from the grievance shall also be compensated.

(5) No liability shall apply for the value of services that, by nature, are only provided in connection with work, and for any expense reimbursements.

Section 179.

(1) The amount of lost wages shall be determined by the labor law provisions on the calculation of average earnings (Section 152).

(2) If during the normative period applicable for the calculation of average earnings a general wage improvement took place, the average earnings of employees paid by performance shall be calculated only as of the date of the wage improvement, if such is more beneficial to the employee.

Section 180.

(1) The value of in kind provisions and the amount for material damage shall be determined by the retail prices in effect at the time the damage liability is established.

(2) Depreciation shall also be included in the value of material damages. If the damage to the thing can be repaired without any loss of value, only the repair cost shall be assessed for the amount of damages.

Section 181.

(1) Employers shall also be liable for reimbursing the close relatives of employees [Subsection (2) of Section 139] for any damages and costs incurred in connection with the incidence of damage.

(2) In the event of the employee's death in connection with the incidence of damage, the dependent relative of such employee may demand compensation in substitution for the lost support, in addition to the provisions of Subsection (1), in the amount to ensure his/her previous living standards, also in observation of his/her factual or presumably achievable wages or income.

Section 182.

The following shall be deducted from the amount of damage compensation:

a) the pension contribution on the wages lost;

b) the state health care and social security provisions;

c) the income physically earned by the employee, or which could have been earned in the given situation within reason;

d) the profit earned by the employee (his relatives) through the utilization of the damaged thing;

e) the benefit gained by the beneficiary as a result of expenses saved in consequence of occurrence of the damage.

Section 183.

(1) Regular payments may also be awarded as compensation. Regular payments shall generally be awarded if the compensation is intended to be used for the support of the employee or his relative eligible thereto, or as a supplement to such support.

(2) If the amount of damage, in part or full, cannot be precisely calculated, the employer shall be liable to pay a general compensation in the amount as appropriate to provide full indemnification to the aggrieved party. General compensation may also be established as an allowance.

Section 184.

(1) In the event of any changes in the aggrieved employee's substantive circumstances subsequent to the establishment of damages, both the aggrieved party and the employer, and the insurance company - if indemnification is provided on the basis of liability insurance -, may request the amount of damages to be modified.

(2) The amount of damages awarded to a young persons employee shall be reviewed upon his reaching eighteen years of age or after one year following his graduation from vocational training, and the damages for the subsequent period shall be established in accordance with any changes in the young persons capacity to work and in his qualifications.

(3) For the purposes of establishing the rate of wage increases applied as the basis for the modification of damages, the rate of annual wage increases (changes in average earnings) physically implemented at the employer's organizational unit where the aggrieved party was employed at the time of the incidence of damage for the employees working in similar positions shall be applied. If there are no employees in similar positions, the actual average annual wage increases (changes in average earnings) at said organizational unit shall be applied as the basis for such modification.

(4) In the event of the dissolution of the organizational unit described in Subsection (3), for the purposes of modification of damages, the rate of wage increases for the employees working in similar positions as the aggrieved party, or the rate of average annual wage increases (average earnings) implemented at the employer in the absence of such employees, shall be authoritative.

Section 185.

Within fifteen days of gaining knowledge of the damage, the employer shall notify the aggrieved party to submit his claim for compensation. The employer shall respond to the damage claim in writing, with an explanation attached, within fifteen days.

Section 186.

(1) With respect to the term of limitation (Section 11), damage claims for the difference between

a) average earnings and sick pay;

b) average earnings and the earnings diminished on account of the grievance, and

c) average earnings and the invalidity benefits shall be regarded independently. If, in connection with a grievance, several additional compensation claims arise each being due at different times, the term of limitation for such claims shall be applied independently, commencing as of the due date of each claim.

(2) With the provisions of Subsection (1) duly applied, the term of limitation shall commence

a) on the day of the first payment of sick pay;

b) at the time when the diminished capacity to work on account of the grievance first led to damages manifested in the loss of income, or

c) on the date of being granted invalidity benefits.

(3) A claim for allowance shall only be enforced retrospectively for a period of more than six months if the beneficiary has duly proceeded to enforce the claim, or if the employer has failed to comply with his obligations as prescribed in Section 185. No claim for allowance shall be enforced for a retrospective period of more than three years.

Section 187.

(1) If necessary, the employer or the insurance company may request the employee or his close relatives to provide proof regarding their income from employment or on their financial situation each year.

(2) The employer shall notify the aggrieved party within fifteen days following the implementation of any wage improvement based upon which the amount of compensation may be modified [Subsection (3) of Section 184].

Chapter X

Special Regulations Pertaining to Employees in Executive Positions

Section 188.

(1) For the purposes of this Act, an employer's executive officer and his/her deputy(ies) shall be construed as executive employees (hereinafter referred to as "executive").

(2) In respect of executive employees, the provisions of this Act shall be applied with the deviations set forth in this Chapter.

Section 188/A.

(1) The owner or the entity exercising ownership rights may, with respect to the positions of key importance for the employer's operations, prescribe that employees filling such positions are to be deemed executive officers for the purposes of Subsection (3) of Section 190, Sections 191 and 192, and Subsections (2)-(4) of Section 193. The employee concerned shall be notified of this condition when establishing the employment relationship.

(2) For the duration of employment, the stipulation described in Subsection (1) above, if so resolved by the owner or the entity exercising ownership rights, shall not effect the employment relationship of the employee, unless otherwise agreed.

Section 189.

Collective bargaining agreements shall not apply to executive employees.

Section 190.

(1) The prohibition set forth in Subsection (2) of Section 79 shall not apply to executive employees.

(2) In respect of the termination of the employment relationship of executive officers by ordinary dismissal, the provisions of Subsection (2) of Section 89 and of Sections 90-92 shall not apply.

(3) The right of extraordinary dismissal of an executive officer may be exercised according to Subsection (4) of Section 96, within three years of the occurrence of the cause serving grounds therefor, or in the event of a criminal offense up to the statute of limitation.

(4) If the employer terminates the employment relationship of an executive officer in the course of bankruptcy or liquidation proceedings, the rules on the emoluments payable upon termination of employment shall be applied with the deviation that the employer shall be liable to pay a maximum of six months' average wages to such executive officer in advance. The additional average wages payable to executive officers shall become due upon the conclusion of the liquidation proceedings or upon the approval of the closing liquidation statement or the closing simplified balance sheet.

Section 191.

(1) Executive officers shall not establish additional employment relationships or other employment-related legal relationships. Unless prescribed in the contract of employment to the contrary, this provision shall not apply to legal relationships established for the purpose of scientific or educational activities or activities under copyright protection.

(2) Executive officers

a) shall not acquire shares, with the exception of the acquisition of stocks in a public company limited by shares, in a business association which is engaged in the same or similar activities or is in regular business contact with their employer,

b) shall not conclude any transactions falling within the scope of the employer's activities on their own behalf, and

c) shall report if a close relative [Subsection (2) of Section 139] has become a member of a business association which is engaged in the same or similar activities or is in regular business contact with the employer, or has established an employment relationship or other employment-related legal relationship with an employer engaged in such activities.

(3) In the event of violation of the prohibitions set forth in Subsections (1)-(3) by an executive officer, the employer shall be entitled

a) to demand compensation, or

b) to demand for such executive officer to relinquish to the employer the agreement concluded for himself in lieu of compensation, or

c) to demand that such executive officer surrender his profit originating from a deal concluded on another's behalf or to transfer his claim thereto to the employer.

(4) The employer may enforce its claim described in Subsection (3) within three months of the time when the entity exercising employer's rights gains knowledge of the executive officer's action in violation of Subsections (1)-(2) above, or within one year of the inception of such claim.

(5) The employer shall be entitled to terminate the employment relationship of an executive officer if a close relative [Subsection (2) of Section 139] of such officer has become a member of a business association which is engaged in the same or similar activities or is in regular business contact with the employer, or has established an employment relationship or other employment-related legal relationship with an employer engaged in such activities.

Section 192.

(1) Executive officers shall determine their own work schedule as well as the time away from work (vacation) in accordance with the provisions set forth in the employment contract.

(2) Executive officers shall not be entitled to remuneration for work performed outside of official working hours (Sections 147-149).

Section 193.

(1) Executive officers shall be liable for any damages caused in their function as such, or in violation of the provisions set forth in Section 191, in accordance with the provisions of civil law.

(2) Employees regarded as executive officers by virtue of Subsection (1) of Section 188/A shall be liable - in accordance with the provisions of Subsection (1) - for damages cause by violating the provisions set forth in Section 191.

(3) In other cases of damage liability which are not included in Subsections (1)-(2), the general provisions on liability for damages (Chapter VIII) shall be applied, whereby in the event of causing damage by negligence the executive officer shall be liable for up to 12 months of his average wages.

(4) In derogation from the provisions of Subsection (1) of Section 101, an executive officer shall be liable for damages caused by his unlawful termination of his employment relationship up to his average wages for 12 months.

Section 193/A.

No deviation from the provisions of Section 189, Subsections (1), (3) and (4) of Section 190 and Section 193 shall be considered valid.

Chapter XI

Hiring-out of Workers

Section 193/B.

For employment relationships with temporary employment companies or placement agencies the provisions of this Act shall be applied subject to the deviations set forth in this Chapter.

Section 193/C.

For the purposes of this Act

a) 'hiring-out of workers' shall mean when an employee is hired out by a temporary employment company or a placement agency to a user enterprise for work (hereinafter referred to as "placement"), provided there is an employment relationship between the worker and the temporary employment company or the placement agency;

b) 'temporary employment company or placement agency' shall mean any employer who places an employee, with whom it has an employment relationship, under contract to a user enterprise for work and exercises the employer's rights and obligations jointly with the user enterprise (hereinafter referred to as "placement agency")

c) 'user enterprise' shall mean any employer who employs a worker hired out by a placement agency and exercises the employer's rights and obligations jointly with the placement agency.

Section 193/D.

(1) A placement agency must be a limited liability business association that is domiciled in Hungary, or a cooperative in respect of employees other than its members, must satisfy the requirements prescribed in this Act and in other legal regulations and must be registered by the employment center responsible for the place where the placement agency is established (hereinafter referred to as "employment center").

(2) It is forbidden to employ a hired-out worker

a) for any unlawful work,

b) at any place of business of the user enterprise where there is a strike in progress from the time when pre-strike negotiations are initiated until the strike is called-off.

(3) The placement agency, the user enterprise and the employee are obliged to cooperate in the course of exercising rights and fulfilling obligations.

(4) The agreement between the placement agency and the user enterprise shall not contain any clause by which to restrict or exclude the rights to which the employee is entitled pursuant to this Act and other legal regulations.

(5) The user enterprise shall not have the right to order a hired-out employee to work at another employer.

(6) No deviation from the provisions of Subsections (1)-(5) shall be considered valid.

Section 193/E.

(1) An agreement between the employee and the placement agency shall be null and void, if

a) it contains a clause to ban or restrict any relationship with the user enterprise following termination of the employment relationship on any grounds;

b) it contains a clause to stipulate the payment of a fee by the employee to the placement agency (placement fee) if he/she wishes to enter into a relationship with the user enterprise.

(2) In the course of the employment of a hired-out worker employer's rights and obligations shall be exercised jointly by the placement agency and the user enterprise as agreed. Employment may only be terminated by the placement agency. The employee shall be required to communicate his/her intention to terminate the employment relationship to the placement agency in writing.

(3) Hired-out employees shall be subject to the rules of the user enterprise in terms of work schedule, working time and resting time.

(4) If an employment relationship is for an objective other than placement, it may not be amended so as to allow the employer to employ the worker in question under the context of placement.

Section 193/F.

(1) Whether the user enterprise has paid any fees to the placement agency as due shall have no effect on the wage payment obligation of the placement agency.

(2) All obligations related to tax returns, data disclosure, deductions and payments in connection with an employment relationship shall be the responsibility of the placement agency.

(3) No deviations from the provisions of Subsections (1)-(2) shall be considered valid.

Relationship between the Placement Agency and User Enterprise

Section 193/G.

(1) The agreement between the placement agency and the user enterprise shall be made in writing, and it shall contain at least

a) the duration of placement,

b) the place of employment,

c) the nature of work involved.

(2) In addition to the contents of the agreement defined in Subsection (1) the user enterprise shall be required to inform the placement agency in writing

a) of its normal course of work,

b) of the name of the person in charge of exercising employer's rights [Subsection (2) of Section 193/E],

c) of the manner and the timeframe within which to supply the information necessary for the payment of wages,

d) of the employment conditions pertaining to the work in question, furthermore

e) of all aspects that are considered significant in terms of the employment of the worker in question.

(3) Unless otherwise agreed, the placement agency shall be required to cover all employment-related expenses specified by legal regulation, such as the employee's commuting expenses and the costs of medical examination if such is required for employment.

(4) Unless there is an agreement to the contrary, the user enterprise shall supply all information to the placement agency by the fifth day of the month following the subject month for the payment of wages by the tenth day of the month following the subject month. If employment is terminated during the month, the user enterprise shall convey the above-specified information to the placement agency within three working days from the last day in employment.

(5) For the duration of placement the user enterprise shall be deemed employer in terms of the regulations on

a) occupational safety,

b) the employment of women, young people and workers with any degree of incapacity,

c) non-discrimination,

d) working conditions,

e) job transfer,

f) working time and resting time, and for the records of these.

Relationship between the Placement Agency and the Employee

Section 193/H.

(1) In the employment contract the parties shall stipulate

a) that the employment contract is entered into for the purpose of placement,

b) the employee's personal base wage,

c) a brief specification or description of the work.

(2) The employment contract shall contain the names of the parties, the placement agency's file number, and relevant data of the employee and the placement agency.

(3) If the employment contract does not contain the information specified below the employer shall provide such information to the employee within two weeks from the date of signing the employment contract:

a) the place of work,

b) the normal course of work at the user enterprise,

c) other components of the remuneration,

d) the date of payment of wages,

e) the date when employment is to commence,

f) the amount of paid leave and the procedures for allocating and determining such leave, and

g) the provisions on the termination of employment in accordance with this Chapter,

h) the rules by which to determine the period of notice to be observed by the placement agency and the employee,

i) the rules of communication of the statement for the termination of employment relationship, and

j) whether the placement agency is subject to any collective agreement.

(4) The information referred to in Paragraphs *c)*, *d)*, *f)* and *h)* of Subsection (3) and in Paragraphs *b)*-*c)* of Subsection (1) of Section 76/A may also be given in the form of a reference to the laws or collective agreements - which applies to the placement agency - governing the points in question.

(5) Any change in the name or other aspects of the placement agency, or in the details referred to in Subsection (3) shall be documented in writing and thus conveyed by the placement agency to the employee within one month of the date of entry into effect of the change in question. By way of derogation of the above, any change in the rules pertaining to employment shall be governed by the provisions of Subsection (4)

(6) Over and above the requirements defined in Subsection (3), the placement agency shall inform the employee in writing before the commencement of employment of the following:

a) the name, registered address, place of business and corporate registration number of the user enterprise, or if any other form of registration is prescribed by law, this number;

b) the name of the department or person of the user enterprise designated to exercise employer's rights;

c) aspects of commuting, accommodation and meals;

d) the rules concerning the normal course of work, working time and resting time;

e) the employment conditions pertaining to the work in question.

(7) If for the duration of employment the placement agency is unable to arrange continuous work for the employee, the employee - unless otherwise agreed - shall be informed of the following at least forty-eight hours prior to the commencement of the next work assignment:

a) the place of next employment,

b) the date of commencement and its projected duration, and

c) the employee's obligations concerning reporting to work.

(8) In respect of employment abroad all permits required by the law of the country of employment must be obtained before departure.

Termination of Employment

Section 193/I.

(1) Any employment relationship established for the purpose of placement can be terminated by

a) mutual agreement,

b) notice,

c) immediate discharge.

(2) Any statement for the termination of employment must be made in writing.

Section 193/J.

(1) An open-ended employment relationship may be terminated by notice by both the placement agency and the employee.

(2) The placement agency shall attach an explanation with its notice of discharge with the reasons clearly stated.

In the event of dispute the placement agency is required to evidence the authenticity of and the justification for discharge.

(3) The placement agency may terminate the employment relationship by notice if

a) the employee's performance is inadequate,

b) the employee is unable to perform the tasks required,

c) the placement agency was unable to arrange suitable employment for the employee within thirty (30) days, or

d) justified by technical reasons in connection with the placement agency's operation.

(4) The notice period shall be fifteen (15) days. If the employment relationship exists for at least three hundred and sixty-five (365) days, the notice period shall increase to thirty (30) days.

(5) If a placement agency and an employee have had several employment relationships within two years preceding the date when notice of termination is communicated, the duration of such relationships shall be accounted on the aggregate.

(6) If termination is effected by the placement agency the employee shall be relieved from work duty during the notice period unless otherwise agreed by the parties in writing. For this period the employee shall be entitled to his/her average wages.

Section 193/K.

(1) Any employment relationship, whether for a fixed or unfixed duration, may be terminated with immediate effect by both the placement agency and the employee.

(2) The employee may terminate the employment relationship with immediate effect in the event of any serious breach of employment-related regulations or of the agreement by the placement agency or by the user enterprise.

(3) The placement agency may terminate the employment relationship with immediate effect in the event of the employee's violation of any obligation in connection with his/her employment.

(4) If removed from the register, the placement agency shall - following the resolution becoming legally binding - terminate the employment relationships of employees with immediate effect, with the reason stated, within sixty (60) days of receipt. If the placement agency fails to terminate an employment relationship within the above-specified deadline it shall be deemed terminated on the sixtieth day.

(5) Termination with immediate effect shall be effected in due observation of the provisions of Subsection (2) of Section 193/J.

(6) With the exception set forth in Subsection (4), any entitlement for termination with immediate effect shall remain valid for fifteen (15) days from the date of receipt of notice of the reason, or for a maximum period of sixty (60) days from the date when the reason occurred. Based on a reason communicated by the user enterprise termination with immediate effect may take place if the user enterprise notifies the placement agency of the employee's breach of conduct within five (5) working days from the date of receiving notice thereof. In this case the fifteen-day deadline for termination with immediate effect shall be reckoned from the date of receipt of said written notification.

(7) When the placement agency terminates an employment relationship with immediate effect on the grounds defined in Subsection (4), or if terminated by the employee with immediate effect, the placement agency shall be required to pay the employee's average wages for the duration defined in Subsection (4) of Section 193/J.

(8) The provisions of termination by notice shall not apply to termination with immediate effect.

Section 193/L.

Following termination of an employment relationship by either party the placement agency shall pay the employee's wages as due, the remuneration defined in Subsection (6) of Section 193/J and in Subsection (7) of Section 193/K and all other benefits, and shall provide the certificates defined in employment-related regulations and by legal regulations within five (5) days from the last day of employment or, if the employee did not work before the notice of termination was communicated, or before the date of any agreement for termination by mutual consent or before the reason for the termination of the relationship occurred, from the date when the employment relationship was terminated.

Unlawful Termination of Employment

Section 193/M.

(1) An employment relationship that was unlawfully terminated by the placement agency shall be deemed terminated on the day when the court ruling on the unlawful status becomes binding, unless the fixed-duration relationship would have been terminated without such unlawful action before the court ruling.

(2) In connection with an employment relationship that was terminated unlawfully, upon the employee's request, the placement agency may be obliged by court order to pay minimum one month or maximum six months of average wages to the employee depending on the severity of the unlawful action and its consequences.

(3) When employment is terminated unlawfully, the employee shall be compensated for any lost wages, other benefits and for damages. No compensation for wages, benefits and for damages shall be paid if it is recovered elsewhere.

(4) If an employment relationship is terminated not by notice, in addition to the contents of Subsections (2) and (3) the employee shall be entitled to his/her average wages due for the period when relieved from work duty.

(5) When a fixed-duration employment is terminated unlawfully, in deviation from the provisions of Subsections (2) and (4), upon the employee's request, the placement agency may be obliged by court order to pay any wages due for the remaining period of employment at the time of termination, or maximum six months of average wages.

Allocation of Paid Leave

Section 193/N.

(1) For the duration of employment by placement, unless otherwise agreed, paid leave shall be allocated by the user enterprise or by the placement agency. The date when paid leave is to commence shall be communicated to the employee at least three (3) days in advance following consultation with the employee. The placement agency shall be allowed to change this date only under exceptional circumstances and shall compensate the employee for any damage or expenses incurred thereby.

(2) At least one-fourth of the annual paid leave shall be allocated at the time requested by the employee, with the exception of the first three months of employment. The employee shall notify the employer of such request at least fifteen (15) days in advance.

Liability for Damages

Section 193/O.

(1) If an employee causes damage to the user enterprise when in employment the provisions on the employer's liability for damages caused by an employee [Subsection (1) of Section 348 of Act IV of 1959 on the Civil Code] shall be observed.

(2) For any damages caused to the employee during employment the user enterprise and the placement agency shall be subject to joint and several liability [Sections 174-187 of the Labor Code].

(3) If the employee suffers any damage in connection with his/her employment relationship, but not during work or in connection therewith - apart from Subsection (2) -, for the purposes of employer's liability for damages the placement agency shall be considered the employer.

Application of Other Provisions of this Act

Section 193/P.

(1) As regards the placement of employees, Subsection (6) of Section 3, Subsections (5)-(8) of Section 76, Section 76/B, Subsection (2) of Section 79, Section 81, Sections 86/A-96, Subsection (2) of Section 97, Section 100, Section 106, Sections 109-116, Subsections (1)-(2) and (5)-(6) of Section 134, Subsection (1) of Section 150, the second sentence of Subsection (1) of Section 155, Subsections (2)-(3) of Section 167, Chapter X of Part Three, and Paragraphs *c)-d)* of Section 202 shall not apply.

(2) The placement agency shall inform the local works council and the local trade union branch of the number of workers employed by placement and of the employment conditions on a regular basis, or at least once a year.

(3) In respect of any work performed at a user enterprise, for the purposes of Section 83/A, Subsections (1)-(3) of Section 102, Sections 104 and 105, and Sections 117-129/A of this Act the user enterprise shall be deemed employer.

(4) For the purposes of Sections 106/A-106/B of this Act, the placement agency and the user enterprise shall both be deemed employer.

Chapter XII

Different Provisions Pertaining to Employees of Administrative Agencies

Section 193/R.

(1) This Chapter contains provisions in derogation from Chapters III-VII regarding the employees employed by an agency governed under Act XXIII of 1992 (hereinafter referred to as "CivSA").

(2) Employer's rights are exercised by the head of the respective department of the administrative agency. Employer's rights may be transferred, unless prescribed to the contrary by law.

Section 193/S.

(1) The employees under contract of employment must have a clean criminal record, must be legally competent and must satisfy the qualifications in terms of training and the security requirements laid down in a separate legal regulation. All employees must sign a declaration of confidentiality before commencing employment. The declaration shall read as follows:

"Declaration of Confidentiality

I, the undersigned ..... (name, address) hereby undertake the obligation of confidentiality concerning any and all state and service secrets obtained under my employment with ..... (name of employer), and to refrain from disclosing any data and information obtained in my official capacity to any unauthorized agency or

person which, if disclosed, would entail some degree of detriment or unlawful advantage to the state, administrative agency (local authority), to my colleagues or any citizen."

(2) The contract of employment shall stipulate the criteria for the employee's exam in basic administration skills if the employment entails the handling of official matters. A job description shall also be attached to the contract of employment.

(3) The employees handling official matters shall be required to take an exam of basic administration skills within one year following the conclusion of the employment contract. The employment of the employee who fails to pass the exam within the prescribed deadline, shall be terminated forthwith. The employees having a degree in administration from a vocational school of economics and those having passed a basic or special exam in administration, shall not be required to take the exam in basic administration skills. The costs of the exam in basic administration skills shall be financed as governed under Subsections (4) and (5) of Section 33 of CivSA.

(4) A trial period may not be longer than three months.

Section 193/T.

The following shall not be deemed amendment of the employment contract:

a) transfer from one administrative department to another without any change in the employee's position and personal base wage,

b) change due to succession of the employer administrative agency, but without any change in the employee's position, personal base wage and the place where work is performed.

Section 193/U.

An employee of a local government cannot be a representative in the same local government.

Section 193/V.

Employees shall be eligible for a premium of one month's personal base wage each year as commensurate with the time of employment at the administrative agency during the subject year. This premium shall be paid during the last month of the year to which it pertains. If employment is terminated during the year, the commensurate portion of the monthly personal base wage, shall be paid on the last working day. Payment of this premium shall be indicated on the employer's letter of reference. The premium payable to an employee shall be based on the personal base wage of the employee effective at the time of payment.

Section 193/Z.

The Government is hereby authorized to decree the detailed regulations concerning the personal documents and employment records in connection with the employment of employees of administrative agencies.

PART FOUR

LABOR DISPUTES

Chapter I.

Collective Labor Disputes

Section 194.

(1) Any dispute arising in connection with employment relationships (collective labor dispute) between the employer and the workers' council or between the employer (the employer's interest representation organization) and the trade union, which does not qualify as a legal dispute, shall be settled by negotiations between the parties concerned.

(2) Negotiations shall commence upon the submission to the other party of a written statement by the party initiating the talks.

(3) The action serving as the basis of the dispute shall not be executed during the time of negotiations, not to exceed seven days, furthermore, the parties shall refrain from all actions that may jeopardize an agreement.

Mediation

Section 195.

(1) In the interest of settling a conflict, the parties may use the services of an independent mediator who is not involved in the conflict. Parties shall jointly request the mediator to participate.

(2) The mediator may request information and data from the parties, to the extent deemed necessary, during negotiations. In such event the deadline specified in Subsection (3) of Section 194 for the provision of information shall be extended by the deadline prescribed for the disclosure of data, not to exceed five days.

(3) Upon the conclusion of negotiations, the mediator shall summarize in writing the parties' positions and the results of the negotiations, and deliver it to the parties.

Arbitration

Section 196.

(1) In the interest of settlement of a collective labor dispute, the parties may employ an arbitrator based on an agreement. The decision of the arbitrator shall be binding, if so agreed by the parties in advance in a written statement.

(2) The arbitrator may set up a conciliation committee, to which the parties shall delegate an equal number of representatives.

Section 197.

An arbitrator must be employed for disputes in connection with

a) Section 24;

b) Section 63, regarding the extent;

c) Subsection (1) of Section 65, in the event of disagreement.

Section 198.

(1) An agreement concluded by negotiations (Sections 194-195) or the arbitrator's decision (Sections 196-197) shall be construed as a collective contractual agreement.

(2) In the course of negotiations and arbitration, in agreement with the parties, experts or witnesses may be employed or consulted.

(3) Unless otherwise agreed, substantiated and necessary costs incurred in connection with the negotiations or the arbitration proceeding shall be borne by the employer.

Chapter II.

Labor-Related Legal Disputes

Section 199.

(1) For the enforcement of employment-related claims, or for the enforcement of their claims ensured by this Act, the collective bargaining agreement or operative agreement, employees or trade unions and workers' councils (employee representatives), respectively, may file for employment-related legal action according to the provisions of this Act.

(2) Unless this Act provides otherwise, the employer may file for legal action in the interest of enforcement of its employment-related claim(s).

(3) Employment-related legal disputes shall be decided in court.

(4) An employment-related legal action may be filed against a decision adopted by the employer within its right of deliberation if the employer has violated the provisions pertaining to such decisions.

(5)

Section 199/A.

A clause ordering the participation of a conciliatory party in employment-related legal disputes may be included in the collective bargaining agreement or in the employment contract for the purpose of attempting to reach an agreement. Negotiations shall be initiated with the conciliatory party in compliance with the provisions of this Act. The conciliatory party shall put the agreement in writing.

Section 200.

Section 201.

If conciliation (Section 199/A), as stipulated in the collective bargaining agreement or in the parties' agreement, produced no results, a court action may be filed within the term of limitation, with the exception described in Section 202. With the exceptions of Section 23, Section 67, and Paragraphs d)f) of Subsection (1) of Section 202, such court action shall have no dilatory effect on the implementation of the action.

Section 202.

A lawsuit may be filed within thirty days of the notification of the action, in connection with:

a) an amendment of the employment contract implemented by unilateral decision of the employer;

b) the termination of the employment relationship, including termination based on mutual consent;

c) extraordinary dismissal;

d) the legal consequences (Section 109) applied on account of breach of obligation by the employee;

e) payment notice (Section 162) and a resolution for awarding damages, including compensation for inventory shortages [Subsection (2) of Section 173].

PART FIVE

MISCELLANEOUS AND TRANSITIONAL PROVISIONS

Section 203.

(1) This Act shall enter into force on 1 July 1992.

(2) The Government is hereby authorized to enact the provisions pertaining to

a) the employment of contract workers, and

b) random employment, in deviation from the provisions of Part Three of this Act;

c) the amendments and repeals of legal regulations facilitated by this Act.

d) the detailed regulations and the conditions for the licensing and registration of placement agencies, including the provision of surety,

e) the regulations for the employment of workers with any degree of incapacity under contract or employment relationship, temporary or otherwise.

(3) Simultaneously with the entry into force of this Act the following legal regulations shall be repealed:

a) - Act II of 1967 on the Labor Code,

- Law-Decree No. 3 of 1978 on the Amendment of the Labor Code,
- Paragraph *b)* of Subsection (4) of Section 75 of Law-Decree No. 13 of 1979 on International Private Law,
- Law-Decree No. 29 of 1979 on the Amendment of the Labor Code,
- Law-Decree No. 4 of 1981 on the Amendment of the Labor Code,
- Law-Decree No. 32 of 1981 on the Amendment of the Labor Code,
- Law-Decree No. 11 of 1983 on the Amendment of the Labor Code,
- Subsections (6)-(7) of Section 9 of Law-Decree No. 5 of 1984 on the Organization and Management of Social Security,
- Law-Decree No. 11 of 1984 on the Amendment of the Labor Code,
- Law-Decree No. 24 of 1984 on the Amendment of the Labor Code,
- Law-Decree No. 12 of 1986 on the Amendment of the Labor Code,
- Law-Decree No. 16 of 1986 on the Amendment of the Labor Code,
- Paragraph *a)* of Section 64 of Act XI of 1987 on Legislation,
- Act V of 1989 on the Amendment of the Labor Code,
- Act XLI of 1989 on the Amendment of the Labor Code,
- Paragraphs *a)* and *b)* of Subsection (2) of Section 40 of Act VII of 1990 on the State Property Agency and the Management and Utilization of its Assets,
- Act XLVIII of 1991 on the Amendment of the Labor Code,
- Section 1 of Act XCII of 1991 on Sick Leave,
- Points 1-2 of Section 61 and Point 2 of Subsection (1) of Section 62 of Act II of 1992 on the Enactment and of Act I of 1992 on Cooperatives, and on Transitional Provisions;

b) - Section 350, Subsection (3) of Section 351, Section 354, Section 357 and the passage "the initiation of new procedures" from the title preceding Section 359 of Act II of 1952 on the Code Civil Procedure;

- Sections 15-20 and Subsections (1)-(2) of Section 21 of Law-Decree No. 31 of 1979 on the Amendment of Certain Civil Procedure Regulations.
- Section 45 of Act XX of 1991 on the Scope of Duties and Jurisdiction of Local Governments and their Organs, of the Delegates of the Republic and of Certain Organs of Central Subordination;

c)

(4) In connection with the activities defined in Subsection (7) of Section 72 of this Act

a) the Minister of National Cultural Heritage is authorized to decree the sphere of artistic activities,

b) the Minister of Youth and Sports is authorized to decree the sphere of sports activities,

c) the Minister of Economic Affairs is authorized to decree the sphere of modeling and advertising activities.

Section 204.

(1) Any labor dispute in progress before the labor tribunal at the time this Act enters into force shall be terminated. The party initiating the labor dispute shall be entitled to file for a court action for the purpose of enforcing his claim within thirty days of such termination.

(2) If, in connection with the employer's action or with the intention of enforcing the employee's or the employer's claim, no legal dispute has yet commenced, the person entitled thereto may file his claim in accordance with the provisions set forth in Section 202.

Section 205.

(1) In respect of an employment-related claim established prior to the date of this Act entering into force, the law effective at the original date of such claim, while for the order of enforcement of the claim the provisions of this Act shall be authoritative.

(2) A statement (action) or agreement in connection with the termination of employment shall be evaluated on the basis of the law in effect at the date of issuance of the statement or at the time the agreement was concluded.

Section 206.

(1) A disciplinary action or an employment-related lawsuit in connection with the employer's pending disciplinary resolution shall be terminated, unless the provision laid down in Subsection (2) applies.

(2) If a pending employment-related lawsuit concerns a dismissal for disciplinary reasons, the provisions on extraordinary dismissal shall be applied for such lawsuit.

(3) The execution of disciplinary punishment for a specified time shall be terminated.

(4) The effect attached to disciplinary punishment shall be terminated.

Section 207.

Concerning study contracts concluded prior to the date of this Act entering into force and the benefits granted in connection with studies in progress, the provisions of the law in effect at the time the agreement was concluded or when the studies commenced shall be applied.

Section 208.

(1) The provisions of this Act shall not affect the provisions of other legal regulations enacted prior to this Act entering into force which pertain to work time, if the work time prescribed therein is less than forty hours a week.

(2) Where any legal regulation refers to legal work time, it shall be understood as full-time work.

Section 209.

(1) If an employee's employment was the result of a transfer prior to the date of this Act entering into force, his previous employment, as long as he does not terminate his employment, shall, with the exception of Section 95, be regarded as if having been spent at his present employer.

(2) For the purposes of this Act, the legal succession on the basis of legal regulations and the transfer of the employer in whole or in part (division, store, business premises, place of employment) on the basis of an agreement, such as the sale, exchange, lease, usufruct lease and merger with a business association by way of contribution of assets including continuous employment of the employee(s), shall be construed as change of employer by legal succession.

Section 210.

If, in relation to executive officers or a close relative, the cases of conflict of interest defined under Subsections (1)-(3) of Section 191 exist at the time of this Act entering into force, the cause thereunto shall be eliminated within fifteen days. If such cause is not eliminated, the provisions of Subsection (1) of Section 193 shall be applied.

Section 211.

(1) Workers' council elections shall be held between 16 November and 27 November 1998.

(2) The term of the workers' councils elected between 19 May and 26 May 1995 shall expire at the time when the new workers' council is elected as described in Subsection (1), or before 27 November 1998 at the latest.

(3)-(5)

Section 212.

(1) Within the framework of Section 3 of Act I of 1994 promulgating the Europe Agreement establishing an association between the Republic of Hungary and the European Communities and their member states, signed in Brussels on 16 December 1991, this Act contains regulations designed to approximate the following legal regulations of the European Communities:

a) Council Directive 97/80/EC on the burden of proof in cases of discrimination based on sex;

b) Council Directive 75/117/EEC on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women;

c) Council Directive 91/533/EEC on an employers obligation to inform employees of the conditions applicable to the contract or employment relationship;

d) Council Directive 98/59/EC on the approximation of the laws of the Member States relating to collective redundancies;

e) Council Directive 91/383/EEC supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship.

(2) Within the framework of Section 3 of Act I of 1994 promulgating the Europe Agreement establishing an association between the Republic of Hungary and the European Communities and their member states, signed in Brussels on 16 December 1991, this Act contains regulations designed to approximate the following legal regulations of the European Communities:

a) Council Directive 93/104/EC concerning certain aspects of the organization of working time in conjunction with the relevant provisions of legislation on the legal status of civil servants, on the legal status and remuneration of judges, on the service relation of law enforcement employees, and on the service relationship of public attorneys and data management by the public attorneys offices;

b) Council Directive 94/33/EC on the protection of young people at work in conjunction with the relevant provisions of legislation on child protection and custody administration;

c) Directive 96/71/EC of the European Parliament and of the Council concerning the posting of workers in the framework of the provision of services in conjunction with the relevant provisions of legislation on labor safety, on employment control, and on international private law.

(3) Within the framework of Section 3 of Act I of 1994 promulgating the Europe Agreement establishing an association between the Republic of Hungary and the European Communities and their member states, signed in Brussels on 16 December 1991, this Act contains regulations designed to approximate certain aspects of Council Directive 94/45/EC on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees.

Section 213.

Section 214.

Section 215.

Act XVI of 2001

On the Amendment of Act XXII of 1992 on the Labor Code and other Related Laws for the Purpose of Approximation

Closing Provisions

Section 25.

(1) This Act, with the exceptions set forth in Subsection (2), shall enter into force on 1 July 2001. Simultaneously, the following shall be repealed:

a) the following provisions on the amendment of Act XXII of 1992 on the Labor Code:

- Section 23, Sections 31 and 32, Section 36, and Sections 50 and 51 of Act LV of 1995,
- Subsection (3) of Section 25 of Act LI of 1997,
- Paragraph *a)* of Subsection (2) of Section 3 of Act XIII of 1998,
- Subsection (2) of Section 1 of Act CXXIII of 1999,
- Section 9, Sections 15 and 16, Subsections (1) and (2) of Section 28, Section 33, Section 35, and Subsection (1) of Section 36 of Act LVI of 1999,
- Section 4 of Act XXXIII of 2000;

(2) Section 5, Subsection (2) of Section 27, Subsection (2) of Section 32, and Subsection (1) of Section 35 of this Act shall enter into force on the effective date of the Act promulgating the treaty on the Republic of Hungary's accession to the European Union.

(3) Simultaneously with this Act entering into force, the passage "minors" in Subsection (1) of Section 75, Subsection (1) of Section 32, and in Subsection (2) of Section 184 of the Labor Code shall be replaced by "young persons"; the passage "Subsection (3) of Section 3" in Subsection (2) of Section 108 shall be replaced by "Subsection (5) of Section 3"; the passage "according to a nonstop work schedule" in Paragraph c) of Subsection (3) of Section 151/A shall be replaced by "in continuous shifts"; and the passage "Section 190" in Section 193/A shall be replaced by "Subsections (1), (3) and (4) of Section 190".

Transitional Provisions

Section 26.

(1) The provisions of Subsection (7) of Section 72 and Section 72/A of the Labor Code (established by Section 6 of this Act) shall apply to the relationships established subsequent to the entry into force of this Act.

(2) If an employer, in respect of an employment relationship in force at the time of the entry into force of this Act, did not act in compliance with the provisions of Subsections (6)-(8) of Section 76 and Section 76/A of the Labor Code (established by Section 7 of this Act), the employer shall provide the information upon the employee's request within two (2) months from the date of receipt of such request.

(3) The provisions of Subsection (5) and the second indent of Subsection (6) of Section 79 of the Labor Code (established by Section 8 of this Act) shall apply to the relationships established subsequent to the entry into force of this Act.

(4) The provisions laid down in Sections 10 and 11, and in Subsection (1) of Section 25 of this Act as pertaining to Subsection (4) of Section 90 of the Labor Code shall apply to collective redundancies initiated subsequent to the entry into force of this Act. For the purposes of these provisions collective redundancy shall be deemed initiated on the date when consultation with workers' representatives is initiated.

(5) The provisions of Section 83/A of the Labor Code (established by Section 9 of this Act), Section 105 of the Labor Code (established by Section 13 of this Act), and Section 106 of the Labor Code (established by Section 14 of this Act) shall apply to the orders of transfer, posting, temporary assignment and employment at another employer effected subsequent to the entry into force of this Act.

(6) In the year of entry into force of this Act the time limit defined in Subsections (3)-(4) of Section 83/A of the Labor Code (established by Section 9 of this Act) shall be determined and applied as commensurate to the period beginning on the date of entry into force and ending on 31 December.

(7) The provisions of Subsection (4) of Section 1 of the Labor Code (established by Section 1 of this Act), and Sections 106/A-106/B of the Labor Code (established by Section 14 of this Act) shall apply to employment commencing subsequent to the entry into force of this Act.

(8) As regards the work arrangements, working time cycles, work schedules and work ordered subsequent to the entry into force of this Act the provisions established by Section 15 and Sections 27-31 of this Act shall apply. If any work arrangement, working time cycle or work schedule ordered prior to the entry into force of this Act fails to comply with the provisions established by Section 15 and Sections 27-31 of this Act the employer - with the exception of the provisions pertaining to work on legal holidays and the remuneration of such work - shall be obliged to apply the provisions pertaining to working time, resting time, special work duty and the remuneration of such duty, as established by this Act, as of the first day of the fifth month following the entry into force of this Act at the latest.

(9) In the year of entry into force of this Act the maximum permissible time limit of work defined in Subsection (4) of Section 127 of the Labor Code (established by Section 15 of this Act), in Section 55/A and Subsection (5) of Section 59 of Act XXXIII of 1992 on the Legal Status of Civil Servants (established, respectively, by Subsection (6)

of Section 27 and Subsection (7) of Section 27 of this Act), and in Subsection (8) of Section 45 of Act LXVIII of 1997 on the Service Relation of Law Enforcement Employees (established by Subsection (1) of Section 31 of this Act) shall be determined and applied as commensurate to the period beginning on the date of entry into force or, in the case defined in Subsection (8) beginning on the date defined therein, and ending on 31 December.

(10) The economic organizations (Paragraph *c)* of Section 685 of the Civil Code) engaged in hiring out employees shall be required to satisfy the conditions prescribed in Subsection (1) of Section 193/D of the Labor Code (established by Section 23 of this Act) within six (6) months from the date of entry into force. A business association or a cooperative can be registered if it has fulfilled its tax and contribution payment obligations in connection with the employment of workers, provided all other requirements are satisfied. A certificate to that effect, issued within one month, shall be attached with the application for registration.

(11) If an economic organization operates as a placement agency and it fails to satisfy the conditions prescribed in Subsection (1) of Section 193/D of the Labor Code (established by Section 23 of this Act), or fails to apply for registration as defined in Subsection (10) or if such application is rejected, it shall terminate its operations to hire out employees by the deadline specified in Subsection (10) or within fifteen (15) days from the operative date of the resolution on rejection.

(12) As regards any work performed under an employment contract concluded before the entry into force of this Act, if such work falls within the scope of hired-out labor according to the provisions of this Act, the employer shall initiate the amendment of such employment contract to comply with the provisions of this Act within thirty (30) days. The employer shall be obliged to terminate the employment contract according to the regulations in force at the time when it was concluded, if it is not amended within sixty (60) days from the date of entry into force.

(13) The Minister of Economic Affairs is hereby authorized to publish Act XXII of 1992 on the Labor Code and Act XXXIII of 1992 on the Legal Status of Civil Servants in a consolidated form, with all amendments, in the Hungarian Gazette.