



Hungary's contribution to the Country-specific recommendations (CSR) assessment

Semester cycle 2023

CSR.2022.1

CSR 1 Subpart 1: In 2023, ensure that the growth of nationally financed primary current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation.

Measures	
Entry 1	MEASURE TYPE: Implemented (17/02/2023 13:46 PM) Amendment of the 2023 Budget Act
Comments	
Entry 1	Till January 2023 179 Ukrainian refugees were involved to the public work programmes (currently 63 people are employed).
State of play	
Entry 1	See 2021 CSR Table (Subpart 1 and 7) an 2022 CSR Table (Subpart 1)
Entry 2	Expenditures of general government (in ESA terms)(in billion HUF) Name preliminary estimation 2022 2023 modified budget 1.) total

	consolidated primary expenditures	31 016.9
	35 956.6 2.) pensions altogether	
	5 244.5	6 045.9 3.) expenditures of
	Utilities Protection Fund	1 006.4
	2 610.0 4.) utilisation of EU funds	
	940.0	1 713.8 5.) domestically financed
	investments	2 681.6
		2 658.4
	6.) consolidated primary expenditures less items above (1.-2.-	
	3.-4.-5.)	21 144.1
	22 928.5 Growth rate from 2022 to 2023 (in percent)	
	8.4% Primary expenditure in the modified budget for 2023	
	has increased compared to 2022 due to: an increase in	
	pension expenditure, contribution to below-average energy	
	costs for households, additional energy expenditure in the	
	government sector despite the high level of energy-savings	
	(additional expenditures of the Utilities Protection Fund),	
	increased amount for financing EU programmes. Excluding all	
	these factors and the domestically financed investments, the	
	increase is only 8.4%, which is around half of the projected	
	inflation. We consider that the 2023 revised budget will meet	
	or exceed the Commission's recommendation in so far it is	
	more prudent than neutral. The Government created the	
	fundamental conditions for allowing refugees from Ukraine to	
	enter the public work scheme. Ukrainian citizens who have	
	reached the age of 16 and are granted temporary	
	protection, as well as Hungarian citizens who have a	
	permanent residence in Ukraine and who arrived in Hungary	
	after 24 February 2022, may register with the government	
	employment agency and may enter the labour market	
	(including public work). Persons eligible for employment are	
	entitled to regular maintenance support. The Ministry of	
	Interior has prepared detailed information brochures in	
	Hungarian and Ukrainian for Ukrainian refugees on the most	
	important information on employment, subsistence support	
	and public work. Refugees arriving in our country receive	
	information through several channels. The Ministry of Interior	
	has created the IT facility to track the participation of	
	refugees from Ukraine in public work	

CSR 1 Subpart 2: Expand public investment for the green and digital transitions, and for energy security taking into account the REPowerEU

initiative, including by making use of the Recovery and Resilience Facility and other Union funds.

Measures	
Comments	
Entry 1	EDIOP-4.1.5-22 "Supporting building energy developments aimed at using renewable energy and increasing energy efficiency" The scheme enables undertakings (SMEs) to achieve building energy efficiency from renewable energy. (The call was open in May 2022.)
Entry 2	EDIOP PLUS – 1.1.2-21 A high-performing sector with significant growth potential micro, small and medium-sized enterprises with a high potential for growth The call was launched in October 2021.
Entry 3	EDIOP PLUS – 1. 2. 3-21 To help micro, small and medium-sized enterprises adapt to modern business and production challenges to adapt to modern business and modern technologies in the most disadvantaged regions The call was launched in June 2022.
Entry 4	EDIOP PLUS – 1.2.1-21 To help micro, small and medium-sized enterprises adapt to modern business and production challenges to adapt to modern business and modern challenges (The call was launched in July 2021.)
Entry 5	EDIOP PLUS – 1.3.1-21 "Green National Champions" - Micro, small and medium-sized enterprises in the green economy technology development (The call was launched in December 2021.)
State of play	
Entry 1	Overall energy investments worth 650 Million Euro in grants were launched in 2022 and a further of 0.7 Billion Euro was approved by the EU, to be launched in Q1 2023. The

	<p>Hungarian Recovery and Resilience Plan (grant section) was approved by the Council in December, 2022. The RRP contains 5 energy related investments with a total grant of 1.2 Billion Euro. All of these investments are in line with the aims of the RePowerEU initiative. The RePowerEU chapter of the RRP is under planning and negotiation with the European Commission. The planned budget is around 10 Billion Euro. 3 energy related calls for proposals were published financed from the Modernisation Fund: increasing the efficiency of district heating, energy communities and integrated storage.</p>
<p>Entry 2</p>	<p>In 2 RRP investments the grant agreements were signed: grid development (258 Million Euro) and the installation of residential PV systems and electrification of heating (317 Million Euro). The calls for 3 new RRP investments will be published in March, 2023 (integrated storage for TSO and DSOs, storage for companies and installation of smart meters). The RePowerEU chapter of the RRP is under planning with a budget of around 10 Billion Euro. The emphasis is on the following fields: 1) grid development (electricity, natural gas and crude oil infrastructure for diversifying the import routes and sources), 2) energy efficiency, 3) the extended use of geothermal energy, biogas, biomass, renewables for covering industrial demand, 4) e-mobility, 5) increasing the industrial base for the green economy and 6) increasing domestic natural gas deployment. 3 energy related calls for proposals were published financed from the Modernisation Fund (total grants 76 Million Euro): increasing the efficiency of district heating networks, establishing energy communities and installing integrated storage at the TSO and DSOs. The energy related investments financed from the EEEOP that were started prior to 2022, will be closed this year, as well.</p>
<p>Entry 3</p>	<p>See 2021 CSR Table (Subpart 8 and 10) an 2022 CSR Table (Subpart 1, 3, 4) Overall energy investments worth 650 Million Euro in grants were launched in 2022 and a further of 0.7 Billion Euro was approved by the EU, to be launched in Q1 2023. The Hungarian Recovery and Resilience Plan (grant section) was approved by the Council in December, 2022. The RRP contains 5 energy related investments with a total</p>

	<p>grant of 1.2 Billion Euro. All of these investments are in line with the aims of the RePowerEU initiative. The RePowerEU chapter of the RRP is under planning and negotiation with the European Commission. The planned budget is around 10 Billion Euro. 3 energy related calls for proposals were published financed from the Modernisation Fund: increasing the efficiency of district heating, energy communities and integrated storage.</p>
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CSR 1 Subpart 3: For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (17/02/2023 10:59 AM)</p> <p>From January 2023 excise duties were increased on certain tobacco products (Government Decree No. 197/2022 (VI. 4.)).</p>
Entry 2	<p>MEASURE TYPE: Announced (15/02/2023 10:40 AM)</p> <p>A latest medium-term fiscal trajectory has been announced: Macroeconomic and Budgetary Forecast 2022-2026 https://kormany.hu/dokumentumtar/makrogazdasagi-es-koltsegvetesi-elorejelzes-2022-2026</p>
Comments	
State of play	
Entry 1	<p>See 2022 CSR subpart 4 for the previously implemented tax measures.</p>
Entry 2	<p>See 2021 CSR Table (Subpart 1) and 2022 CSR Table (Subpart 2) In December 2022, the government updated Hungary's medium-term fiscal path. Despite the sharp deterioration in the economic climate since last spring, the government continues</p>

	<p>to aim for improving budget balance, as it has committed in the 2022 Convergence Programme. The difference is that in 2023, due to the rise in energy prices, the budget deficit target has been increased from the originally planned 3.5% to 3.9%, but will be reduced to below 3% in 2024. Public debt could fall more sharply than previously envisaged, to below 60% by 2026. Outlook in the Convergence Programme 2022 April:</p> <p>Deficit path in April, 2022 2021: -6.8 , 2022:-4.9, 2023: -3.5, 2024: -2.5, 2025: -1.5 2026: -1.0 Debt path in April, 2022 2021:76.8, 2022: 76.1, 2023: 73.8, 2024: 70.4, 2025: 66.9, 2026: 63.1 A latest medium-term fiscal trajectory with a sharper reduction in the deficit, in line with the government's rebalancing measures:</p> <p>2021 2022 2023 2024 2025 2026 Deficit path in December, 2022 2021: -7.1, 2022: -6.1, 2023: -3.9, 2024: -2.5, 2025: -1.5, 2026: -1.0 Debt path in December, 2022 2021: 76.8, 2022: 73.5, 2023: 69.7, 2024: 67.1, 2025: 62.8, 2026: 58.5</p>
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CSR 1 Subpart 4: Improve the long-term sustainability of the pension system, while preserving adequacy in particular through addressing income inequalities.

Measures	
Comments	
State of play	
Entry 1	See 2021 CSR Table (Subpart 5) and 2022 CSR Table (Subpart 1, 4)

CSR.2022.2

CSR 2 Subpart 1: Swiftly finalise the negotiations with the Commission on the 2021–2027 cohesion policy programming documents with a view to starting their implementation.

Measures
Comments
State of play

CSR.2022.3

CSR 3 Subpart 1: Continue the labour-market integration of the most-vulnerable groups, in particular through upskilling, and extend the duration of unemployment benefits.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (17/02/2023 13:13 PM)</p> <p>Government Decree 100/2021 (II. 27.) on services and support to promote employment. Since February 2021 the NES ALMP structure was renewed pursuant to (100/2021.(II.27.) Government Decree.</p>
Entry 2	<p>MEASURE TYPE: Implemented (17/02/2023 11:06 AM)</p> <p>Act CXCI of 2011 on benefits for persons with reduced working capacity and amending certain acts. Act CLXXI of 2020 contains the amendments.</p>
Entry 3	<p>MEASURE TYPE: Implemented (17/02/2023 11:01 AM)</p> <p>Act XC of 2021 on the 2022 central budget of Hungary.</p>
Comments	
Entry 1	<p>Hungary represents a methodology called the work first policy approach since 2010/2011. In line with this, it is a priority for the government to encourage job-seekers to actively seek work themselves, thus serving this principle of less optionality for job-seeker's benefits and social assistances. The maximum duration of the allowance reflects this objective. Returns to the labour market after a relative long duration of unemployment spell to employed status becomes more difficult over time and increasing the duration of the allowance/benefit would not necessarily facilitate this process. Increasing the period of jobseeker's allowance</p>

	<p>would be only a temporary solution; our aim is tough to offer people job opportunities.</p>
<p>Entry 2</p>	<p>The NES operational processes and activation measures have been based on this new structure. A severely disadvantaged job-seeker or who is not a disadvantaged jobseeker draw up an Individual Action Plan (hereinafter referred to as 'individual action plan' or "ECST" as the Hungarian abbreviation stands) at the request of the service user (job-seeker), a copy of which shall be given to the service user at the personal interview. These plans has regular follow-up. Different ALMPs based on national financial sources from the National Labour Market Fund or via the ESF co-financed programmes are available for the youth/NEET groups and for older job-seekers as well. Additionally the Hungarian Government extensively has been using the personal tax system to support different vulnerable groups in the labour market, such as U25 youth/ career starters to whom the full personal income tax is waived.</p>
<p>Entry 3</p>	<p>Every year, on average, 5500-6000 persons with disabilities were employed by 200 developmental employers. In 2022, more than 32 000 people with disabilities worked at 398 employers having accreditation. In November 2022, 8243 employers received the above mentioned discount for the employment of 45975 people with changed working capacity. The "Érték vagy"! website is a job search website created to improve the employment of people with changed working capacity.</p>
<p>Entry 4</p>	<p>In sheltered employment for rehabilitation with accredited employers: in 2022, support for employers increased to HUF 57.1 billion, of which 32 000 people were employed. In the open labour market: in November 2022, 8,243 employers claimed tax relief on social contributions for 45,975 people, amounting to almost HUF 1 billion. In the EFOP-1.1.1-15 flagship project, nearly 15,600 clients were employed. Employment is encouraged by the favourable rule that, people with changed working capacity can work without limitation in addition to receive the rehabilitation and disability benefits. Since 2021, the average monthly income</p>

	<p>limit of 150% of the minimum wage has been abolished. In 2022, the project ended in 66 locations, affecting 1,028 people, 81% of whom successfully entered the primary labor market and remained employed. By November 2022, 18,956 people had taken part in the training, and 16,943 people had successfully completed it, of whom 4,484 had taken part in work practice. The end of the currently running program is June 30, 2023.</p>
Entry 5	<p>The priority project HRDOP-1.1.1-15 supported the open labour market integration of people with changed working capacity with HUF 17 billion. In the project, 20500 persons were involved, of whom nearly 15600 persons could enter the open labour market.</p>
Entry 6	<p>EDIOP 6.1.1.-15-2015-00001 "Training of low-skilled-, and public workers" programme ensures the upskilling possibility for public workers. The project has been prolonged till 31st March, 2023 and further extension is planned until July 15, 2023.</p>
Entry 7	<p>EDIOP-5.1.1-15-2015-00001 and CCHOP-8.1.1-15-2015-00001 "Pathway to the labour market" and EDIOP-5.2.1-14-2015-00001 and CCHOP-8.2.1-15-2015-00001 "Youth Guarantee" calls contribute to the labour market integration of inactive and jobseekers by means of training, wage subsidy, labour market services and entrepreneurship support. Within the framework of these two projects, support options (e.g. support to gain work experience for the disadvantaged and young people) are also available in 2023.</p>
State of play	
Entry 1	<p>In Hungary, a well-prepared and interdependent system supports the occupational rehabilitation of people with changed working capacity and persons with disabilities. There are basically three forms of employment for the development of people with changed working capacity: - in development employment: disabled, psychiatric patient, addicts, and homeless people can participate. The goal is to prepare the individuals for independent work or</p>

	<p>employment in the open labour market. - in sheltered employment with the purpose of rehabilitation by employers having accreditation: it is available for people with disabilities having difficulties to enter the open labour market. - in the open labour market which is also helped by social security contribution reduction, the incentive effect of the rehabilitation quota, EU programs, wage support, and other awareness raising programs. Employment is encouraged by the favourable rule that, people with changed working capacity can work without limitation in addition to receive the rehabilitation and disability benefits. Since 2021, the average monthly income limit of 150% of the minimum wage has been abolished.</p>
<p>Entry 2</p>	<p>The Growing Chances program: 1,220 disadvantaged, primarily Roma women are being trained. In 2022, the project ended in 66 locations, affecting 1,028 people, 81% of whom successfully entered the primary labor market and remained employed. The Actively for knowledge program: aims to raise the level of basic competencies of people aged 16-60 with low or no education. By November 2022, 18,956 people had taken part in the training, and 16,943 people had successfully completed it, of whom 4,484 had taken part in work practice. The end of the currently running program is June 30, 2023. The Family Household – Social ground program: the 2022 call was published with a budget of HUF 240 million, a total of 158 organizations received support, which makes the livelihood of approximately 5,000 disadvantaged families safer.</p>
<p>Entry 3</p>	<p>The proportion of public workers who are distant from the primary labour market, have low employability, live in municipalities with poor economic conditions, are older and have low educational attainment has increased. In the experience of the PES staff, 68% of public workers have some kind of barrier to employment (mental, health, social problems, addictions), and 39% of the combined population of public workers and jobseekers have a combination of problems (more than one of the above). An important objective for the use of funds for PWS in 2023 is that the Government should ensure that public workers can find employment in the primary labour market as soon as</p>

	<p>possible, according to their qualifications and skills, taking into account the changing economic conditions and the impact of the armed conflict and humanitarian disaster in neighbouring countries and the negative effects of the resulting energy crisis. EDIOP 6.1.1.-15-2015-00001 "Training of low-skilled-, and public workers" programme ensures the upskilling possibility for public workers. The project has been prolonged till 31st March 2023, with a budget changed to 34,89 billion HUF, while the indicator number of involved persons in trainings shifted to 100. Till 31th December a total number of 110 599 persons have been involved in trainings, while 103 770 persons have successfully finished their program.97% of the involved persons gained mentoring service. Subsequently, in the context of the 2021-27 EU budget cycle, the Public Works System under the Human Resources Operational Program Plus plans to implement a measure called "Labor Market Integration of Public Workers", under which training and services for those involved in public work programmes will be accessible. The legislative background will be developed in 2023-2024. Specially developed software is used to assess and determine the development path of the target group members. Based on these results, we provide human services or access to training programs. Following the development, a repeat measurement will be carried out to establish the results and further needs. The planned number of participants is 23,125, of which 12,950 will be qualified, Within two years of completion of the program more favorable labor market opportunities have been created for 3,400 people.</p>
<p>Entry 4</p>	<p>NES, the Hungarian PES has been using profiling and segmentation tools in order to identify the specific needs of the registered job-seekers. The most vulnerable group has three sub-groups for each special designed IAPs are in place. They are divided into three categories: • supported by public employment (measure under the Mol): not motivated and not qualified sub-segment, needs reintegration into the labour market, (family, mental, health background issues are all explored during the interviews). Number: 5079 in January 2023. • sub-segment: needs basic skills improvement: cannot read or write, lacks basic communication skills (e.g. speech is incomprehensible, cannot express himself).</p>

	<p>Number: 1095 in January 2023. • Socially absolute vulnerable sub-group, not capable to take career job-offers due to the social situation: look for social care first; number of identified job-seekers: 36 748 in January 2023. The public employment service provides the employment support for severely disadvantaged workers on a continuous basis from 1 March 2021 on the basis of Government Decree 100/2021 (II. 27.) on services and support to promote employment. If the employer establishes an employment relationship with a severely disadvantaged worker, the public employment service may, in the case of an application submitted by the date of the establishment of the relationship, grant the employer a wage subsidy and the severely disadvantaged worker a wage supplement. Until January 2023, 305 applications were received from employers, the total amount of subsidies requested was HUF 139.9 million, 285 contracts were concluded and subsidies were granted in the amount of HUF 127.5 million. From the employer side, 1,079 applications were received for a total of HUF 356 million, 953 contracts were concluded for a total of HUF 312.2 million in grants. The implementation of our large scale active labour market programmes, and the targeted wage subsidy programme which are aimed at the labour-market integration of the most vulnerable groups and were indicated in relation to Europe 2020 national employment rate target, the 2019 CSR 2 and the 2020 CSR 2 (EDIOP-5.3.13-20 "Facilitate the training, scholarship and employment support of parents raising young children, EDIOP-5.3.11-18 "Supporting the return of parents with young children to the labour market", EDIOP-5.1.1-15 and CCHOP-8.1.1-15 "Pathway to the labour market", EDIOP-5.2.1-14-2015- and CCHOP-8.2.1-15 "Youth Guarantee", Labour support for companies) are still underway at the moment.</p>
<p>Entry 5</p>	<p>See 2020 CSR Table (Subpart 2) and 2021 CSR Table (Subpart 1, 4, 6, 16) and 2022 CSR Table (Subpart 1, 4)</p>

CSR 3 Subpart 2: Improve the adequacy of social assistance and ensure access to essential services and adequate housing for all.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (17/02/2023 13:30 PM)</p> <p>"Old age allowance" Government Decree 538/2020 (XII. 2.) on the monthly increase of pensions and certain other benefits in January 2021.</p>
Entry 2	<p>MEASURE TYPE: Adopted (16/02/2023 10:15 AM)</p> <p>The "Child home care fee", the "nursing fee", the "old age allowance" Government Decree 506/2022 (XII.13.) on the monthly increase of pensions and certain benefits in January 2023.</p>
Entry 3	<p>MEASURE TYPE: Adopted (16/02/2023 10:15 AM)</p> <p>The "Child home care fee", the "Nursing fee", the "old age allowance" Government Decree 692/2021 (XII.9.) on the monthly increase of pensions and certain benefits in January 2022.</p>
Entry 4	<p>MEASURE TYPE: Adopted (16/02/2023 10:14 AM)</p> <p>the "Nursing fee"</p>
Entry 5	<p>MEASURE TYPE: Adopted (16/02/2023 10:13 AM)</p> <p>the „Child home care fee"</p>
Comments	
Entry 1	<p>In order to help people who have a home but are in a difficult social situation due to unforeseen reasons, the</p>

	legislation on regional dispatch services was amended on January 1, 2022.
Entry 2	The Government of Hungary provided more than HUF 12.5 billion nationally for the operation of the homeless care system in 2021 - which resources were also available in 2022. (Which represents an increase in financing more than 60% since 2010.
Entry 3	The project, „HRDOP -2.2.25. Development of the transition to community-based services - creation of supported housing, development of basic social services" the first one that supports not only the replacement of large numbers of social institution, the transition from institution-based services to supported housing, but also the creation and development of "independent" services. (The available budget is HUF 15 billion, and the completion of the project is possible until December 31, 2023.)
Entry 4	The purpose of the digitization project for the safety and life protection of people with limited self- provision is to create a new type of environment providing digital welfare services.
Entry 5	The project, "TOP_Plus-3.3.2-21 "Development of local health and social infrastructure" was published with a budget of almost HUF 58 billion, its objectives to make basic social services and basic child protection services available to people living in settlements with a lack of services.
Entry 6	From January 1, 2023, the minimum amount that must be spent on the meals of children's home residents is HUF 1,200 per person per day.
Entry 7	The amount of the "Allowance paid for foster parents" increased by 25% from January 1, 2023, and its the amount is valuable.
Entry 8	The project, HRDOP-1.9.10-22 Development of the transition to community-based services - establishment of a personal support system was published on October 6, 2022, with

	budget HUF 1 billion. Its goal is to create a flexible, personal support service that focuses on persons with disabilities.
Entry 9	The child home care fee reached the amount of the minimum wage in 2022. The benefit will rise at the same rate as the minimum wage in 2023 as well, which is HUF 232000. The amount of the "Nursing fee" increased by an additional 5,2% from January 1, 2023. From January 1, 2023, the monthly amount of "Old age allowance" increased by the extent of the pension increase.
State of play	
Entry 1	<p>Adequate housing: In the 2014-2020 period, the Complex settlement program was implemented in 95 non-urban settlements. The housing program element reached 3,220 disadvantaged persons. Emerging Settlements long-term program: To alleviate the housing problems in Hungary's 300 most disadvantaged settlements, in September 2022, the Hungarian Charity Service of the Order of Malta won support for the implementation of the RRF project entitled Construction, renovation of social housing, improvement of housing conditions. The support amount of the project is HUF 50.896 billion. In the program, 2,000 social rental apartments will be built, modernized and renovated, no later than 30.06.2026. In addition, the program also implements activities to improve the living environment, which mean life-threatening prevention and minor renovations. Based on the requests from the settlements, waste removal and fencing of the properties, as well as the arrangement of the living environment, also play an important role. The funding source for these in 2022 was the HRDOP-1.4.5 Focus on children project. Creation of subsidized housing, development of basic social services: the call published on November 25, 2022 supports not only the replacement of large numbers of social institution places, the transition from institutional-based services to subsidized housing, but also the creation and development of "independent" services. The available budget is HUF 15 billion, and the physical completion of the project is possible until December 31, 2023.</p>

Entry 2	For the foster parent, “fee and allowance” are paid monthly for the care of the child, in order to finance the child's needs. As of January 1, 2023, these two benefits have been combined under the name of “allowance paid for foster parents”.
Entry 3	As for social assistance, benefits include (1) the „Child home care fee”, a benefit for parents taking care for their children reliant on care (from 2019), (2) the nursing fee, which is paid to people who provide long-term care for family members and (3) the old age allowance which is provided for those, who reached the pension age limit and whose monthly income doesn't guarantee their subsistence. The amount of these benefits will be increased from 2021. The vast majority of the Hungarian population has access to social services and essential services (including water, sanitation, energy and digital communication) should be ensured to all.
Entry 4	See 2020 CSR Table (Subpart 3) and 2021 CSR Table (Subpart 3, 4, 5) and 2022 CSR Table (Subpart 4)

CSR 3 Subpart 3: Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma, in quality mainstream education.

Measures	
Comments	
Entry 1	The budget for the Tanodas and scholarship programmes is still available in the national budget for 2023. In addition, we plan to develop the Tanoda and The Boarding School Plus model programmes in the period 21-27.
Entry 2	EDIOP-6.2.9-CCHOP-20 „Establishment of an incentive system in vocational training” project provides scholarship to disadvantaged young people with good academic results, which contributes to the successful acquisition of the

	profession. The scholarship is planned to be available until the summer of 2023.
State of play	
Entry 1	In 2022, the state budget provided HUF 2,812.2 million for the operating costs of the 183 Tanodas, which help nearly 5,400 children every year. The Boarding School Plus model program currently reaches 210, 6-15-year-old pupils studying in public education institutions and participating in full-time basic education at 8 locations. Útravaló Scholarship Program: provides mentorship and/or scholarship support, financed from the domestic budget. On average, nearly 10,000 students participate in the program per academic year, at least 50% of the beneficiaries are Roma. Roma Nationality Study Scholarship: every year, approximately 60 Gypsy/Roma students with excellent academic results receive HUF 30,000/month support.
Entry 2	See 2020 CSR Table (Subpart 4) and 2021 CSR Table (Subpart 6, 14) and 2022 CSR Table (Subpart 4) Public education: See 2019 CSR Table (Subpart 4); 2020 CSR Table (Subpart 6)

CSR 3 Subpart 4: Improve access to quality preventive and primary care services.

Measures	
Entry 1	MEASURE TYPE: Implemented (15/02/2023 16:29 PM) Reorganization of primary care out-of-hours services: implemented by Act LXXIII of 2022.
Entry 2	MEASURE TYPE: Implemented (15/02/2023 16:29 PM) Expanding the scope of services of GP practices: implemented by Government Decree No. 53/2021. (II. 9.)

Entry 3	<p>MEASURE TYPE: Implemented (15/02/2023 16:28 PM)</p> <p>Extra funding of GP's joined to a group praxis: implemented by Government Decree No. 53/2021. (II. 9.) and No. 43/1999 (III. 3.)</p>
Comments	
State of play	
Entry 1	<p>The introduction of the differentiated funding of GPs in 2021 further encouraged the formation of group practices, therefore the vast majority of GP practices joined a group practice. By 2028, it is expected that extremely small, underperforming or vacant GP practices will gradually be transferred to the responsibility of well-functioning neighboring group practices, resulting in a more even distribution of the population between practices. Governance will be improved by the creation of a special body consisting of leading general practitioners on county and national level, which advises, coordinates and supervises the work of GP practices. As a further improvement of accessing care, group practices are allowed to provide additional services and even specialist care if the family doctor has the necessary qualifications, thereby reducing the burden of outpatient care. Reorganization of primary care out-of-hours services is also underway in such a way that results in less parallel services, higher quality and better access.</p>
Entry 2	<p>See 2020 CSR Table (Subpart 5) and 2021 CSR Table (Subpart 3) and 2022 CSR Table (Subpart 1, 4)</p>

CSR.2022.4

CSR 4 Subpart 1: Reinforce the anti-corruption framework, including by improving prosecutorial efforts and access to public information, and

Measures	
Comments	
State of play	
Entry 1	See 2020 CSR Table (Subpart 8)

CSR 4 Subpart 2: strengthen judicial independence.

Measures	
Comments	
State of play	
Entry 1	See 2020 CSR Table (Subpart 9)

CSR 4 Subpart 3: Improve the quality and transparency of the decision-making process through effective social dialogue, engagement with other stakeholders and regular impact assessments.

Measures	
Entry 1	MEASURE TYPE: Implemented (15/02/2023 16:25 PM) Government Decree 573/2022. (XII. 23.) on minimum wage and guaranteed wage minimum.

Comments	
State of play	
Entry 1	<p>The Hungarian law offers a complex framework of consultations and impact assessment. There are several examples for the establishment of working groups as regards preparation or assessment of legal regulation and the system of strategic partnerships is working efficiently, as well. The Permanent Consultation Forum of the Private Sector and the Government (VKF) In 2022 we had 8 VKF meetings. Among others initiatives and measures of the Government used for supporting the economy during the epidemic and the war between Ukraine and Russia, as well as Directives of the European Union was discussed during these meetings. Regarding priority task in 2022 special attention was given to the preparation of a new wage agreement (about the minimum wage and the guaranteed minimum wage). The agreement was concluded only for 2023 because of the economic circumstances and crisis situation. The Reconciliation Council of National Public Sector (OKÉT) The OKÉT had two plenary sessions in 2022, and among other things, the 2023 minimum wage and guaranteed minimum wage were discussed on these plenary sessions, also the 2019/1158 DIRECTIVE (EU) was discussed as well. The National Labour Council of Public Employees (KOMT) The KOMT had one plenary session in 2022. The National Economic and Social Council (NGTT) The NGTT held 5 plenary sessions in 2022. Among others the consulted topics of these sessions were the minimum wage and guaranteed wage minimum in 2023, and discussed the current situation and development opportunities of the vocational training system and higher education. In December 2022, a new online platform has been established for the public consultation of issues with labour market relevance. According to the new procedure, the plans of new labour market programmes and other labour market support measures, the modification and progress of labour market programmes and support measures; concepts of strategic documents as well as documents to be submitted for public consultation due to EU obligations are uploaded to the website and the relevant stakeholders can share their views related to these documents. The aim of the consultation is to obtain the views of stakeholders and to finalise the measures on the basis of their</p>

	remarks. Details of the procedure are available on the website (https://nfsz.munka.hu/cikk/2676/Tarsadalmi_egyeztetes). Replies to the comments received in January 2023 have also been uploaded.
Entry 2	See 2020 CSR Table (Subpart 10) and 2021 CSR Table (Subpart 16)

CSR 4 Subpart 4: Continue simplifying the tax system.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (17/02/2023 13:17 PM)</p> <p>In the local business tax from 2023 the tax payers under HUF 25 million income (HUF 120 million for retail income only) can choose a simplified banded lump sum tax base determination. The tax base determination methods got simpler and a broader tax payer base can opt in the simplified method. (Act XLV. of 2022 (XI.23.).</p>
Entry 2	<p>MEASURE TYPE: Implemented (17/02/2023 13:17 PM)</p> <p>From January 2023 the self-proprietors under the simplified flat rate taxation in PIT are obliged to file the tax returns quarterly instead of the previous monthly obligation (Act XLV. of 2022 (XI.23.).</p>
Comments	
State of play	
Entry 1	See 2020 CSR Table (Subpart 11) and 2021 CSR Table (Subpart 18) and 2022 CSR Table (Subpart 1)

CSR 4 Subpart 5: Improve regulatory predictability and competition in the services sector, in particular in retail and utilities, and apply competition scrutiny systematically in business transactions.

Measures	
Comments	
State of play	
Entry 1	See 2020 CSR Table (Subpart 12) and 2021 CSR Table (Subpart 1) and 2022 CSR Table (Subpart 4)

CSR 4 Subpart 6: Improve competition in public procurement.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (15/02/2023 16:17 PM)</p> <p>Act XXVII of 2022 on the control of the use of European Union budget funds, adopted on 4 October 2022 and effective as of 10 October 2022.</p>
Entry 2	<p>MEASURE TYPE: Implemented (15/02/2023 16:16 PM)</p> <p>Government Decree 63/2022 on the measures aiming at reducing the number of one bid procedures, adopted on 28.02.2022, in effect as of 15.03.2022.</p>
Entry 3	<p>MEASURE TYPE: Announced (15/02/2023 16:15 PM)</p> <p>Hungary's Recovery and Resilience Plan has been approved by the European Commission and is currently awaiting adoption by the Council.</p>

Entry 4	<p>MEASURE TYPE: Adopted (15/02/2023 16:18 PM)</p> <p>Government Decision 1425/2022 on the development of a performance measurement framework assessing the efficiency and cost effectiveness of public procurements, adopted on and effective as of 5 September 2022.</p>
Entry 5	<p>MEASURE TYPE: Adopted (15/02/2023 16:15 PM)</p> <p>The amendment to Act CXLI of 2015 on Public Procurement (PPA) was adopted by Parliament on 01.12.2020 and was published on 10.12.2020.</p>
Comments	
Entry 1	<p>The PM Office and the Hungarian Competition Authority concluded an agreement which further strengthens the cooperation of the two institutions for the protection and enhancing of fair competition.</p>
State of play	
Entry 1	<p>A performance measurement framework has been developed and it is operational from 30 November 2022 and involves independent non-governmental organisations (NGOs) and independent public procurement experts. It has the aim of assessing the efficiency and cost effectiveness of public procurements in Hungary. A report and analysis of the data collected within the framework is due to be published by 28 February 2023.</p>
Entry 2	<p>In the light of this recommendation, a number of new legislative and non-legislative measures have been introduced for public procurement in Hungary. (PPA) have the aim of improving competition, such as the following: • the procedure involving a direct invitation of tenders in s.115 PPA cannot be applied for public procurements funded from EU funds • the rules on preliminary market consultation are further clarified, and since 1 July 2021 these</p>

can be conducted through the electronic procurement system • clearer and more flexible rules apply to remedying deficiencies in tenders • the amount of mandatory advance payment for contractors of works increased from HUF 75m to HUF 250m (for up to 5% of the contract value) • for certain grounds for exclusion, contracting authorities need to consider the reliability of economic operators, instead of automatically excluding them. Other, non-legislative measures to improve competition: • Since the first quarter of 2021 the EKR Business Intelligence Module is able to directly generate pre-defined indicator data, and a searchable database of public contracts and contract amendments (EKR Public Contract Repository) has been online since January 2021. • An interface ensures automatic data transfer between the public contract registry (CoRe) and the EKR by July 2021 •

We continue to maintain an effective training system for the professionalisation of stakeholders in public procurement. • The guidance documents for the staff of the Department for Public Procurement Control (DPPC) of the PM Office have been thoroughly updated and they are already being used in the practice of controls. They have also been published in the EU subsidies portal. In order to increase competition and reduce tender procedures with single bids, new legislative provisions have been introduced: - obligatory preliminary market consultation for public procurement procedures above the EU public procurement thresholds of certain products and services most affected by single bids, if the open and restricted procedure is used. Alternatively, the contracting authority may use the option to declare the procedure invalid in case only one bid is received; - obligatory publication of an action plan to reduce single bid public procurements for contracting authorities most affected by single bids; - continuous monitoring of single bid procurements and publication of annual reports on the analysis on all relevant data. The Integrity Authority was established to monitor the use of European budget funds, and it started operating on 19 November 2022, which its tasks extends even to analyse, investigate and control the clean competition in relation to public procurement.

Entry 3	See 2020 CSR Table (Subpart 7) and 2021 CSR Table (Subpart 17)
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CSR.2022.5

CSR 5 Subpart 1: Promote reform and investment on sustainable water and waste management and the circularity of the economy,

Measures	
Entry 1	<p>MEASURE TYPE: Not Defined (15/02/2023 16:03 PM)</p> <p>The financing framework (EEEOP Plus) has already been approved by the Commission.</p>
Entry 2	<p>MEASURE TYPE: Not Defined (15/02/2023 16:03 PM)</p> <p>The OHT has not yet been accepted as an enabling condition. The OHT is currently under review.</p>
Entry 3	<p>MEASURE TYPE: Implemented (15/02/2023 16:02 PM)</p> <p>Act II of 2021 on amending certain laws on energy and waste management and the related legislation at governmental and ministerial level. The legal framework for the transition to a circular economy was accepted in the spring of 2021, and the provisions of the European Union directives were transposed into the domestic legal system. Related to the regulation and the goals, new waste management authority have been established, the task of which is to enforce the economic policy concerning technological change and recycling related to products during subsidies, as well as the compliance and quality assurance of all stages of waste management to improve collection, sorting and selling.</p>
Entry 4	<p>MEASURE TYPE: Implemented (15/02/2023 16:02 PM)</p> <p>1337/2021. (VI. 1.) Government decision</p>

<p>Entry 5</p>	<p>MEASURE TYPE: Adopted (15/02/2023 16:04 PM)</p> <p>On November 4, 2020, the government adopted the National Water Utility Strategy, which will ensure the long-term sustainability of the water utility under different geographical, demographic and technical operating conditions. The document "On the necessary measures needed for the fulfilment of the entitling conditions of the National Water Utility Public Service Strategy", that was accepted by the Government, was made public on 2nd December 2021.</p>
<p>Entry 6</p>	<p>MEASURE TYPE: Adopted (15/02/2023 16:03 PM)</p> <p>The waste management concession model will be introduced on July 1, 2023. The concession contract includes the measures, such as legislative tasks, which ensure the smoothness of the transition to the concession system, the continuity of the provision of waste management services, and the fulfilment of circular economic goals. Adopted and partially implemented.</p>
<p>Comments</p>	
<p>Entry 1</p>	<p>EDIOP PLUS – 1.3.1-21 "Green National Champions" - Micro, small and medium-sized enterprises in the green economy technology development (The call was launched in December 2021.)</p>
<p>Entry 2</p>	<p>According to the 1337/2021. (VI. 1.) government decision, the Government agrees with the goals of the National Sustainable Construction Economy Strategy which aims to promote the circularity in the field of building materials. The Ministry of Construction and Transport is working on a new strategy to provide up-to-date solutions for the stakeholders of nation construction industry.</p>
<p>Entry 3</p>	<p>Act II of 2021 on amending certain laws on energy and waste management on energy and waste management</p>

	<p>and the related legislation at governmental and ministerial level. In the concession contract, the concessionaire undertakes to fulfil the EU target values for waste streams belonging to the public task of state waste management as a basic concession condition. The OHT contains an Action Program, which designates the objectives, the short- and long-term measures to achieve them in accordance with the areas of intervention and action directions identified based on the situation assessment, in several cases supported by target indicators, and the estimated need for resources and possible support opportunities are presented. The document "On the necessary measures needed for the fulfilment of the entitling conditions of the National Water Utility Public Service Strategy" has been sent to the European Commission. The Commission provided remarks regarding the document. These remarks are now under evaluation, and the answers are being prepared.</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>In order to achieve new goals of waste management laid down in EU circular economy directives it has become necessary to transform the current waste management system, through which Act II of 2021 on amending certain laws on energy and waste management has been adopted. The concession contract was concluded on July 28, 2022, in order to introduce the waste management concession model. The government decision on the adopted National Waste Management Plan (OHT) was published on October 6, 2021. The OHT is the enabling condition for up-to-date waste management planning but the European Commission has not accepted the OHT as an enabling condition yet. According to the Commission the 3rd element of the enabling condition has not been fulfilled yet. In order to achieve the objectives set in the CE package and in the OHT, the provision of domestic and European Union funds necessary for the implementation of the measures were ensured. Within the priority axis of EEEOP (EEEOP Plus) called "Circular economic systems and sustainability", resources are planned for the area of waste management.</p>

Entry 2	See 2020 CSR Table (Subpart 6) and 2021 CSR Table (Subpart 12) and 2022 CSR table (Subpart 3)
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CSR 5 Subpart 2: the digitalisation of businesses,

Measures	
Comments	
Entry 1	<p>EDIOP PLUS – 1.3.1-21 "Green National Champions" - Micro, small and medium-sized enterprises in the green economy technology development (The call was launched in December 2021.)</p> <p>EDIOP PLUS – 1.2.1-21 To help micro, small and medium-sized enterprises adapt to modern business and production challenges to adapt to modern business and modern challenges (The call was launched in July 2021.)</p> <p>EDIOP PLUS – 1.2.3-21 To help micro, small and medium-sized enterprises adapt to modern business and production challenges to adapt to modern business and modern technologies in the most disadvantaged regions The call was launched in June 2022.</p> <p>EDIOP PLUS – 1.1.2-21 "Hungarian Multi Programme" A high-performing sector with significant growth potential micro, small and medium-sized enterprises with a high potential for growth The call was launched in October 2021.</p>
State of play	
Entry 1	See 2021 CSR Table (Subpart 10) and 2022 CSR table (Subpart 1, 3)

CSR 5 Subpart 3: green and digital skills, and

Measures	
Comments	

Entry 1	EDIOP PLUS – 1.1.2-21 “Hungarian Multi Programme” A high-performing sector with significant growth potential micro, small and medium-sized enterprises with a high potential for growth The call was launched in October 2021.
Entry 2	EDIOP PLUS – 1. 2. 3-21 To help micro, small and medium-sized enterprises adapt to modern business and production challenges to adapt to modern business and modern technologies in the most disadvantaged regions The call was launched in June 2022.
Entry 3	EDIOP PLUS – 1.2.1-21 To help micro, small and medium-sized enterprises adapt to modern business and production challenges to adapt to modern business and modern challenges (The call was launched in July 2021.)
Entry 4	EDIOP PLUS – 1.3.1-21 "Green National Champions" - Micro, small and medium-sized enterprises in the green economy technology development (The call was launched in December 2021.)
State of play	
Entry 1	A new investment targeting the spreading of green (mainly energy related) skills is under preparation in the RePowerEU chapter. This will cover vocational education, tertiary education and adult learning (reskilling).
Entry 2	See 2021 CSR Table (Subpart 6, 10, 14) and 2022 CSR Table (Subpart 3)

CSR 5 Subpart 4: research and innovation.

Measures
Comments

Entry 1	The Ministry of Construction and Transport is working on a National Construction Economy Strategy. The new strategy - apart from supporting national industry - puts focus on research and innovation in the field of substitute products for certain construction materials.
Entry 2	EDIOP Plus-2.1.1-21 „Stimulating business research, development and innovation” (The call was launched in January 2022.)
State of play	
Entry 1	See 2020 CSR Table (Subpart 6) and 2021 CSR Table (Subpart 4, 13)

CSR.2022.6

CSR 6 Subpart 1: Reduce overall reliance on fossil fuels

Measures	
Comments	
State of play	
Entry 1	See 2020 CSR Table (Subpart 6) and 2021 CSR Table (Subpart 10, 11). Also see in Subpart 2.

CSR 6 Subpart 2: by accelerating the deployment of renewables, in particular by streamlining the permitting procedures

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (15/02/2023 15:36 PM)</p> <p>The following investment fields are covered by grid development: increasing grid capacity and flexibility, digitalisation and smart metering.</p>
Entry 2	<p>MEASURE TYPE: Announced (15/02/2023 15:37 PM)</p> <p>Grant agreements were signed for 258 Million Euro. The calls for the remaining 579 Million Euro will be published in Q1 2023.</p>
Comments	
State of play	
Entry 1	Mainly grid development is needed to enhance the deployment of renewables. For electricity grid development a total grant of 837 Million Euro has been approved by the EU

	and a further of at least 1 Billion Euro is envisaged in the RePowerEU chapter.
Entry 2	See 2020 CSR Table (Subpart 6) and 2021 CSR Table (Subpart 10, 11) and 2022 CSR Table (Subpart 4)

CSR 6 Subpart 3: and the upgrading of the electricity infrastructure.

Measures	
Entry 1	MEASURE TYPE: Not Defined (15/02/2023 15:35 PM) For the installation of energy storage as integrated elements used by TSO and DSOs a grant scheme was published in July, 2022 financed from the Modernisation Fund.
Comments	
State of play	
Entry 1	Besides grid development the installation of energy storage units will be supported.
Entry 2	See 2020 CSR Table (Subpart 6) and 2021 CSR Table (Subpart 10, 11) and 2022 CSR Table (Subpart 4)

CSR 6 Subpart 4: Diversify imports of fossil fuels by, inter alia, strengthening interconnection with the participation of other countries.

Measures	
Comments	
State of play	

Entry 1	The new power grid interconnector with Slovenia was built in 2022. Also a Memorandum of Understanding will be signed with Slovenia on creating a natural gas interconnector. This would be important for Hungary to create an infrastructural connection to the Italian LNG terminals. The planned RePowerEU chapter will cover all, for the diversification necessary investments in natural gas and in crude oil.
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CSR 6 Subpart 5: Reduce the dependency on fossil fuels in buildings and transport by stepping up efforts on energy-efficiency measures for all, especially in residential houses

Measures	
Entry 1	MEASURE TYPE: Announced (15/02/2023 15:31 PM) The energy efficiency subvention schemes will be published in Q2 2023.
Comments	
Entry 1	EDIOP-4.1.5-22 "Supporting building energy developments aimed at using renewable energy and increasing energy efficiency" The scheme enables undertakings (SMEs) to achieve building energy efficiency from renewable energy. (The call was launched in May 2022.)
State of play	
Entry 1	The Operational Programmes were approved by the Commission with a financial volume of 1.2 Billion Euro for energy efficiency programmes, of which 418 Million Euro will be devoted to the residential sector.
Entry 2	See 2020 CSR Table (Subpart 6) and 2021 CSR Table (Subpart 1, 9, 10, 11) and 2022 CSR Table (Subpart 3, 4)

CSR 6 Subpart 6: and on sustainable transport, in particular through electrification.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (15/02/2023 15:29 PM)</p> <p>State Aid - Support for rail freight transport (single wagonload transport scheme).The scheme will cover the period from 1 June 2021 to 31 December 2025.</p>
Entry 2	<p>MEASURE TYPE: Implemented (15/02/2023 15:28 PM)</p> <ul style="list-style-type: none"> Taxation change: From 2022 employers can provide bicycles for free of VAT to employees – implemented
Entry 3	<p>MEASURE TYPE: Implemented (15/02/2023 15:28 PM)</p> <ul style="list-style-type: none"> E-Cargo purchase subsidy programme – 270 E-Cargo bikes were bought – implemented
Entry 4	<p>MEASURE TYPE: Implemented (15/02/2023 15:28 PM)</p> <ul style="list-style-type: none"> Pedelec purchase subsidy programme – 14000 e-bikes in two years (2021-2022) were sold with the help of the subsidy (Implemented)
Entry 5	<p>MEASURE TYPE: Announced (15/02/2023 15:27 PM)</p> <ul style="list-style-type: none"> National Cycling Strategy 2030 – under governmental negotiations (Announced)
Comments	
Entry 1	<p>Price of electricity has increased significantly (e.g. GYSEV railway company got electricity for HUF/kWh 34.2 in 2022,</p>

	while only for HUF/kWh 172 in 2023. Q1), which has negative effect to benefit-cost ratios of railway electrification projects.
Entry 2	The national legal basis for the scheme is the Government Decision 1414/2020 (VII.16.) on the establishment of an aid scheme for single wagonload transport and the development of the related transport sector.
State of play	
Entry 1	See 2020 CSR Table (Subpart 6) and 2021 CSR Table (Subpart 11) and 2022 CSR Table (Subpart 3, 4) Electrification of the 55.4 km Püspökladány-Biharkeresztes and the 13.3 km Szeged-Röszke railway lines are under construction, which are planned to be completed by Q3 2023. Hungary plans to electrify railway line between Debrecen and Balmazújváros. The works has already tendered, start of 32 months long construction depends on the securing of the financing (ITOP Plus or RRF loan).



CSR.2021.1

CSR 1 Subpart 1: In 2022, maintain a supportive fiscal stance, including the impulse provided by the Recovery and Resilience Facility, and preserve nationally financed investment.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (06/02/2023 13:32 PM)</p> <p>The tourism development contribution - a levy payable on food, catering and accommodation services – was temporarily cancelled from 1 October 2022 until 31 March 2023 (Government Decree No. 468/2022 (XI. 21.)).</p>
Entry 2	<p>MEASURE TYPE: Implemented (06/02/2023 13:28 PM)</p> <p>Temporary 2 steps reduction in the excise duty: lower rates on fuel products from 28 February 2022 until 6 December 2022. From 28 February 2022 the lower tax rate reduced by HUF - 5/litre (Government Decree No. 57/2022 (II.28.)), from 10 March reduced by a further HUF 20/litre (Government Decree No. 94/2022 (III.10.)).</p>
Entry 3	<p>MEASURE TYPE: Implemented (31/01/2022 15:23 PM)</p> <p>In order to encourage investments and improve productivity of SMEs the scope of development tax benefits in CIT (corporate income tax) was broadened in three steps. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300-400 million are subject of tax benefit, instead of HUF 500 million. In addition, the value limit was decreased in 2021 to HUF 200-300 million. As part of the last step the value limit is decreased to HUF 50-100 million from 2022. (Act LXXIII of 2019 (VII.23.))</p>

<p>Entry 4</p>	<p>MEASURE TYPE: Implemented (31/01/2022 15:22 PM)</p> <p>The lower maximum tax rate of local business tax is extended for year 2022 to maximum 1% for all SME companies whose annual revenue or balance sheet total does not exceed HUF 4 bn. Also Municipalities cannot increase local and municipal taxes or introduce new ones in 2022. (Act CXXXI of 2021 (XII.17.))</p>
<p>Entry 5</p>	<p>MEASURE TYPE: Implemented (11/02/2022 13:33 PM)</p> <p>KIVA tax cut: in accordance with the social contribution cut from 1 July 2022, small companies' special tax regime (KIVA) tax rate was reduced from 11% to 10% from 2022. (Act CXXXI of 2021 (XII.17.)).</p>
<p>Entry 6</p>	<p>MEASURE TYPE: Implemented (15/02/2022 14:59 PM)</p> <p>From 2022 the training levy (1.5%) was abolished and the social contribution tax was reduced by 2.5%p. The total employer's tax burden was reduced from 17% to 13%. The training levy benefits were integrated into social contribution taxation. (Act CXXXI of 2021 (XII.17.))</p>
<p>Entry 7</p>	<p>MEASURE TYPE: Implemented (11/02/2022 13:30 PM)</p> <p>Personal income tax exemption of young workers under 25. From 1 January 2022, young taxpayers under the age of 25 receive total PIT exemption up to the average wage. (Act XXXIV of 2021 (V.6))</p>
<p>Entry 8</p>	<p>MEASURE TYPE: Implemented (11/02/2022 13:30 PM)</p> <p>Families in 2022 are refunded the PIT paid during 2021 up to the tax paid after the annual average wage. Taxes paid by families under the KATA or the simplified public contribution</p>

	(EKHO) regime will also be compensated. (Act CXXX of 2021 (XII. 17.)
Entry 9	<p>MEASURE TYPE: Implemented (31/01/2022 15:17 PM)</p> <p>The RRF-1.0.0 Call for Proposal has been published, the submission of the grant application, the evaluation and the conclusion of the contract has been completed, the implementation has started. https://www.palyazat.gov.hu/rrf-2021-10-projektindt-tmogats-az-a-demogrfia-s-kznevels-komponenshez</p>
Comments	
Entry 1	Update: RRF-8.3.1-21: the new tender for supporting the digital transformation of health announced for public consultation in December 2021. The application is expected to be published in March 2023.
Entry 2	Update: RRF-H. Component: the new preparatory tender announced in July 2021. The deadline for the preparatory tender is September 30, 2022.
Entry 3	<p>RRF-1.1.2-2021 Call for proposal has been published, applications for support have been submitted, and evaluation is currently underway.</p> <p>https://www.palyazat.gov.hu/rrf-112-2021 The launch of conditional procurement will be carried out by the beneficiary churches and municipalities after the decision has been taken in the framework of the projects to be implemented. The RRF-1.1.1 priority call has been socialized and is expected to be published in February 2022. RRF-H. Component: the new preparatory tender announced in July 2021. The Health Component of the national RRF plan covers 5 elements (under preparation) • Developing the conditions for health care in the 21st century • Supporting the digital transformation of health • Settlement of doctors' income, derecognition of gratitude money • Digitalisation programme for the safety and protection of life of people with limited self-sufficiency • Development of primary care</p>

	to strengthen the role of general practitioners, expand near-resident services and relieve the burden of specialist care. RRF-8.3.1-21: the new tender for supporting the digital transformation of health announced for public consultation in December 2021.
State of play	
Entry 1	Out of the 93 municipalities that received support – in the I-III. phase of the “Economy Boosting programme”-, 50 municipalities have implemented the programme, have started and are in the process of completing their maintenance obligations. For the remaining programmes, investments are in progress.
Entry 2	Parallel with the increasing minimum wages (16%) and guaranteed minimum wage (14%) in 1st January 2023 the public works' wages have also increased significantly: the wage in the PWS rose to HUF 116 000 (USD 320.8) and the guaranteed wage also increased to HUF 148 200 (USD 409.8) (based on currency value 23.01.2023).
Entry 3	Update: The wages in the PWS are now 100 000 HUF (316, 5 USD), - 245,4 USD (2022.09.05. exchange rate) Update: while the guaranteed wages (those who have qualifications) are 130 000 HUF (410, 7 USD). - 319 USD (2022.09.05. exchange rate) Update: The government ensures 10 billion HUF (31, 6 million USD) for supporting the developments on demand. - 24,5 million USD (2022.09.05. exchange rate)
Entry 4	Update: In 2021 the appropriation of the Start work program was 165 billion HUF (521, 3 million USD) - 404,9 million USD (2022.09.05. exchange rate) Update: Due to decreasing number of participants, the appropriation has been changed to 120 billion HUF (379, 1 million USD) for 2022. - 294,5 million USD (2022.09.05. exchange rate)
Entry 5	In co-operation with the National Coordinating Authority and the Hungarian State Treasury, the financial schedule indicated earlier for the crèche development projects of the

“A” Demography and Public Education Component is unabated. In 2021 the appropriation of the Start work program was 165 billion HUF (521, 3 million USD). Due to decreasing number of participants, the appropriation has been changed to 120 billion HUF (379, 1 million USD) for 2022. This amount can afford the public work for about 80.000 persons for the whole year. The Government has increased the appropriation by an additional 7 billion HUF (17,2 million USD) within this year in order to be able to finance the needs of public work. Parallel with the increasing minimum wages in 2022 the public works' wages have also increased significantly (by 17%). According to the government's target, the average wage in the public work is equal to 50% of the minimum wage, to ensure the incentive for trying to have an employment in the primarily labour market. The wages in the PWS are now 100 000 HUF (316, 5 USD), while the guaranteed wages (those who have qualifications) are 130 000 HUF (410, 7 USD). In 2022 the “Economy boosting program” will be continued. Adding to the former involved 150 settlements, 50 new settlements have joined and can be participate in the developments. The government ensures 10 billion HUF (31, 6 million USD) for supporting the developments on demand. Because of the energy-crisis due to wartime and the significant inflation, government' decision has been made in order to reduce budget-expenditures. In consequence of this those investments, which haven't been started yet, have been suspended. Those who are in progress of implementation can be continued. The 2022 budget law provides more than 7,300 billion HUF for the restart of the economy. After the law was passed, the economy recovered faster than expected. As a result, tax revenues increased significantly, allowing the adoption of measures to increase the growth potential of the economy and improve the situation of families. Following the adoption of the budget law, the relaunch of the economy has been more dynamic than planned, with strong growth in economy, employment, wages and consumption. The increased tax revenues allowed measures with additional budgetary implications: -

- From 2022 on, not only the two-week - as the budget law stipulated - but also the full 13th-month pension will be paid to retirees. -
- The rate of pension increase will be 5% instead of the previously expected 3% from January, as

	<p>inflation may be higher instead of the 3% expected for 2022. -</p> <p>A pension premium may be paid again, as economic growth is expected to significantly exceed the 3.5% required. Decisions were made on further wage increases and tax breaks. The faster-than-expected economic recovery and the additional tax revenue provided an opportunity to give more support: - From 1 January 2022, those working in health, education, the social sector, crèches and culture, as well as law enforcement and the armed forces, received significant pay increases. Beside of the pay increases the armed force will get six-month gun money, it will arrive in February. - Parents raising a child get their 2021 personal income tax paid back in 2022. The budgetary impact of the measure is around HUF 680 billion, not only private individuals but also by individual entrepreneurs, primary agricultural producers, landlords, small entrepreneurs under KATA regime. The highest basis of the reimbursed PIT can be the average wage, up to the maximum amount of HUF 809,000. - The maximum rate of local business tax in 2022 remain at 1% for small and medium-sized enterprises. - Employer tax burdens on wages decreased by 4 percentage points from 2022 onwards. - The small business tax rate was reduced from 11% to 10% from 1 January 2022. At the end of 2021 it became visible that the recovery of the economy is more rapid than projected earlier, the performance of the Hungarian economy needs to be stimulated to a lesser extent through public investment. Therefore, the government decided to postpone some investment expenditures. By rescheduling public investments, the government will achieve savings of 755 billion HUF in this year's budget.</p>
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CSR 1 Subpart 2: When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term.

Measures	
Entry 1	MEASURE TYPE: Announced (06/02/2023 13:43 PM)

	<p>The latest medium-term fiscal trajectory with a sharper reduction in the deficit, in line with the government's rebalancing measures, has been announced: https://kormany.hu/dokumentumtar/makrogazdasagi-es-koltsegvetesi-elorejelzes-2021-2025. Deficit path: 2021 2022 2023 2024 2025 2026 Deficit path in December 2022: -7.1 -6.1 -3.9 -2.5 -1.5 -1.0 Debt path in December, 2022: 76.8 73.5 69.7 67.1 62.8 58.5</p>																																																																		
<p>Entry 2</p>	<p>MEASURE TYPE: Announced (31/01/2022 15:30 PM)</p> <p>A new medium-term fiscal trajectory with a sharper reduction in the deficit, in line with the government's rebalancing measures, has been announced: https://kormany.hu/dokumentumtar/makrogazdasagi-es-koltsegvetesi-elorejelzes-2021-2025 Presentation of past and current deficit and debt data: Deficit path</p> <table border="0"> <tr> <td>2020</td> <td>2021</td> <td>2022</td> <td>2023</td> <td>2024</td> <td></td> </tr> <tr> <td>2025</td> <td colspan="4">Convergence programme in April, 2021</td> <td>-8.1</td> </tr> <tr> <td>-7.5</td> <td>-5.9</td> <td>-3.9</td> <td>-3.0</td> <td>-2.0</td> <td>Deficit</td> </tr> <tr> <td colspan="4">path in December, 2021</td> <td>-8.0</td> <td>-</td> </tr> <tr> <td>7.5</td> <td>-4.9</td> <td>-3.5</td> <td>-2.5</td> <td>-1.5</td> <td>Debt</td> </tr> <tr> <td colspan="4">path</td> <td>2020</td> <td></td> </tr> <tr> <td>2021</td> <td>2022</td> <td>2023</td> <td>2024</td> <td>2025</td> <td></td> </tr> <tr> <td colspan="4">Convergence programme in April, 2021</td> <td>80.4</td> <td></td> </tr> <tr> <td>79.9</td> <td>79.3</td> <td>77.5</td> <td>75.7</td> <td>73.1</td> <td>Debt path</td> </tr> <tr> <td colspan="4">in December, 2021</td> <td>80.1</td> <td></td> </tr> <tr> <td>79.9</td> <td>77.0</td> <td>74.9</td> <td>72.4</td> <td>69.3</td> <td></td> </tr> </table>	2020	2021	2022	2023	2024		2025	Convergence programme in April, 2021				-8.1	-7.5	-5.9	-3.9	-3.0	-2.0	Deficit	path in December, 2021				-8.0	-	7.5	-4.9	-3.5	-2.5	-1.5	Debt	path				2020		2021	2022	2023	2024	2025		Convergence programme in April, 2021				80.4		79.9	79.3	77.5	75.7	73.1	Debt path	in December, 2021				80.1		79.9	77.0	74.9	72.4	69.3	
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<p>State of play</p>																																																																			
<p>Entry 1</p>	<p>The rapid economic recovery in 2021 created an opportunity to make progress towards fiscal sustainability. The deficit in 2021 was 7.1% of GDP, that is lower than planned in 2021 Convergence Program, and the case was similar with the debt ratio. In 2022 the budget was committed to decrease deficit, what is more during the year a new target was defined by the government, 1% lower than the budget plan. At the end, on</p>																																																																		

	<p>the basis of preliminary data, the modified, 4.9% deficit target was achieved corrected for extraordinary gas purchases (amounting to 790bn HUF, 1,2% of GDP), though headline budget deficit for 2022 is expected to rise to 6.1%. The current budget for 2023 targets 3,9 % deficit for 2023, the latest medium term projection contains 2.5% for 2024, 1.5% for 2025 and 1.0% for 2026. In 2020 the debt rate increased to 79.3% as a result of the pandemic, however starting fiscal consolidation resulted in debt rate amounting to 76.8% in 2021, and 73,5% in 2022. Marked decline in debt will take place in the planned deficit trajectory.</p>
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CSR 1 Subpart 3: At the same time, enhance investment to boost growth potential. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the national budget, and to the quality of budgetary measures in order to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth-enhancing investment, in particular investment supporting the green and digital transition.

Measures	
<p>Entry 1</p>	<p>MEASURE TYPE: Implemented (31/01/2022 15:40 PM)</p> <p>Reduced taxation on purchase, operation and use of bikes from 01. 01. 2022. Statutes 81/1996. and 117/1995. lays out its implementation.</p>
<p>Entry 2</p>	<p>MEASURE TYPE: Announced (31/01/2022 15:31 PM)</p> <p>The tender for the purchase of e-cargo bikes was announced on 13. 01. 2022.</p>
Comments	
<p>Entry 1</p>	<p>EDIOP-4.1.5-22 Improving energy efficiency of SME owned buildings (launched 11.04.2022.)</p>

Entry 2	Update: RRF-H. Component: the new preparatory tender announced in July 2021. The deadline for the preparatory tender is September 30, 2022.
Entry 3	<p>EDIOP-Plus 1.2.1-21 call for application for the developments of micro, small and medium sized enterprises helping adaptation to the challenges of modern business and production. 11. 06. 2021. (See Table 2021 Recomm. 9) Suspended on 12.07.2021 EDIOP-Plus 1.2.3-21 call for application for the developments of micro, small and medium sized enterprises helping adaptation to the challenges of modern business and production in the least development regions 20. 12. 2021. Suspended on 28.01.2022 EDIOP-Plus 1.1.2-21 Future Hungarian Multinationals Programme 31. 08. 2021. (See Table 2021 Recomm. 9) EDIOP-Plus 1.3.1-21 Green National Champions Programme 05. 10. 2021. (See Table 2021 Recomm. 10) EDIOP-Plus 1.2.2-22 Hungarian Village Enterprise Relaunch Programme 24. 01. 2022. (See Table 2021 Recomm. 9) RRF-H. Component: the new preparatory tender announced in July 2021. The Health Component of the national RRF plan covers 5 elements (under preparation), including digital transformation („Supporting the digital transformation of health”)</p>
State of play	
Entry 1	Under the RRF, the implemented crèche development projects show special attention on the support of green transition. Supporting the purchase of e-cargo bikes. Total amount of support 1.1 million EUR. Supporting employers to purchase bikes used by employees through reduced taxation on purchase, operation and use of bikes from 01. 01. 2022.

CSR 1 Subpart 4: Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy and sustainability of health and social protection systems for all.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (06/02/2023 14:04 PM)</p> <p>A new special tax on pharmaceutical producers was introduced for 2022 and 2023, the tax base is the net sales revenue with the following tax rates: HUF 0-50 Bn.: 1%, HUF 50-150 Bn.: 3%, above HUF 150 Bn.: 8% (Government Decree No. 582/2022 (XII. 23.)).</p>
Entry 2	<p>MEASURE TYPE: Implemented (06/02/2023 14:03 PM)</p> <p>From July 2022 departure tax was introduced on flight tickets. (The amount of tax paid for flights within Europe is HUF 3900, while for flights outside of Europe it is HUF 9750) (Government Decree No. 197/2022 (VI. 4.)). From 1 January 2023 the amount depend on the CO2 emission of the given aircraft, in addition to the destination (The amount of tax paid for flights within Europe is HUF 2700, 3900 or 5100 while for flights outside of Europe it is HUF 6800, 9750 or 12700) (Government Decree No. 452/2022 (XI. 9.)).</p>
Entry 3	<p>MEASURE TYPE: Implemented (06/02/2023 14:03 PM)</p> <p>The suspension of advertisement tax was extended until the end of 2023. (Act XLV. of 2022 (XI.23.))</p>
Entry 4	<p>MEASURE TYPE: Implemented (06/02/2023 14:02 PM)</p> <p>Another temporary tax was introduced that apply to power plants providing balancing power. The tax base is the yearly revenue from this service, and the tax rate is 13% in 2022 and 10% in 2023 (Government Decree No. 459/2022 (XI. 9.)).</p>
Entry 5	<p>MEASURE TYPE: Implemented (06/02/2023 14:01 PM)</p>

	<p>The income tax of energy suppliers (Robin Hood tax) tax rate is increased from 31% to 41% in the tax year of 2023 for all taxpayers (Government Decree No. 496/2022 (XII. 7.)).</p>
Entry 6	<p>MEASURE TYPE: Implemented (06/02/2023 14:00 PM)</p> <p>For 2023 the upper rates of the special tax on insurance sector were increased. (Government Decree No. 582/2022 (XII. 23.)). The following table contains the details 2023 Base (HUF Bn.) Rate (%) Life Insurance 0-2 1 2-36 1,5 36- 5 Other Insurances 0-2 2 2-36 4 36- 12</p>
Entry 7	<p>MEASURE TYPE: Implemented (13/09/2022 14:49 PM)</p> <p>From 1 September 2022, the upper limit of revenues free from additional tax will increase to HUF 18 million, but only B2C product or service provider sole proprietors can choose the KATA regime. (Act XIII of 2022)</p>
Entry 8	<p>MEASURE TYPE: Implemented (13/09/2022 14:48 PM)</p> <p>In the corporate income tax, the rules of transfer pricing are tightened from the tax year of 2022 (Act XXIV of 2022 (VII. 28.)).</p>
Entry 9	<p>MEASURE TYPE: Implemented (13/09/2022 14:46 PM)</p> <p>The mining tax was also increased temporarily in 2022 and 2023 and the income tax of energy suppliers (Robin Hood tax) is extended to bioethanol, starch and sunflower oil production for the year 2022 and 2023 (Government Decree No. 197/2022 (VI. 4.)). An extraordinary temporary tax was introduced for electricity producers in the year 2022 and 2023. The tax is levied on those green producers who was eligible for regulatory price (set by the Hungarian Energy and Public Utility Regulatory Authority), but decided to leave this</p>

	<p>system temporarily. The tax base is the spread between turnover after the amount of electricity fed into the electricity network and the product of quantity and the regulatory price (Government Decree No. 197/2022 (VI. 4.)). In 2022 an extraordinary surtax was introduced for the retail sector. The surtax is equal to the 80% of retail tax paid in 2021. In the year 2023, the tax rates temporarily increased as follows: HUF 0,5-30 Bn. from 0,1% to 0,15%, HUF 30-100 Bn. from 0,4% to 1% and above HUF 100 Bn. from 2,7% to 4,1% (Government Decree No. 197/2022 (VI. 4.)). The contributions of pharmaceutical distributors temporary increased from 20% to 28 % in 2022 and 2023 (Government Decree No. 197/2022 (VI. 4.)). From July 2022 departure tax was introduced on flight tickets. (The amount of tax paid for flights within Europe is HUF 3900, while for flights outside of Europe it is HUF 9750) (Government Decree No. 197/2022 (VI. 4.)). From July 2022 a temporary, progressive, revenue based tax was introduced on revenues from telecommunication services. The bases and the rates are the following: HUF 0-1 Bn.: 0%, HUF 1-50 Bn.: 1%, HUF 50-100 Bn.: 3%, above HUF 100 Bn.: 7% (Government Decree No. 197/2022 (VI. 4.)). From July 2022 the itemized tax rate on simplified employment scheme was valorized (Government Decree No. 197/2022 (VI. 4.)). From July 2022 excise duties were increased on tobacco products alcohols and energy products (Government Decree No. 197/2022 (VI. 4.)). From July 2022 the public health production tax was raised by 30% and extended to a wider range of product (e.g. fruit- and vegetable juices with a fruit content of less than 50%, certain bakery products) (Government Decree No. 197/2022 (VI. 4.)). From July 2022 the company car tax rate was raised (on average nearly doubled, depending on the parameters of the vehicle) (Government Decree No. 197/2022 (VI. 4.)).</p>
<p>Entry 10</p>	<p>MEASURE TYPE: Implemented (06/02/2023 14:01 PM)</p> <p>An extraordinary temporary tax was introduced in the energy sector. The tax base is the product of refined oil quantity and the price spread of the Ural and Brent oil prices with a 25 % flat rate from 1st of January to 31st of July and with a 40% tax rate from the 1st of August 2022 till 7 December 2022, and with a 95% tax rate from 8 of December 2022 till the end of</p>

	2023 (Government Decree No. 197/2022 (VI. 4.) and Government Decree No. 279/2022 (VII. 30)) and Government Decree No. 496/2022 (XII. 7.)).																								
Entry 11	<p>MEASURE TYPE: Implemented (13/09/2022 14:42 PM)</p> <p>From July 2022 the upper limit of the 0,3% financial transactions fee was increased from HUF 6 000 to HUF 10 000 (Which has been unchanged since the introduction.) Furthermore, financial companies who offer cross-border services in Hungary have been subjected to the financial transaction duty. Previously tax free securities transactions have also been subjected to the financial transaction duty (Government Decree No. 197/2022 (VI. 4.)).</p>																								
Entry 12	<p>MEASURE TYPE: Implemented (13/09/2022 14:41 PM)</p> <p>From July 2022 special tax on insurance sector was introduced, which based on the income from insurance services (Government Decree No. 197/2022 (VI. 4.)). The following table contains the details:</p> <table border="1"> <thead> <tr> <th>2022</th> <th>2023</th> <th>Base (HUF Bn.)</th> </tr> </thead> <tbody> <tr> <td>Rate (%)</td> <td>Base (HUF Bn.)</td> <td>Rate (%) Life Insurance 0-1</td> </tr> <tr> <td>2</td> <td>0-2</td> <td>1 1-18</td> </tr> <tr> <td>3</td> <td>2-36</td> <td>1,5 18-</td> </tr> <tr> <td>6</td> <td>36-</td> <td>3 Other Insurances 0-1</td> </tr> <tr> <td>4</td> <td>0-2</td> <td>2 1-18</td> </tr> <tr> <td>8</td> <td>2-36</td> <td>4 18-</td> </tr> <tr> <td>14</td> <td>36-</td> <td>7</td> </tr> </tbody> </table>	2022	2023	Base (HUF Bn.)	Rate (%)	Base (HUF Bn.)	Rate (%) Life Insurance 0-1	2	0-2	1 1-18	3	2-36	1,5 18-	6	36-	3 Other Insurances 0-1	4	0-2	2 1-18	8	2-36	4 18-	14	36-	7
2022	2023	Base (HUF Bn.)																							
Rate (%)	Base (HUF Bn.)	Rate (%) Life Insurance 0-1																							
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8	2-36	4 18-																							
14	36-	7																							
Entry 13	<p>MEASURE TYPE: Implemented (13/09/2022 14:38 PM)</p> <p>An extraordinary temporary tax was introduced for banking sector which base is the net income (from interest and fee) with a 10% rate in 2022 and 8% in 2023 (Government Decree No. 197/2022 (VI. 4.)).</p>																								
Entry 14	MEASURE TYPE: Adopted (14/09/2022 15:56 PM)																								

	<p>The suspension of advertisement tax expires by the end of 2022. The 7,5% advertisement tax based on advertising revenues above HUF 100 Bn re-enters force from January 1st of 2023.</p>
Entry 15	<p>MEASURE TYPE: Adopted (15/02/2022 14:28 PM)</p> <p>The upper tax rate of the special retail tax was increased from 2,5% to 2,7 % from 1 February 2022 (Act CLI of 2021 (XII.22.)) in order to finance the tasks related to the food rescue program.</p>
Comments	
Entry 1	<p>Update: EDIOP-6.1.1. "Training of low-skilled-, and public workers" program ensures the upskilling possibility for public workers. The project has been prolonged till 31st March 2023, with a budget changed to 34,89 billion HUF, while the indicator number of involved persons in trainings shifted to 100.100. The project has already met this target value.</p>
Entry 2	<p>Update: RRF-H. Component: the new preparatory tender announced in July 2021. The deadline for the preparatory tender is September 30, 2022.</p>
Entry 3	<p>Update: EDIOP-6.1.1. "Training of low-skilled-, and public workers" program ensures the upskilling possibility for public workers. The project has been prolonged till 31st March 2023, with a budget changed to 35,42 billion HUF, while the indicator number of involved persons in trainings shifted to 100.100. We plan to meet the expected indicators by the end of the project (31st March 2023).</p>
Entry 4	<p>EDIOP-6.1.1. "Training of low-skilled-, and public workers" program ensures the upskilling possibility for public workers. The project has been prolonged till 31st December 2022, with a budget changed to 35, 75 billion HUF, while the indicator number of involved persons in trainings shifted to 100.100. We</p>

	<p>plan to meet the expected indicators by the end of the project (31st December 2022). RRF-H. Component: the new preparatory tender announced in July 2021. The Health Component of the national RRF plan covers 5 elements (under preparation), including sustainability of health system:</p> <ul style="list-style-type: none"> • Developing the conditions for health care in the 21st century • Development of primary care to strengthen the role of general practitioners, expand near-resident services and relieve the burden of specialist care
State of play	
Entry 1	<p>Reducing substance use in child protection services The pilot project involves 8 child protection institutions nationwide, with the intensive presence of 9 addiction specialists delegated by the National Association of Addiction Consultants and the involvement of external experts. The programme is implemented in each child protection institution on the basis of a preliminary assessment of the situation and needs. The aim is to support the professional staff in the institutions in the management of addiction-related phenomena, to alleviate the addiction-related problems of the children served and to strengthen health consciousness. The programme started in 2021.</p>
Entry 2	<p>For the maximal inclusion of the at-risk groups, a nationally organized system of public screenings has been established. In order to develop the healthcare system, 5 National Healthcare Programmes (cancer, cardiovascular diseases, musculoskeletal diseases mental health, and child health) have been introduced. From the perspective of adult health, the school setting plays a key role in health promotion and shaping health-related attitudes. In the school setting, children are in a controlled community setting at an age when they are susceptible to change. „Putting screening in place” The program has been running from 2018. It facilitates equal access to screenings/medical examinations by continuously operating 10 mobile buses suitable for conducting general examinations. It aims to facilitate and accelerate access to screenings/medical examinations for small settlements with poor transport facilities. “School</p>

programmes to promote holistic health promotion, mental health and to reduce addictions" To promote prevention activities and a complex approach in addressing addictions, the Ministry of Human Resources developed „School programmes to promote holistic health promotion, mental health and to reduce addictions" in 2020. The program was launched in 2021 and it is implemented by the Hungarian School Sport Federation. It consists of 4 interlinking parts, which focus on promoting the physical and mental health of children as well as teachers. Programme implementation has been extended in 2022. After the COVID-19 crisis, the economic consequences of the international situation endanger the successes made in Hungary during the previous years. To protect these achievements with a stable budgetary balance, two Funds (Utilities Protection Fund, Homeland Defence Fund) were established which are intended to finance national defense costs and to finance the mitigation of households' utility bills from volatile market prices. The revenues of the Homeland Defense Fund are ensured by the temporary taxes on windfall profit of the bank and insurance sector. The utility prices are kept stable predominantly by the contributions of the energy sectors windfall profit. Other measures are taken to directly improve the budgetary balance. Besides taxing outstanding profits, another important aspects behind new tax measures were the internalization of externalities (e.g. harmful goods, pollution), the valorization of fixed taxes and increasing the role of turnover-type taxes in the tax mix.



CSR.2020.1

CSR 1 Subpart 1: Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (05/01/2022 13:43 PM)</p> <p>The tax rate is temporarily lowered also for year 2022 to maximum 1% for all SME companies whose annual revenue or balance sheet total does not exceed HUF 4 bn. (Act CXXXI of 2021 (XII.17.))</p>
Entry 2	<p>MEASURE TYPE: Implemented (31/01/2022 13:17 PM)</p> <p>The tax rate decreased from 11% to 10% from 1 January 2022 (Act CXXXI of 2021 (XII.17.)).</p>
Entry 3	<p>MEASURE TYPE: Implemented (15/02/2022 09:27 AM)</p> <p>From 2022 the training levy (1.5%) was abolished and the social contribution tax was reduced by 2.5%p. The total employer's tax burden was reduced from 17% to 13%. The training levy benefits was integrated into social contribution taxation. (Act CXXXI of 2021 (XII.17.))</p>
Entry 4	<p>MEASURE TYPE: Implemented (26/10/2021 14:45 PM)</p> <p>The income tax of energy suppliers will also allow for deferral of loss incurred from the 2020 tax year onwards, from year 2021- The rules of the deferral are similar to the corporate tax,</p>

	<p>the loss can be deducted till 50% of tax base and can be used in the following 5 years. (Act LXIX of 2021 (VI.10))</p>
Entry 5	<p>MEASURE TYPE: Implemented (26/10/2021 11:38 AM)</p> <p>Less strict requirements for social contribution tax benefits. The unemployment criteria for being eligible for social contribution tax benefit was reduced to 3 months from 6 months in order to speed up the recovery process of the labour market. (Act LXIX of 2021 (VI.10))</p>
Entry 6	<p>MEASURE TYPE: Implemented (26/10/2021 11:37 AM)</p> <p>Representation and business gifts are exempt from social contribution tax in 2021. (Act LXIX of 2021 (VI.10))</p>
Entry 7	<p>MEASURE TYPE: Implemented (12/04/2021 12:23 PM)</p> <p>In case of local business tax the tax advance supplement was abolished from 2020. Formerly, it was also abolished in case of CIT, income tax of energy suppliers, and innovation contribution. (Act LXXVI of 2020 (VII.14.))</p>
Entry 8	<p>MEASURE TYPE: Implemented (05/01/2022 11:39 AM)</p> <p>The tax rate of the local business tax for year 2021 is temporarily lowered to maximum 1% for all SME companies whose annual revenue or balance sheet total does not exceed HUF 4 bn. (Government Decree No. 639/2020 (XII.22.) and Government Decree No. 640/2020 (XII.22.))</p>
Entry 9	<p>MEASURE TYPE: Implemented (05/01/2022 11:39 AM)</p> <p>Municipalities cannot increase local and municipal taxes or introduce new ones in 2021. (Government Decree No. 535/2020 (XII.1.))</p>

<p>Entry 10</p>	<p>MEASURE TYPE: Implemented (05/01/2022 11:40 AM)</p> <p>Introduction of special retail tax and special tax for financial institutions and channelling 50% of motor vehicle tax into the central budget. In order to stabilise the central budget these new special taxes were introduced. Financial institutions can subtract the tax from the already existing "bank tax" in the next 5 years. The upper tax rate of the special retail tax rate increases from 2,5% to 2,7 % from 1 January 2022. Government Decree No. 108/2020 (IV.14.), Government Decree No. 109/2020 (IV.14.), Act CXVIII of 2020 (VI.9.), (Act XLVI of 2020 (VI.9.))</p>
<p>Entry 11</p>	<p>MEASURE TYPE: Implemented (27/12/2021 13:27 PM)</p> <p>Introduction of special retail tax and special tax for financial institutions and channelling 50% of motor vehicle tax into the central budget. In order to stabilise the central budget these new special taxes were introduced. Financial institutions can subtract the tax from the already existing "bank tax" in the next 5 years. The upper tax rate of the special retail tax rate will increase from 2,5% to 2,7 % from 1 January 2022. Government Decree No. 108/2020 (IV.14.), Government Decree No. 109/2020 (IV.14.), Act CXVIII of 2020 (VI.9.)</p>
<p>Entry 12</p>	<p>MEASURE TYPE: Implemented (05/01/2022 11:42 AM)</p> <p>Doubling the mentoring period for new businesses: New businesses can expect personalized help with their tax matters for a longer period. (Act CXVIII of 2020 (XI.26.))</p>
<p>Entry 13</p>	<p>MEASURE TYPE: Implemented (05/01/2022 11:42 AM)</p> <p>Taxpayers liable to pay local business tax have to use the standard electronic tax return forms prescribed by the state tax authority (this will be obligatory) and fulfill the obligation relating the submission of the tax return through the state tax authority. (Act CXVIII of 2020 (XI.26.))</p>

<p>Entry 14</p>	<p>MEASURE TYPE: Implemented (05/01/2022 13:50 PM)</p> <p>Initial administrative procedures – such as providing suitability certificate for business establishments, to certify marriage or registered partnership as well as members living in a household and residence status for citizens, etc. – are exempted from paying any fees. (Act CXVIII of 2020 (XI.26.))</p>
<p>Entry 15</p>	<p>MEASURE TYPE: Implemented (05/01/2022 11:51 AM)</p> <p>Exemption of intermediate sellers from the tourism development contribution from 1 January 2021: the tourism development contribution is collected only once per product. (Act CXVIII of 2020 (XI.26.))</p>
<p>Entry 16</p>	<p>MEASURE TYPE: Implemented (05/01/2022 11:50 AM)</p> <p>Tax authority applied a penalty-free period for taxpayers until the end of March 2021 in connection with the data reporting of details of invoices for business-to-consumer (B2C) transactions mandatory from 4 January 2021. (Act CXVIII of 2020 (XI.26.))</p>
<p>Entry 17</p>	<p>MEASURE TYPE: Implemented (21/12/2020 12:02 PM)</p> <p>Failing to comply with the new obligation of online reporting data of B2B invoices was not penalized from 1st of July to 30 September 2020 (online data reporting is obligatory without the HUF 100,000 VAT threshold from 1 July for domestic B2B supplies). (Government Decree No. 140/2020 (IV.21.))</p>
<p>Entry 18</p>	<p>MEASURE TYPE: Implemented (05/01/2022 11:50 AM)</p> <p>Doubling of the value limit for automatic payment facilities for reliable taxpayers: The twelve-month automatic instalment payment option by reliable taxpayers per year can be used in the case of HUF 3 million instead of the</p>

	current HUF 1.5 million tax debt (from 1 January 2021). (Government Decree No. 140/2020 (IV.21.)
Entry 19	MEASURE TYPE: Implemented (05/01/2022 13:53 PM) Tax classification of companies was not revised in 2020 (from 22 April). (Government Decree No. 140/2020 (IV.21.)
Entry 20	MEASURE TYPE: Implemented (21/12/2020 11:59 AM) Companies highly affected by the pandemic may apply for tax reduction of any taxes for an amount of max HUF 5 million from 22 April 2020 (to 19 June 2020). (Government Decree No. 140/2020 (IV.21.)
Entry 21	MEASURE TYPE: Implemented (21/12/2020 11:58 AM) Tax exemption for epidemiological screening tests (if provided as a fringe benefit by the employer) (Act CXVIII of 2020 (XI.26.)
Entry 22	MEASURE TYPE: Implemented (26/10/2021 11:35 AM) Temporary tax exemption for sectors severely hit by the second wave of the pandemic: Employers are exempt from paying social contribution tax, training levy and rehabilitation contribution and small businesses under the KIVA regime may deduct personnel costs from their tax base. This measure was in force from November 2020 until May 2021. (Government Decree No 485/2020. (XI. 10.)) Government Decree No. 571/2020 (XII. 9.), Government Decree No. 638/2020 (XII. 22.)) The tax exemption has been extended to additional sectors (e.g. certain retail and service sectors) severely hit by the third wave of the pandemic in March and April 2021. Additionally, a tax holiday for small businesses under the lump-sum KATA tax regime, severely hit by the second and third waves of the pandemic, was introduced for March and

	April 2021 (Government Decree No. 105/2021 (III. 5). Government Decree No. 147/2021. (III.27.).
Entry 23	MEASURE TYPE: Implemented (12/04/2021 11:29 AM) Tax holiday in the aviation and air transport industries on social contribution tax, training levy and rehabilitation contribution until the end of 2020. (Act LVIII of 2020 (VI. 17.)
Entry 24	MEASURE TYPE: Implemented (12/04/2021 11:30 AM) Tax holiday in the aviation and air transport industries on social contribution tax, training levy and rehabilitation contribution until the end of 2020. (Government Decree No. 209/2020 (V.15.)
Entry 25	MEASURE TYPE: Implemented (05/01/2022 11:49 AM) Exemption of buying houses or apartments from transfer fees, and VAT rebate on new dwelling purchases: Buying houses or apartments is exempted from transfer fees and VAT rebate on new dwelling purchases will be introduced within the framework of Family Housing Subsidy programme as of January 2021. (Act CXXXIII of 2020 (XII.12.)
Entry 26	MEASURE TYPE: Implemented (11/05/2021 15:52 PM) The conditions of certain fringe benefits (SZÉP-card) became more favourable as the tax burden was reduced from 32.5% to 15% from 22 April 2020. The amount that can be given at the preferential rate was nearly doubled. It will be extended until the end of 2021 according to the proposal of the NCC (National Competitiveness Council). (Act CIV of 2020 (X.27.)
Entry 27	MEASURE TYPE: Implemented (11/05/2021 15:52 PM)

	<p>The conditions of certain fringe benefits (SZÉP-card) became more favourable as the tax burden was reduced from 32.5% to 15% from 22 April 2020. The amount that can be given at the preferential rate was nearly doubled. It will be extended until the end of 2021 according to the proposal of the NCC (National Competitiveness Council). (Act LVIII of 2020 (VI.9.))</p>
Entry 28	<p>MEASURE TYPE: Implemented (11/05/2021 15:53 PM)</p> <p>The conditions of certain fringe benefits (SZÉP-card) became more favourable as the tax burden was reduced from 32.5% to 15% from 22 April 2020. The amount that can be given at the preferential rate was nearly doubled. It will be extended until the end of 2021 according to the proposal of the NCC (National Competitiveness Council). (Government Decree No. 225/2020 (V.22.))</p>
Entry 29	<p>MEASURE TYPE: Implemented (11/05/2021 15:53 PM)</p> <p>The conditions of certain fringe benefits (SZÉP-card) became more favourable as the tax burden was reduced from 32.5% to 15% from 22 April 2020. The amount that can be given at the preferential rate was nearly doubled. It will be extended until the end of 2021 according to the proposal of the NCC (National Competitiveness Council). (Government Decree No. 140/2020 (IV.21.))</p>
Entry 30	<p>MEASURE TYPE: Implemented (05/01/2022 11:44 AM)</p> <p>KIVA tax cut: in accordance with the social contribution cut from 1 July 2020, small companies' special tax regime (KIVA) tax rate is reduced from 12% to 11% from 2021. (Act XLVI of 2020 (VI.9.))</p>
Entry 31	<p>MEASURE TYPE: Implemented (05/01/2022 11:44 AM)</p> <p>KIVA tax cut: in accordance with the social contribution cut from 1 July 2020, small companies' special tax regime (KIVA)</p>

	tax rate is reduced from 12% to 11% from 2021. (Government Decree No. 140/2020 (IV.21.)
Entry 32	<p>MEASURE TYPE: Implemented (21/12/2020 10:18 AM)</p> <p>Social Contribution Cut: Employer's Social Contribution Tax was cut by further 2 percentage points to 15.5% from 1 July 2020. (Act XLVI of 2020 (VI.9.)</p>
Entry 33	<p>MEASURE TYPE: Implemented (21/12/2020 10:17 AM)</p> <p>Social Contribution Cut: Employer's Social Contribution Tax was cut by further 2 percentage points to 15.5% from 1 July 2020. (Government Decree No. 140/2020 (IV.21.)</p>
Entry 34	<p>MEASURE TYPE: Implemented (21/12/2020 10:15 AM)</p> <p>Reduction of small business tax (KIVA) base for the taxpayers in the sectors most affected by the Coronavirus pandemic. Taxpayers of small business tax operating in the vulnerable sectors of the economy shall not take into account staff expenditures in the calculation of the tax base, so the liability might decrease significantly for March, April, May and June 2020. (Government Decree No. 61/2020 (III.23.)</p>
Entry 35	<p>MEASURE TYPE: Implemented (21/12/2020 10:14 AM)</p> <p>In 2020 the submission date of annual tax returns postponed from May to September. (Government Decree No. 47/2020. (IV. 21.)</p>
Entry 36	<p>MEASURE TYPE: Implemented (31/01/2022 13:16 PM)</p> <p>The tourism tax – a levy charged on hotel guests based on the number of guest-nights – was temporarily cancelled from 26 April 2020 to the end of December. (Government Decree No. 47/2020. (IV. 21.)) Act LVIII of 2020 (VI. 17.)) This measure</p>

	has been prolonged until 30 June 2021. (Government Decree No. 27/2021. (I. 29.), Government Decree No. 319/2021. (VI. 9.)).
Entry 37	<p>MEASURE TYPE: Implemented (31/01/2022 13:16 PM)</p> <p>The tourism tax – a levy charged on hotel guests based on the number of guest-nights – was temporarily cancelled from 26 April 2020 to the end of December. (Government Decree No. 47/2020. (IV. 21.)</p>
Entry 38	<p>MEASURE TYPE: Implemented (31/01/2022 13:16 PM)</p> <p>The tourism development contribution - a levy payable on food, catering and accommodation services – was temporarily cancelled concerning tax return months from 2020 March to December. (Government Decree No. 47/2020. (III. 18.), Act LVIII of 2020 (VI. 17.)) This measure has been prolonged until the end of 2021 (Government Decree No. 27/2021. (I. 29.).</p>
Entry 39	<p>MEASURE TYPE: Implemented (31/01/2022 13:16 PM)</p> <p>The tourism development contribution - a levy payable on food, catering and accommodation services – was temporarily cancelled concerning tax return months from March to December. (Government Decree No. 47/2020. (III. 18.). According to the proposal of the NCC (National Competitiveness Council)</p>
Entry 40	<p>MEASURE TYPE: Implemented (05/01/2022 11:43 AM)</p> <p>Abolition of the HUF 10 billion ceiling of development reserve. In order to encourage investments from 2021 the development reserve is available for total pre-tax profit in corporate income tax. (Act CXVIII of 2020 (XI.26.)</p>

<p>Entry 41</p>	<p>MEASURE TYPE: Implemented (21/12/2020 10:08 AM)</p> <p>Abolition of the 50% ceiling of development reserve. In spring 2020, the 50% of pre-tax profit ceiling was also abolished, which can also be applied to the 2019 tax year. (Act LXXVI of 2020 (VII.14.)</p>
<p>Entry 42</p>	<p>MEASURE TYPE: Implemented (21/12/2020 10:07 AM)</p> <p>Abolition of the 50% ceiling of development reserve. In spring 2020, the 50% of pre-tax profit ceiling was also abolished, which can also be applied to the 2019 tax year. (Government Decree No. 171/2020. (IV. 30.)</p>
<p>Entry 43</p>	<p>MEASURE TYPE: Implemented (26/10/2021 11:30 AM)</p> <p>Transitional measure – 5% VAT rate on take-away foods and drinks: The VAT rate of take-away food and drinks has been lowered to 5% (from 18%) from 11 November 2020 (Government Decree No. 484/2020. (XI. 10.) , Government Decree No. 498/2020. (XI. 13.) until 31 July 2021.</p>
<p>Entry 44</p>	<p>MEASURE TYPE: Implemented (26/10/2021 11:29 AM)</p> <p>Transitional measure – 5% VAT rate on take-away foods and drinks: The VAT rate of take-away food and drinks has been lowered to 5% (from 18%) from 11 November 2020 (Government Decree No. 484/2020. (XI. 10.)until 31 July 2021.</p>
<p>Entry 45</p>	<p>MEASURE TYPE: Implemented (21/12/2020 10:05 AM)</p> <p>VAT reduction of brownfield investments for residential housing: The VAT rate on the sale of residential properties in brownfield sites was reduced to 5% from 22 July 2020. (Act LXXVII of 2020 (VII.14.)</p>

<p>Entry 46</p>	<p>MEASURE TYPE: Implemented (21/12/2020 10:04 AM)</p> <p>Tax holiday for small businesses under the simplified, small business oriented tax regimes (lump-sum KATA) in 26 activities, for March-June 2020. (Government Decree No. 209/2020 (V.15.))</p>
<p>Entry 47</p>	<p>MEASURE TYPE: Implemented (21/12/2020 10:04 AM)</p> <p>Tax holiday for small businesses under the simplified, small business oriented tax regimes (lump-sum KATA) in 26 activities, for March-June 2020. (Government Decree No. 61/2020 (III.23.))</p>
<p>Entry 48</p>	<p>MEASURE TYPE: Implemented (21/12/2020 10:03 AM)</p> <p>Tax holiday in certain sectors (e.g. accommodation, food, arts, entertainment, agriculture, recreation services) on employers' social security contributions and employees' contributions were reduced to level equivalent to the basic health insurance contribution (HUF 7710 Ft) payable for March-June 2020. (Government Decree No. 61/2020 (III.23))</p>
<p>Comments</p>	
<p>State of play</p>	
<p>Entry 1</p>	<p>Before the COVID-19 related recession, in the past couple of years the top priorities of Hungarian fiscal policy were the reduction of public debt and sustaining fiscal discipline. The epidemic has widespread effect on the budget. After the outbreak of the epidemic the government wanted predominantly to reallocate discretionary expenditures while delivering a relatively low budget deficit (3.8%). As the economic recession turned out to be deeper, the government accommodated even less tax revenues and adopted several additional measures and targeted a higher budget deficit of 8-9%. According to the factual data the</p>

budget deficit was 7.5% of the GDP in 2020. The original 2021 budget assumed a GDP growth of 4.8% (after 3% decline in 2020), a moderate inflation of 3%, and the deficit target was 2.9% of GDP. The total amount of reserves equalled to 0.5% of GDP. Since the adoption of the 2021 budget, the macroeconomic circumstances have become less favourable mostly for 2020 and as a result of the worse baseline as well as for 2021. Due to less revenues as a result of the worse macro and taking into account deficit increasing measures decided by the government since the adoption of the budget (e.g. demographic measures, wage increases for the doctors) the expected deficit for 2021 will exceed the budgeted 2.9%. The actual budget deficit target in the budget modification submitted to the Parliament, taking into account the factors mentioned above, is 7.5% of GDP in 2021 parallel with the EDP report. The fact deficit for 2021 was 7.1% of GDP. In order to mitigate the effects of the coronavirus and encourage investment and economic growth multiple tax measures have been adopted by the Hungarian Government, including tax holidays, temporary VAT reduction, tax reduction among others. The Economic Protection Fund, providing stimulus to the economy significantly by HUF 3088.2 billion (6.4% of GDP) exceeded the original HUF 943 billion (2.0% of GDP) appropriation. It was technically possible by the fact that the Parliament made the Economic Protection Fund uncapped when amending the 2020 Budget Act. The Disease Control Fund, which was also uncapped, has already spent HUF 1027.4 billion (2.1% of GDP). Taking into account the measures announced by the government in November and December the impact of tax, family, workplace protection measures not financed from the GVA amounted to HUF 708.6 billion. (1.5% of GDP) Newly started loan, capital and guarantee programs amounted to HUF 2103 bn (4.4% of GDP). Other measures without direct budgetary effect (loan moratorium and loans provided by central bank) is HUF 6100 bn (12.7% of GDP) The measures, both budgetary and non-budgetary (financing), amount to 29.1% of GDP. In December 2021, the government decided to postpone certain investments, thus significantly increasing Hungary's financial reserves by a total of HUF 350 billion this year, while reducing public debt. According to the proposal of the NCC (National Competitiveness Council) the

	<p>regulations of the tax allowance on new entrants to the labour market will be changed, a three-month period of unemployment will be enough to take advantage of the benefit, instead of 6 months. According to the proposal of the NCC (National Competitiveness Council) representation cost and business gifts will be exempt from Social Contribution Tax till the end of 2021.</p>
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CSR 1 Subpart 2: Address shortages of health workers and ensure an adequate supply of critical medical products and infrastructure to increase the resilience of the health system.

Measures	
<p>Entry 1</p>	<p>MEASURE TYPE: Implemented (11/02/2022 14:09 PM)</p> <p>The rules of student healthcare work is laid down in the 539/2021. (IX. 21.) and the 439/2021. (VII. 23.) Government Decree.</p>
<p>Entry 2</p>	<p>MEASURE TYPE: Implemented (11/02/2022 14:08 PM)</p> <p>The rules of student healthcare work is laid down in the 539/2021. (IX. 21.) and the 439/2021. (VII. 23.) Government Decree.</p>
<p>Entry 3</p>	<p>MEASURE TYPE: Implemented (18/11/2021 09:10 AM)</p> <p>Vat exemption for products imported by the European Commission or a related agency for the purpose of fighting the Covid-19 pandemic. (Government Decree No. 613/2021. (XI. 8.)).</p>
<p>Entry 4</p>	<p>MEASURE TYPE: Implemented (21/12/2020 12:15 PM)</p>

	Tax exemption for epidemiological screening tests: implemented (Act CXVIII of 2020 (XI.26.))
Entry 5	<p>MEASURE TYPE: Announced (05/01/2022 11:56 AM)</p> <p>In order to strengthen the critical infrastructure in Hungary and to develop the production capacities, two health industry support programs have been developed and announced, one under the auspices of the Ministry of Finance ("Health Industry Support Program"; published on August 1, 2020) and the other under the Ministry for Innovation and Technology (GINOP-1.2.15-21 "Supporting the development of micro, small and medium-sized enterprises for the production of health products")</p>
Comments	
Entry 1	Update: RRF-8.3.1-21: the new tender for supporting the digital transformation of health announced for public consultation in December 2021. The application is expected to be published in March 2023.
Entry 2	Update: RRF-H. Component: the new preparatory tender announced in July 2021. The deadline for the preparatory tender is September 30, 2022.
Entry 3	<p>RRF-H. Component: the new preparatory tender announced in July 2021. The Health Component of the national RRF plan covers 5 elements those are on the preparation. The five element are: - Developing the conditions for health care in the 21st century - Supporting the digital transformation of health - Settlement of doctors' income, derecognition of gratitude money - Digitalisation programme for the safety and protection of life of people with limited self-sufficiency - Development of primary care to strengthen the role of general practitioners, expand near-resident services and relieve the burden of specialist care. RRF-8.3.1-21: the new tender for supporting the digital transformation of health announced for public consultation in December 2021.</p>

State of play	
Entry 1	<p>Certain antibiotics, vaccines and intensive therapeutic medicines are critical for the supply of medicines in Hungary. Several health institutions are involved in monitoring the use of medicines, such as the pharmacovigilance authority, the OGYEI and the AEEK responsible for the supervision of hospitals. In the last year, due to the successful cooperation of health institutions, we have not experienced a shortage of critical medicines in Hungary. Substantial salary increases for health professionals are intended to continue. Redefined central procurement system for certain medical goods and pharmaceuticals shall support the secure supply of critical products. Students in medical and health science training have a key role to play in the fight against the coronavirus epidemic, relieving the health care system to a significant extent. Assistive tasks are performed at the National Ambulance Service, hospitals, clinics, and GP surgeries; with the assistance of government offices, secondment and on a voluntary basis. For their work, seconded students receive tax- and contribution-free wages and scholarships for volunteer students. Students perform epidemiological tasks while fulfilling their study and examination obligations. Higher education institutions provide them with more favourable conditions for the successful completion of the academic semester and the examinations (eg credit value of work experience, different examination period). In the academic year 2020/2021 a total of 9,000 students served with health care providers on a secondment or voluntary basis; in the fall semester of the academic year, about 2,000 students took part in the defence tasks. In January and February 2022 (until now), about 500-600 students were assigned daily by government offices to perform health crisis.</p>

CSR 1 Subpart 3: Improve access to quality preventive and primary care services.

Measures

Comments	
Entry 1	<p>„Putting screening in place” The program has been running from 2018. It facilitates equal access to screenings/medical examinations by continuously operating 10 mobile buses suitable for conducting general examinations. It aims to facilitate and accelerate access to screenings/medical examinations for small settlements with poor transport facilities.</p> <p>Health Promotion Offices Health Promotion Offices were first established in 2013 financed from EU funds. In 2018 further EU funds were allocated for this purpose. As a result, currently there are 110 Health Promotion Offices operating throughout the country at micro-regional level in 2021. By the end of 2021 all of the 110 Health Promotion Offices will become 100% state-funded which means that both their financing and professional management will be unified.</p> <p>“School programmes to promote holistic health promotion, mental health and to reduce addictions” To promote prevention activities and a complex approach in addressing addictions, the Ministry of Human Resources developed the programme in 2020. The programme was launched in 2021 and it is implemented by the Hungarian School Sport Federation. It consists of 4 interlinking parts, which focus on promoting the physical and mental health of children as well as teachers. Programme implementation has been extended in 2022.</p> <p>Reducing substance abuse in slums The project aims to tackle addiction problems in the 31 participating settlements with the help of local social experts, assisted by addiction consultants. The aim is to broaden the possibilities of local colleagues in implementing health promotion and prevention-focused programmes and in early intervention. The programme is implemented by the National Association of Addiction Consultants and have been running since 2019.</p> <p>Reducing substance use in child protection services The pilot project involves 8 child protection institutions nationwide, with the intensive presence of 9 addiction specialists delegated by the National Association of Addiction Consultants and the involvement of external experts. The programme is implemented in each child protection institution on the basis of a preliminary assessment of the situation and needs. The aim is to support the professional staff in the institutions in the management of addiction-related phenomena, to alleviate</p>

the addiction-related problems of the children served and to strengthen health consciousness. The programme started in 2021. Early treatment programme in the field of addictions In 2018, a pilot programme was launched, as part of which the Hungarian Addiction Society prepared a system of professional recommendations on early treatment (<http://www.mat.org.hu/dok/pdf/00134.pdf>) for medical staff working in primary and specialist care, as well as for social and child protection services staff working in non-addiction services. Relating to the recommendations, a training programme was carried which has been rolled out nationwide. Based on the experience gained so far, a complex pilot programme is being prepared from 2021 onwards, the main elements of which are: 1. the selection of a region where non-addiction-specific care exists (primary and specialised health care, primary and specialised social and child welfare care) and where there is some kind of care modality specialised in addiction problems (drug outpatient clinic, psychiatric ward with addiction profile); 2. targeted training programme for voluntary applicants within the staff of primary and specialised health and social care services in the area concerned; 3. ongoing supervision support for the staff of these services, to help them to refer clients/patients they see to specialist care and to apply in their own practice the minimum intervention techniques necessary in case of clients/patients who do not require referral; 4. to develop a system of indicators to show whether the quality of care is improving, whether more people are being referred to specialist care and whether definitive care is being provided in non-specific care modalities (problem is being resolved). The implementation of the pilot project requires at least 12 months of actual activity, and it is essential to establish a fixed and practical cooperation agreement between the different types of care modalities (primary/specialised health care - primary/specialised social and child welfare care - addiction-specific care modalities).

State of play

Entry 1

For the maximal inclusion of the at-risk groups, a nationally organised system of public screenings has been established in

Hungary. In order to develop the healthcare system 5 National Healthcare Programmes (cancer, cardiovascular diseases, musculoskeletal diseases mental health, child health) have been introduced. The aim of “Three generations for health (application I. and II.)” program is to expand and make the preventive and care activities of primary healthcare more effective. The fee supplement received by the dental service workers aims to extend and make dental prevention and care activities more effective. It is expected that primary GP and dental care will be carried out at a higher level and quality, and the number of job-leavers will reduce. The Hungarian Village Program provides financial support with sub-programmes: general practitioner (GP) medical clinic building, medical devices, and GP medical service flat. We plan to scale up the practice communities throughout the country from the 1st January 2021. We plan to expand the competence of GPs, so people will receive specialist care near their place of residence. Besides, the organized breast and cervical screening, colon screening is taking place nationwide and lung cancer screening with a pilot low-dose CT is also running in a nationwide manner. To support the prevention capacities of the health care system, currently there are 110 health promotion offices have been in operation. They work in close cooperation with group practices of GPs. These offices in close cooperation with the family doctor system aim to promote the reduction of cardiovascular and cancer illnesses, early and avoidable deaths rates and help to reduce the lifestyle-related health determinants, habits and attitudes influencing health behaviour. Reorganization of hospital supervision and administration (effective from January 2021), making the connections tighter and coordination better between general practitioners and specialist care institutions will result in enhanced health promotion and care.

CSR.2020.2

CSR 2 Subpart 1: Protect employment through enhanced short-time working arrangements and effective active labour-market policies and extend the duration of unemployment benefits.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (03/02/2023 15:03 PM)</p> <p>The ongoing Labour support for companies programme, after several fine-tunings since its introduction, is available in all regions with the same conditions since 15 December 2022. (Ongoing)</p>
Entry 2	<p>MEASURE TYPE: Implemented (11/02/2022 13:39 PM)</p> <p>Personal income tax exemption of young workers under 25. From 1 January 2022, young taxpayers under the age of 25 receive total PIT exemption up to the average wage. (Government Act XXXIV. of 2021 (V.6))</p>
Entry 3	<p>MEASURE TYPE: Implemented (26/10/2021 11:54 AM)</p> <p>Less strict requirements for social contribution tax benefits. The unemployment criteria for being eligible for social contribution tax benefit was reduced to 3 months from 6 months in order to speed up the recovery process of the labour market. (Act LXIX of 2021 (VI.10))</p>
Entry 4	<p>MEASURE TYPE: Implemented (21/12/2021 09:40 AM)</p> <p>The Compensation Scheme for Self-Employed was introduced by Government Decree 310/2021. (VI. 7.). Applications can be submitted from 8 June until the end of November.</p>
Entry 5	<p>MEASURE TYPE: Implemented (21/12/2021 09:39 AM)</p>

	<p>The Job creation wage subsidy, as a special element within the ongoing large scale active labour market programmes, was introduced on 18 May and was available until 31 August. The target group has been narrowed on 16 July. The further wage subsidy programme (Labour support for companies) has been introduced on 15 October and is still under implementation with different wage subsidies available for the specific target groups.</p>
<p>Entry 6</p>	<p>MEASURE TYPE: Implemented (05/01/2022 14:23 PM)</p> <p>The Sectorial wage subsidy programme was introduced in November 2020 by Government Decree 485/2020. (XI. 10.). Applications could have been submitted from 11 November until 31 May, providing wage subsidy for the months November to May 2021. The list of sectors covered by the scheme was broadened by Government Decree 571/2020 (XII. 09.) and 638/2020. (XII. 22.) and the months covered by Government Decree 32/2021 (I.29.), 105/2021 (III.5), 147/2021. (III.27.) and 204/2021. (IV.29). As the restrictions have been partially lifted, the list of eligible sectors narrowed based on Government Decree 144/2021 (III.27.)</p>
<p>Entry 7</p>	<p>MEASURE TYPE: Implemented (05/01/2022 14:25 PM)</p> <p>The first phase of the RDI wage subsidy was introduced by Government Decree 103/2020. (IV. 10.). Applications could be submitted from 15 April until 31 August 2020 and the support was granted until the end of the year. The second phase was introduced by Government Decree 693/2020 (XII. 29.) and applications could have been submitted from 4 January until 31 May 2021.</p>
<p>Entry 8</p>	<p>MEASURE TYPE: Implemented (26/10/2021 11:49 AM)</p> <p>The short time work scheme was introduced by Government Decree 105/2020. (IV. 10.). Applications could be submitted</p>

	from 16 April until 31 August 2020 and the support was granted until the end of 2020.
Entry 9	MEASURE TYPE: Adopted (18/12/2020 11:17 AM) Government has issued Decree 1466/2020 on certain issues related to public work (VII. 31.)
Comments	
Entry 1	Update: The EDIOP-6.1.1-15-2015-00001 "Training of low-skilled-, and public workers" project launched in 2016 has been prolonged till 31st March 2023.
Entry 2	The EDIOP-6.1.1-15-2015-00001 "Training of low-skilled-, and public workers") project launched in 2016 has been prolonged till 31st December 2022. The short time work scheme was financed by the priority project EDIOP-5.3.10-CCHOP-17-2017-00001 "Helping to adapt to structural change". The RDI wage subsidy programme was financed by EDIOP-5.3.16-CCHOP-20-0001 "Wage subsidy programme to preserve RDI jobs in emergency period. Sectorial wage subsidy programme was retrospectively financed from REACT-EU ESF contribution by the call EDIOP-10.1.1-21 "Sectorial wage subsidy to manage the labour market impact of COVID 19" The job creation programme was and the Labour support for companies programme is implemented in the framework of the EDIOP-5.1.1- 15-2015-00001 and CCHOP- 8.1.1-15-2015-00001 "Pathway to the labour market" and the EDIOP-5.2.1-14-2015-00001 and CCHOP – 8.2.1-15-2015-00001 "Youth Guarantee".
State of play	
Entry 1	Out of the 93 municipalities that received support in the I-III. phase of the "Economy Boosting programme", 50 municipalities have implemented the programme, have started and are in the process of completing their

	<p>maintenance obligations. For the remaining programmes, investments are in progress.</p>
Entry 2	<p>The National Employment Fund's 2022 "Start-work programme" budget was HUF 120 billion, which the Government increased by another HUF 7 billion during the year to provide year-round employment in PWS (public work system). In the 2022 programmes, nearly 80,000 people started working after the programme launched in March, but the number of people in PWS was down to nearly 70,000 from September, and has since fallen slightly further. For the programmes starting from March 2023, the Government will provide HUF 117.8 billion, which is expected to be sufficient to employ the planned number of nearly 70,000 people throughout the year.</p>
Entry 3	<p>From 15 December, all elements of the Labour support for companies programme have become available in all regions with the same conditions:</p> <ul style="list-style-type: none"> • wage subsidy for a maximum of 6 months is available for those employers who undertake to employ jobseekers registered for at least one month, covering 50% of the wage and social contributions, capped at HUF 250 000; • wage subsidy for 90 days is available for employers who undertake to employ a young employee in a job corresponding to his/her qualification, covering 100% of the wage and social contributions, capped at the amount of the double of the guaranteed minimum wage; • wage subsidy for 90 days is available for employers who undertake to employ disadvantaged jobseekers, covering 100% of the wage and social contributions, capped at 150% of the minimum wage. <p>Since its introduction in 2020, the programme has contributed to the employment of 75 thousand jobseekers so far.</p>
Entry 4	<p>In order to achieve full employment, the government re-launched the following programmes: "Public Employment to Competitiveness Programme" from 15 August 2022. Full employment can only be achieved in a sustainable way in the long term if the competitive sector plays a greater role, if more new tax-paying jobs are created and if those who are able and willing to work in open labour market conditions are given adequate support to find a job. As the situation of the</p>

Hungarian economy strengthens, the government intends to continue to promote market-based employment for public sector workers. The aim of the measure is to ensure that motivated, skilled, willing and able people are not employed in public employment but in the competitive sector, thus contributing to full employment. The aid encourages the public employee to take up employment in the competitive sector by providing a job placement allowance (a kind of bonus) if he or she finds a job before the end of the public employment contract. The sooner the individual leaves public employment, the more support he or she will be entitled to, as he or she will receive a monthly allowance of HUF 45 600 per month in arrears for the remaining period of public employment. A public employee who is engaged in seasonal agricultural work is also entitled to a settling-in allowance, at a daily rate of HUF 2 000. Applications for the scheme can be submitted to the district (metropolitan district) offices responsible for the area from 15 August to 31 December 2022. The application can also be submitted online. (https://eht.munka.hu/eht_igenyles/) The scheme ran from 15 April to 31 December 2021, during which time 1 653 people found a job in the competitive sector, for which they received a job placement allowance of 411 516 eFt. The program was announced on 15 August 2022 with a budget of 500 000 th Ft, which is expected to result in approximately 2 200 people being placed in the competitive sector. "Housing subsidy 2022." National Labour Market Programme Eligibility conditions for "Housing assistance", which may be granted to jobseekers, - who submits an application by the date on which the employment and tenancy relationship is established; - who have been registered as a jobseeker for at least one month; - who enters into an employment relationship for a period of at least six months and for at least 20 hours per week; - who does not own residential property in the place of work or in a municipality less than 60 km from the place of work; - whose regular gross monthly wage or salary - according to the employment contract - from the employment relationship does not exceed HUF 500,000. A jobseeker can be granted a housing allowance of HUF 140 000 per month for six months for rent. Aid is only available for work in the country and only for property in the country. Travel allowance 2022. national labour market programme

	<p>The target group of the programme, the conditions for receiving the aid: Jobseekers who meet the following conditions are eligible for the scheme: - who submits an application by the date on which the employment relationship is established, - whose place of employment is situated in a municipality situated more than 60 km from the place of residence but not in the same municipality as the place of residence, and - who has been registered as a jobseeker for at least one month. Duration, rate and calculation of the aid: The allowance is granted for a period of six months, at a monthly rate of 5% of the statutory minimum wage in force at the time the allowance is granted, currently HUF 10 000, for each 10 km of distance between the place of residence and the place of work.</p>
<p>Entry 5</p>	<p>Update: EDIOP 6.1.1.-15-2015-00001 "Training of low-skilled-, and public workers" programme ensures the upskilling possibility for public workers. The project has been prolonged till 31st March 2023, with a budget changed to 34,89 billion HUF, while the indicator number of involved persons in trainings shifted to 100 100. Till December a total number of 110 599 persons have been involved in trainings, while 103 770 persons have successfully finished their program. Among those, who were involved, 36 116 persons were Roma, according to involuntary pronouncement. 97% of the involved persons gained mentoring service.</p>
<p>Entry 6</p>	<p>In order to prevent lay-offs and safeguard employment, a short time work scheme has been introduced. Overall 200 thousand employees have been supported by the scheme. The government also provided a wage compensation of 40% for companies after their highly skilled employees in the research, development and innovation (RDI) sector for a period of three months. In the first phase of the programme (between April and August 2020), almost 1,300 employers have submitted applications, covering cca. 22,500 employees. The second phase (between January and May 2021) provided both job protection and creation subsidies and contributed to the employment of 16,735 employees at 1,287 employers. Sectorial wage subsidy programme has been introduced with the aim of protecting jobs in those</p>

sectors that had to close or are adversely affected by the COVID-19 related restrictions by taking over 50% of employees' gross wages until May. Within the framework of the programme, 27,280 employers have been supported, covering the wages of 166,364 employees. Within the framework of the Job creation wage subsidy employers could apply for employing jobseekers. During its implementation, the initial broad target group has been narrowed to those unemployed for more than six months and jobseekers under the age of 25, thereby contributing to the employment of 38,800 jobseekers. In October 2020 a new and more targeted wage subsidy (Labour support for companies) has been introduced. The subsidy initially covered 50% of the wage and social contributions with a maximum amount of HUF 100 thousand per month and was provided for 5 months in case of employing low skilled jobseekers and young unemployed. As of June 2021, the support measure was extended to all jobseekers registered for at least one month and the length of support was extended for 6 months. At the beginning of February 2022 the maximum amount of the subsidy was increased from HUF 100 thousand to HUF 150 thousand per month and later the maximum support period became more flexible. As from 15 September 2021, the programme was supplemented with a new element in order to provide support for gaining work experience: a wage subsidy covering the wage and social contributions capped at the amount of the minimum wage was provided for 90 days in case the employer undertakes to employ and train low skilled jobseekers. As from 1 November 2021 the programme was supplemented with a wage subsidy capped at the amount of the double of the guaranteed minimum wage, provided for 90 days in case the employer undertook to employ young employee in a job corresponding to his/her qualification. From 1 December onwards the programme has been promoting the acquisition of work experience for disadvantaged people as well. As for this programme component the wage subsidy capped at the amount of the 150 % of the minimum wage was provided for 90 days. Between 1 July and 15 December 2022 the programme and its elements were available only in Central Hungary. On 15 August 2022 Regional labour support for companies programme was introduced. It provided dedicated support

for those employers who undertook to hire disadvantaged jobseekers in the less developed regions of Hungary. The subsidy covered 50-75 % of the wage and social contributions with a maximum amount of HUF 150 thousand per month for maximum 6 months. In the framework of the Compensation Scheme for Self-Employed, available from June 2021 until 30 November 2021, support was provided for those self-employed who operated in sectors adversely affected by the COVID-19 related restrictions but who were not entitled to the sectorial wage subsidy. The support was a one-off payment; its amount is capped at the level of the guaranteed minimum wage, HUF 219,000. The programme has provided support for 76 thousand self-employed. The National Employment Foundation (OFA nKf.t) has also been involved in the implementation of job-preservation programmes. Job retention support for the "We Act Immediately" program is available. The active labour market programmes and other measures (e.g. promoting the labour market participation of parents with small children) presented last year are still ongoing. Guidance, info sheets, awareness-raising materials, checklists and further links are available on the website of the Department of Occupational Safety and Health of the Ministry for Innovation and Technology. These documents aim to help employers to provide workers with the information they need and put measures in place to prevent COVID-19 infection at workplaces. Hungary maintains the intention to create a work-based society with a focus on job creation – rather than offering aid – in order to achieve full employment. Supporting businesses, investments and jobs is an investment in the future. In line with this approach, no progress has been made related to extending the duration of unemployment benefits. The average number of the participants in the public work schemes is decreasing: in 2021, there were 88,0 thousand persons involved, which is by 4,9% lower than in the previous year. EDIOP 6.1.1.-15-2015-00001 "Training of low-skilled-, and public workers" programme ensures the upskilling possibility for public workers. The project has been prolonged till 31st March 2023, with a budget changed to 34,89 billion HUF, while the indicator number of involved persons in trainings shifted to 100 100. Till December a total number of 110 599 persons have been involved in trainings, while 103 770 persons have successfully finished their program. Among

those, who were involved, 36 116 persons were Roma, according to involuntary pronouncement. 97% of the involved persons gained mentoring service. According to the decree issued, in 2020 the original appropriation of the Start work program (140 billion HUF) available for public work can be exceeded by HUF 5 billion. In 2021 the appropriation of the Start work program increased to 165 billion HUF, of which 10 billion HUF have been reallocated for continuing the central programme of 'Implementing Worker-accommodation facilities' for the Ministry of Innovation and Technology. In 2020 two social inclusion programs were enlarged: another 50 settlements were included in the "Economy boosting programme", while another 36 settlements were included in the "Inclusion of settlements programme". Within the former, the development of 58 settlements (58%) out of a total of 100 settlements were supported. Providing of HUF 10.805 billion, the developments facilitate the employment of 222 people on the primary labour market after the completion of the program. In relation to the remaining settlements, negotiations are in progress with respect to development needs and details of the launching programs. In 2019 and the first half of 2020, in the first phase of the "Inclusion of settlements programme" HUF 2 billion was provided to support the local professional work. From July 2020 until the end of 2021, HUF 4 billion of domestic source was made available for each 67 settlements for development tasks. The social support program was carried out with 2-3 social workers per settlement and "Presence Points" were created. The two programs will continue in 2021 with government approval. Another 50 settlements were involved in the "Economy boosting programme" and another 51 in the "Inclusion of settlements programme". A total of HUF 16 billion is available for this year's annual support for the programs. In the I-III. phase of the "Economy Boosting programme" from the involved 150 settlements, 93 settlements (and 94 projects) have been donated (from which in 2021 36 settlements). These programmes have been subsidized with a total amount of 17 937 million HUF, which contributes to 351 new workplaces in the primarily labour market.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (05/01/2022 14:47 PM)</p> <p>"Old age allowance" Government Decree 538/2020 (XII. 2.) on the monthly increase of pensions and certain other benefits in January 2021.</p>
Entry 2	<p>MEASURE TYPE: Adopted (03/02/2023 15:09 PM)</p> <p>The "Child home care fee", the "Nursing fee", the "Old age allowance" Government Decree 506/2022 (XII.13.) on the monthly increase of pensions and certain benefits in January 2023. Adopted</p>
Entry 3	<p>MEASURE TYPE: Adopted (03/02/2023 15:07 PM)</p> <p>The "Child home care fee", the "Nursing fee", the "old age allowance" Government Decree 692/2021 (XII.9.) on the monthly increase of pensions and certain benefits in January 2022.</p>
Entry 4	<p>MEASURE TYPE: Adopted (06/01/2021 13:01 PM)</p> <p>"Nursing fee"</p>
Comments	
Entry 1	<p>The child home care fee reached the amount of the minimum wage in 2022. The benefit will rise at the same rate as the minimum wage in 2023 as well, which is HUF 232000. The amount of the "Nursing fee" increased by an additional 5,2% from January 1, 2023. From January 1, 2023, the monthly amount of "Old age allowance" increased by the extent of the pension increase.</p>

Entry 2	The amount of the "Child home care fee" will reach the minimum wage in 2022.
State of play	
Entry 1	As for social assistance, benefits include (1) the „Child home care fee", a benefit for parents taking care for their children reliant on care (from 2019), (2) the nursing fee, which is paid to people who provide long-term care for family members and (3) the old age allowance which is provided for those, who reached the pension age limit and whose monthly income doesn't guarantee their subsistence. The amount of these benefits will be increased from 2021. The vast majority of the Hungarian population has access to social services and essential services (including water, sanitation, energy and digital communication) should be ensured to all.

CSR 2 Subpart 3: [quality education for all.](#)

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (11/02/2022 14:13 PM)</p> <p>Modification of Government Decree No. 423/2012 on the procedure for admission to higher education. Implemented by Government Decree No. 746/2021. (XII. 21.) amending certain government decrees on education (21.12.2021).</p>
Entry 2	<p>MEASURE TYPE: Implemented (11/02/2022 14:12 PM)</p> <p>Act No. CXLVIII/2020 amending the laws on the regulation of higher education and certain related laws.</p>
Entry 3	<p>MEASURE TYPE: Implemented (31/01/2022 13:45 PM)</p> <p>RRF-2.1.1-2021 Sectoral modernization of higher education</p>

Entry 4	<p>MEASURE TYPE: Implemented (18/11/2021 09:35 AM)</p> <p>Starting on the 25th September 2018, a Competence assessment and competence development programme was launched for pupils in VET. Upon the results of the assessment, weaker pupils receive individual or small group competence development as extra courses. Also, the follow up assessment is provided. The number of pupils involved per assessment is between 40000 and 70000. The number of VET schools involved is 420 per assessment. This competence development largely contributes to enhance the quality of learning and training of VET pupils.</p>
Entry 5	<p>MEASURE TYPE: Implemented (05/11/2021 13:48 PM)</p> <p>Act IX of 2021 on public trust funds with public-service mission, entered into force on 29 June 2021.</p>
Entry 6	<p>MEASURE TYPE: Implemented (05/01/2022 12:12 PM)</p> <p>Act LXXX of 2019 on VET entered into force: 01.01.2020 Decision of the Government on wage increase of overall 30% of summer 2020.</p>
Entry 7	<p>MEASURE TYPE: Implemented (05/01/2022 12:12 PM)</p> <p>The possibility of online language examination was created in Government Decree 284/2020. (VI. 17.) § 16 (3).</p>
Entry 8	<p>MEASURE TYPE: Implemented (05/01/2022 12:12 PM)</p> <p>2020: Flexibility in international joint degree programmes based on amendments of Act CCIV of 2011 on National Higher Education, § 49 (7), § 67 (4b), § 69 (5). The amendments entered into force on 31 July 2020.</p>

Entry 9	<p>MEASURE TYPE: Implemented (05/01/2022 12:13 PM)</p> <p>2019: Change in admission requirements based on amendment of Government Decree 423/2012 (XII.29) on the higher education admission procedure § 23 (3). The amendment entered into force on 15 November 2019.</p>
Entry 10	<p>MEASURE TYPE: Adopted (18/12/2020 11:28 AM)</p> <p>Agreement with major internet service providers 501/2020. (XI. 14.) Gov. Decree</p>
Comments	
Entry 1	<p>1) Successful school performance especially for disadvantaged children - preschool education Proportion of children attending preschool increased: 3 year olds: from 80.3% in 2014/2015 to 83.3% in 2021/2022; 4 year olds: from 94.7% in 2014/2015 to 96.2% in 2021/2022.; 5 year olds: from 95.1% in 2014/2015 to 96.1% in 2021/2022. (Source: Statistics of Public Education; KIR-STAT 2021. Ministry of Human Capacities, Population of Hungary by sex and age 1870-2070 (ksh.hu). Provision of free meals to disadvantaged children has been extended In 2022/2023, 75.4% of children in preschools had free meals. (Ministry of Interior, 2023) and 49.4% of children in elementary and high schools received free catering or at reduced prices. Under a special transitional measure, children arriving to Hungary in connection with the crisis in Ukraine are entitled to free institutional and holiday catering for 6 months without proof of their other circumstances, thereafter, for free institutional childcare in case of per capita income is not higher than 130% of the minimum wage. 2) Early warning and pedagogical support system to prevent drop-out: Outputs in 2022 according to data gathering of ESL warning system There is a slight decrease in ratio of students who are at risk of drop out in public education system: 10.85% in 2017, 8.86% in 2018, 7.46 in 2019 6.80% in 2020, 6,29 in 2021, 4,8%* in 2022 (EWS, Educational Authority, (EA), 2022, *without VET, ESL warning system in VET operating separately in VET system.). .) Drop-out ratio (national indicator) also decreased: 2014/2015: 7.2%, 2017/2018.: 6.7%, 2018/2019.: 6.6%, 2019/2020: 6.1%, 2020/2021*: 3,4% (2019/2020: break in time series; *public education</p>

system only, without VET). ESL rate slightly improved, (2017: 12.5%, 2020: 12.1%, 2021: 12.0%) 3) Professional assistance for low-performing schools: EA called underperforming schools to prepare action plan in order to improve students' performance and based on their monitoring, EA provided feedback to them. The schools also obligated to take professional, methodological assistance from pedagogical assistance services. Between 1 October 2021 and 31 May 2022, it carried out a national pedagogical-professional audit of the measures taken to improve the performance of underperforming schools in the national assessment of basic competences. The results and observations of the audit have been sent to all the school leaders concerned, further pedagogical assistance accessible for them. 4) Desegregation: In 2020 active desegregation measures: The schools involved were selected according to segregation index, schools with court procedure because of segregation have been also involved. Other complex assistance provided for schools and school-maintainers in 2020:

- workshops on supporting the prevention of dropout and inclusive index
- Meeting for teaching staff focusing on the objectives of school improvement
- Developing learning communities - community-building, particularly the involvement of socially disadvantaged families. Until August 2020
- no. of teachers, heads of schools and representatives of school operators in, workshops on desegregation: 108
- no. of teachers participated in in-service teacher trainings on equity in education, desegregation: 1.882
- no. of schools applying developed methodology for school success: 204.

Main activities of the Anti-segregation working groups in 2020: monitor local educational situation, interventions and improvements in inclusion and desegregation, cooperation with local educational stakeholders, monitoring of segregation. Common workshops for representatives of anti-segregation working groups and operators of HRDOP 3.1.5. project held in 2020. In 2019/2020 49 and in 2020/2021 school year 64 school districts, in 2021/2022 school year 15 school districts have been modified in order to avoid segregation (source: Klebelsberg Center (state school maintenance), 2022). Schools who participated in the HRDOP 315 project are required to review annually the implementation of their institutional development plan for supporting inclusive education, in parallel with the review of their pedagogical programme, during the project's maintaining period. To this end, the Education Authority provided additional technical guidance to schools in June 2022 and further methodological

assistance is available for schools. Transition into digital education

- From March until June 15 2020, major internet service provider companies provided free internet to reach online platforms of public education learning materials. From school year 2020/2021, textbooks are available for free for all students in primary and secondary schools. Update: more practical guidance disseminated in order to help school success of vulnerable students through pandemic.

(https://www.oktatas.hu/pub_bin/dload/kozoktatas/tavoktatas/Modszertani_gyujtemeny_01_08_compressed.pdf

<https://dpmk.hu/2021/03/22/a-digitalis-pedagogiai-modszertani-kozpont-modszertani-ajanlasai-digitalis-munkarend-idejen-2-4-2/>)

Other projects: training low-skilled and public workers (EDIOP-6.1.1-15-2015-00001 "Training of low-skilled-, and public workers"), provide digital competence (EDIOP-6.1.2-15, CCHDP-8.5.4-17, CCHDP-8.5.4-17 "Bridging the Digital Gap") and enhance the Labour Market competitiveness of those in working age (EDIOP-6.1.4-16 named 'Development of Labour market competences in the convergence regions'). One of the key issues in the development of vocational training is the availability of e-learning materials suitable for teaching state-of-the-art technologies for teachers who teach vocational subjects. Teachers need to be prepared to use the teaching materials and to be able to participate in community-based teaching material development. EDIOP-6.2.4-CCHOP-16 -2017-00001 "Improvement of the quality and content of 21st century vocational and adult training" and the EDIOP-6.2.8-CCHOP-20-2020-0001 "Development of digital educational material for certain profession, IT training to support structural change" calls support the introduction of Learning Management Systems and Learning Content Management System (LCMS) in vocational training institutions. As a result of the projects a wide range of e-learning materials tailored to students' age-specific needs are available to cover the VET output requirements. EDIOP-6.1.10-CCHOP-19-2020-00002 "Innovative trainings to promote economic boost" project Trainers and students of vocational training system will gain knowledge of different technologies of Industry 4.0, automatized systems and control technologies and systems. EDIOP-6.2.3-16 "Comprehensive development of the vocational training system" The aim of the call is to reduce the rate of early school leaving in the VET system. Based on the results of the input competence measurements, nearly 1,500 mentoring groups for students with lower competences and with higher risks for dropping-out with the

	<p>participation of approximately 12,500 students were formed within the framework of the EDIOP-6.2.3 projects. As a result of the projects the drop-out rate decreased by an average of 3.37 percentage points. EDIOP-6.2.2-VEKOP/15 "Reducing the number of people leaving vocational training without a qualification" The EDIOP-6.2.2 priority project assisted the EDIOP-6.2.3 standard projects with the development of methodologies and training programs, as well as IT developments (ESL module) and monitoring activities. More than 80 smart books were provided for teachers free of charge, which were available classes from 5-12 (ISC 2-3) almost for all subjects.</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>strengthen teaching workforce From July 2020, all persons employed as teachers received a 10% salary supplement. In the case of trainee-rated teachers, the sectorial allowance prevailed in addition to the guaranteed minimum wage, which latter increased by 8% from 1 January, so with this 10% increase, wages of those concerned increased on average by a total of 18% over six months in 2020. Wages of teachers and trainers in Vocational Education and Training (VET) increased by 30% overall as from July 2020. This encourages trainers from companies to become VET trainers. Within the framework of the Road to a Scholarship with the Road to Degree subprogram in 2020/2021 the amount that can be applied for the scholarship support component increased compared to the previous year. Under the Road to Degree subprogram component "A" (the type of program element available to young people studying full-time): the amount of the scholarship that can be awarded in the 2020/2021 academic year is HUF 225,000 / semester, while under component "B" (the type of program element available to young people participating in self-funded training) the amount of support that can be obtained is HUF 400,000 / semester. In the schoolyear 2020/2021 for 507 students of which 170 Roma students. The total amount available for the two components together is HUF 218,567,988 in the schoolyear 2020/2021. In the schoolyear 2021/2022, 481 students won support, of which 187 Roma students and during the schoolyear 2022/2023, 378 students of which 171 Roma students. Change in admission requirements: Based on the amendment of Government Decree 423/2012 (XII. 29.) on the higher education admission procedure § 23 (3), for applying to a higher education institution it is a mandatory admission requirement to have an advanced high-school graduation exam in at least one</p>

subject or a diploma, thereby contributing to the reduction in drop-out rates. The language test exemption introduced in 2020 (Act. LVIII. 79. § 10.) applies to all students who have passed or are passing the final examination by 31.08.2020 by which we expect a higher number of education diplomas. Flexibility in international joint degree programmes: Amendments made to the Act CCIV of 2011 on National Higher Education allows any full member accreditation agency of the European Quality Assurance Register for Higher Education and the European Association for Quality Assurance in Higher Education to participate in procedures involving the launch of bachelor, master or tertiary vocational programme. The precall for proposals for the "Reform of the Infrastructure, Organization and Education Development of Higher Education Institutions", planned from RRF funds with a budget of HUF 955 billion was announced and the pre-qualification phase of the tender was successfully completed in March 2021. The governance and financing of 21 out of 64 higher education institutions have been managed by public trust funds with public-service mission. By 2021, higher education institutions who had decided structural change by their own decision have been supported by the Government to launch a process of structural change enhancing competitiveness in higher education. The change of educational model results in a more efficient, quality- and performance-based higher education that is more open to the needs of the economy and cooperates more closely with companies. On 22nd October 2021 the Ministers responsible for higher education of the V4 countries signed a Declaration on Automatic Mutual Recognition of Qualifications concerning Higher Education for the Purpose of Further Learning giving access to higher education and higher education qualifications for further studies obtained in their respective countries. Mutual and automatic recognition of qualifications concerning higher education for the purpose of further learning could lead to increased mobility and make higher education institutions in the region more attractive. Establishment of new courses has become more flexible and faster: legislation containing certain higher education courses has been brought to the level of ministerial decrees, and training and output requirements may appear as official announcements, thus helping to develop a flexible training portfolio following labour market demand. The current system of higher education admission scoring has been supplemented, so starting from the general admission procedure in 2021, for the first time in the history of Hungarian higher education,

	<p>admission points can be calculated on the basis of vocational training results. Ensuring quality digital higher education in Hungary project was launched on 18 November 2021 supported by DG Reform. This project will support the Ministry for Innovation and Technology by identifying quality frameworks, standards and processes that are relevant and applicable to digital higher education in Hungary. It will also identify supports that higher education institutions judge to be relevant and useful in enhancing the quality of their digital teaching and learning, and in improving their capacity to manage the quality of the digital teaching and learning they provide. The call for proposal RRF-2.1.1-2021 Sectoral modernization of higher education, supported by domestic funds with a budget of HUF 1,7 billion was launched on 17 December 2021. The aim of the call is the practical transformation of the higher education training system, establishment of training and regulatory cooperation with VET and innovation in certain areas, and strengthening the system of higher education, as well as additional trainings related to higher education in line with the requirements of the labour market. The call for proposal RRF-2.1.2-2021 Infrastructure and skills development of practice-oriented training in higher education, supported by domestic funds with a budget of HUF 64,185 billion was launched on 23 December 2021. The aim of the call is the support of complex development projects of higher education institutions along two focuses: infrastructure development; training, content and skills development. Within the framework of the infrastructure development, the aim is to develop the building infrastructure and equipment related to the practical training, education and provision of quality institutional services in higher education institutions, with a view to facilitating the green and digital transition. The Government adopted the VET 4.0 mid-term policy strategy on 28.03. 2019 and the Act LXXX of 2019 on VET came into force on 01. 01. 2020., which offers several care</p>
<p>Entry 2</p>	<p>Teachers' salary increased by 10% from January 2023.</p>
<p>Entry 3</p>	<p>In 2020/2021 school year 64, in 2021/2022 school year 15 school districts have been modified in order to avoid segregation (If necessary modification has been made, then after that the number of school district changes does not have to increase exponentially from year to year) (source: Klebelsberg Center (state school</p>

	<p>maintenance center), 2023) Implementation is monitored by antisegregation working groups of school maintenance centers.</p>
Entry 4	<p>Update: The number of qualified pre-school teachers are 31 thousand in 2022/2023, same as in previous years (HSO, 2022). Number of pupils per teacher in primary education, 2020: 10,0 (EU27: 13,6; Eurostat 2022)</p>
Entry 5	<p>Successful school performance for disadvantaged children - preschool education In 2021/2022, kindergarten participation increased in more age groups. (Hungarian Statistical Office). The number of qualified pre-school teachers are 31 thousand in 2022/2023, same as in previous years (HSO, 2022). Number of pupils per teacher: 12,4 (EU27: 13,6; Eurostat 2020) Early warning and pedagogical support system to prevent drop-out: There is slight decrease in ratio of students who are at risk of drop out and of the drop-out ratio. Early school leaving rate slightly improved (0.45% since 2017). Ratio of 20-24 year-olds who obtained secondary qualification (ISCED6), increased between 2011 and 2021, from 82,7% to 84,5% (Eurostat 2022) In ESL early warning system common responses are: improvement of teaching activities, individual development plans for students at risk, mentoring, cooperation with social workers, psychologists, child welfare services, etc. From 2020/2021, EWS has been completed with monitoring information on supportive pedagogical activities for vulnerable students to catch up after distance learning. Professional assistance for low-performing schools: In March 2020, Educational Authority monitored schools with low performance, analysed their measures in order to prevent drop-out. Deliveries and outputs of programme "Supporting schools which are at risk of student drop-outs" (HRDOP 3.1.5; implementing period: 2017-2021) have been synthesized, structured and disseminated comprehensively in 2022 (https://hirmagazin.sulinet.hu/hu/s/ilmt). Desegregation: In 2020 active measures: "Supporting schools which are at risk of student drop-outs" (HRDOP 3.1.5) help to prepare schools being at risk of segregation by methodological developments. See also above mentioned dissemination of HRDOP 3.1.5., including materials on equality action plans. Complex assistance provided for schools and school-maintainers in 2020 to help them raise students' achievement and implement desegregation. In low performing schools involved in the project, rate of students highly risked by drop out had</p>

decreased by 1% between the academic year 2018/2019 and 2019/2020; average performance points in reading and mathematical literacy (national assessment of basic competences) improved in project schools between 2018 and 2019. (Source: Educational Authority - ESL warning system, National Assessment of Basic Competences) 49 state school maintenance centres modified their school districts to avoid segregation in 2019/2020. Transition into digital education Schools were introduced digital education from 16.03.2020 and classroom teaching and boarding school provision had been provided on demand. Content repository of teaching and learning sources, materials have been provided, national public TV broadcasting company provided learning programmes for students of all age groups, the Digital Pedagogical Methodology Centre organised over 30 webinars. Additional salary supplement has been provided to 9.600 teachers and support staff from less developed areas in 2020/2021 for their work in prevention of drop-out through COVID19. School maintainers assessed the demand of ICT tools of teachers and students in 1st cycle of COVID. The Government provided assistance to purchase 8000 ICT tools in 1st half of 2020 and additional 18.000 tools at the end of 2020. 3200 pcs of student notebook, 6145 student PCs, 1565 pcs of teachers' notebook have been delivered to schools at the end of 2020 and 2021.

CSR.2020.3

CSR 3 Subpart 1: Ensure liquidity support to SMEs.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (31/01/2022 13:46 PM)</p> <p>According to the Government decision 1979/2021 (XII.27), the Széchenyi Card Restart Program, including the Széchenyi Microcredit Program (furthermore: the Program) will continue from January 1st 2022. Széchenyi Restart Program includes the following products: - Széchenyi Investment Credit GO! - Széchenyi Liquidity Credit GO! - Széchenyi Card Overdraft Credit GO! - Széchenyi Tourism Card GO! - Agricultural Széchenyi Investment Credit GO! (as part of the Széchenyi Investment Credit GO!) - Széchenyi Microcredit GO! - Széchenyi Leasing GO! - Széchenyi Supplementary Own Funds Credit GO! Implemented (Except the Széchenyi Mikrocredit GO! in terms of the interest rate the parameters of the products are changed.)</p>
Entry 2	<p>MEASURE TYPE: Implemented (05/01/2022 13:16 PM)</p> <p>The state reimburses accommodation providers 80% of the revenue from their bookings registered by 11 December.</p>
Entry 3	<p>MEASURE TYPE: Implemented (05/11/2021 13:40 PM)</p> <p>As of July 2021 Széchenyi Card Relaunch Programme became available with the following programmes: - Széchenyi Investment Credit GO! - Agricultural Széchenyi Investment Credit GO! (as part of the Széchenyi Investment Credit GO!) - Széchenyi Liquidity Credit GO! - Széchenyi Card Overdraft Credit GO! - Széchenyi Tourism Card GO!</p>
Entry 4	<p>MEASURE TYPE: Implemented (26/10/2021 13:00 PM)</p>

	EDIOP-8.3.5-18 Micro- Small and Medium sized Enterprises Technological Development Credit for working capital use
Entry 5	<p>MEASURE TYPE: Implemented (26/10/2021 12:47 PM)</p> <p>The Széchenyi Card Programme during the crisis defence period offered the following scheme: Széchenyi Tourism Card. This program was available until the end of June 2021.</p>
Entry 6	<p>MEASURE TYPE: Implemented (26/10/2021 12:47 PM)</p> <p>The Széchenyi Card Programme during the crisis defence period offered the following scheme: Agricultural Széchenyi Card Overdraft Plus. This program was available until the end of June 2021.</p>
Entry 7	<p>MEASURE TYPE: Implemented (26/10/2021 12:47 PM)</p> <p>The Széchenyi Card Programme during the crisis defence period offered the following scheme: Széchenyi Investment Loan Plus. This program was available until the end of June 2021. Széchenyi Investment Loan Plus</p>
Entry 8	<p>MEASURE TYPE: Implemented (31/01/2022 13:47 PM)</p> <p>The maximum tax rate of the local business tax for year 2021 is temporarily lowered to 1% for all SME companies whose annual revenue or balance sheet total does not exceed HUF 4 billion, and they have to pay the 50% of their advance payment in 2021 to ensure liquidity support for them. (Government Decree No. 639/2020 (XII.22.) and Government Decree No. 640/2020 (XII.22.))</p>
Entry 9	MEASURE TYPE: Implemented (05/01/2022 15:45 PM)

	Garantiqa Investment Crises Guarantee Programme
Entry 10	<p>MEASURE TYPE: Implemented (05/01/2022 15:45 PM)</p> <p>Interest free Fast Loan program for Relaunch (EDIOP-9.1.1.-21), between HUF 1-10 million for SMEs.</p>
Entry 11	<p>MEASURE TYPE: Implemented (21/12/2020 12:58 PM)</p> <p>Companies highly affected by the pandemic may apply for tax reduction of any taxes for an amount of max HUF 5 million from 22 April 2020 (to 19 June 2020). (Government Decree No. 140/2020 (IV.21.))</p>
Entry 12	<p>MEASURE TYPE: Implemented (05/01/2022 12:27 PM)</p> <p>From 2021 the rate of small business tax will be reduced to 11%. Rate of small business tax (KIVA) will be further reduced by 1 percentage points from next year from 12% to 11% in accordance with the decreasing of Social Contribution Tax. The KIVA rate was also decreased by 1 percentage point from 1 January 2020. (Act XLVI of 2020 (VI.9.))</p>
Entry 13	<p>MEASURE TYPE: Implemented (05/01/2022 12:27 PM)</p> <p>From 2021 the rate of small business tax will be reduced to 11%. Rate of small business tax (KIVA) will be further reduced by 1 percentage points from next year from 12% to 11% in accordance with the decreasing of Social Contribution Tax. The KIVA rate was also decreased by 1 percentage point from 1 January 2020. (Government Decree No. 140/2020 (IV.21.))</p>
Entry 14	<p>MEASURE TYPE: Implemented (05/01/2022 15:48 PM)</p> <p>AVHGA Crises Guarantee Program</p>

Entry 15	<p>MEASURE TYPE: Implemented (05/01/2022 15:48 PM)</p> <p>Exim Compensation Loan Protection, Exim Compensation Insurance Program, Garantiqa Crises Guarantee Program</p>
Entry 16	<p>MEASURE TYPE: Implemented (05/01/2022 15:49 PM)</p> <p>Exim Compensation Loan</p>
Entry 17	<p>MEASURE TYPE: Implemented (05/01/2022 12:28 PM)</p> <p>HDB Crisis Credit Program and Crisis Credit Plus Program for working capital use (these programmes were terminated by 30. 09. 2021.) HDB Competitiveness Loan 2020, HDB Economy Reconstruction Loan 2020, HDB Producer Organisation Working Capital Credit 2020, HDB Agricultural Working Capital Credit 2020, HDB Food Industry Working Capital Credit 2020,</p>
Entry 18	<p>MEASURE TYPE: Implemented (05/01/2022 15:49 PM)</p> <p>Hungarian Development Bank (HDB) Competitiveness Credit Program,</p>
Entry 19	<p>MEASURE TYPE: Implemented (05/11/2021 13:36 PM)</p> <p>The Széchenyi Card Programme during the crisis defence period offered the following schemes. These programs were available until the end of June 2021. Széchenyi Liquidity Loan Plus, Széchenyi Card Overdraft Plus , All new Széchenyi Card programs are FGS refinanced bank loans, with interest rate subsidy and subsidized guarantee and management fee subsidy.</p>
Entry 20	<p>MEASURE TYPE: Implemented (05/11/2021 13:36 PM)</p>

	<p>The Széchenyi Card Programme during the crisis defence period offered the following scheme: Széchenyi Job Retention Loan Plus. This program was available until the end of June 2021.</p>
Entry 21	<p>MEASURE TYPE: Implemented (05/01/2022 12:28 PM)</p> <p>The Hungarian Central Bank issued the Funding for Growth Scheme Go! (FGS) refinance program for credit institutions lending to SMSs. FGS can be used for working capital purpose. The budget of the programme has been exhausted in Q3 2021.</p>
Entry 22	<p>MEASURE TYPE: Announced (05/01/2022 12:31 PM)</p> <p>As of September 2021 further new programmes were announced: - Széchenyi Microcredit GO! - Széchenyi Leasing GO! - Széchenyi Supplementary Own Funds Credit GO!</p>
Entry 23	<p>MEASURE TYPE: Adopted (21/12/2020 12:57 PM)</p> <p>Increasing the eligibility criteria of small business tax. (Act CXVIII of 2020 (XI.26.))</p>
Comments	
Entry 1	<p>The crisis related to COVID-19 outbreak affected lives of SMEs in Europe. In Hungary the EDIOP Managing Authority and Hungarian Development Bank as fund of funds manager launched two loan programs to support the restart or survival of small and medium sized enterprises. Both of them focused on SMEs' liquidity problems, therefore offered working capital support in the form of financial instrument (loan) (salaries, overhead expenses, operational costs, resource financing). The Fast Loan Program (EDIOP-9.1.1.-21) was launched on March 8th, 2021, and originally focused on the support of</p>

	<p>SMEs operating in sectors mostly affected by the crisis, and the safety measures (such as tourism and hospitality sectors). Lately it was widened to a broader scope and involved into its target group such MEs also whose income dropped by more than 30 % on a year-to-year basis (2020 vs 2019) irrespectively of the sector. The working capital loan program is financed by React EU, the allocation made to the program is 285, 71 million EUR. Deadline of scheme expired on 30. 11. 2021. The SMEs Technological Development Credit for working capital use (EDIOP-8.3.5-18) started in June 2020 as a response to the outbreak of the COVID crisis with the reallocation of almost every available financial resource under the priority axis 8 of EDIOP. The program is to provide working capital support to SMEs without sectorial restrictions in order to mitigate their liquidity difficulties. The loan program is financed by ERDF, the total program sources allocated is 534, 89 million euros. Suspended due to depleted financial allocation. 01.07.2022. The Széchenyi Card Relaunch Action Programme is no more refinanced by the Central Bank of Hungary. The interest rate subsidy, the subsidized guarantee and management fee subsidy financed by the state budget.</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>In the Economic Protection Action Plan the Government has taken several specific measures to provide liquidity finance for SMEs. Among the measures there are monetary political instruments, credit and guarantee programs regulated under the Temporary Framework and other Governmental measures. Acceleration of VAT refunds for SMEs: VAT refunds for SMEs have been accelerated from 75 days to 30 days for normal taxpayers and from 30 days to 20 days for reliable taxpayers. The measure has been applied first in case of VAT returns of March and first quarter. From 2021 the rate of small business tax is reduced to 11%. Rate of small business tax (KIVA) is further reduced by 1 percentage points from 1 January 2021 from 12% to 11% in accordance with the decreasing of Social Contribution Tax. The KIVA rate was also decreased by 1 percentage point from 1 January 2020. Increasing the eligibility criteria of small business tax. From 2021 revenue threshold for applying this tax is HUF 3 billion,</p>

	<p>and the limit from which this tax payer status cannot be applied is increased from HUF 3 billion to HUF 6 billion. The maximum tax rate of the local business tax for year 2021 is temporarily lowered to 1% for all SME companies whose annual revenue or balance sheet total does not exceed 4 bn HUF, and they have to pay the 50% of their advance payment in 2021 to ensure liquidity support for them.</p>
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CSR 3 Subpart 2: Front-load mature public investment projects and

Measures	
Comments	
State of play	
Entry 1	The investment projects concerned will be displayed in details within the national Recovery and Resilience Plan (RRP)

CSR 3 Subpart 3: promote private investment to foster the economic recovery.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (05/01/2022 12:39 PM)</p> <p>Abolition of the HUF 10 billion ceiling of development reserve. In order to encourage investments from 2021 the development reserve is available for total pre-tax profit in corporate income tax (Act CXVIII of 2020)</p>
Entry 2	<p>MEASURE TYPE: Implemented (05/01/2022 12:39 PM)</p> <p>Abolition of the 50% ceiling of development reserve. In spring 2020, the 50% of pre-tax profit ceiling was also abolished,</p>

	<p>which can also be applied to the 2019 tax year. (Government Decree No. 171/2020 (IV.30.))</p>
Entry 3	<p>MEASURE TYPE: Implemented (05/01/2022 12:40 PM)</p> <p>Exemption of buying houses or apartments from transfer fees, and VAT rebate on new dwelling purchases: Buying houses or apartments will be exempted from transfer fees and VAT rebate on new dwelling purchases will be introduced within the framework of Family Housing Subsidy programme as of January 2021.</p>
Entry 4	<p>MEASURE TYPE: Implemented (13/09/2022 14:30 PM)</p> <p>VAT rate on new dwellings is reduced to 5% as of 1 January 2021 in order to promote investments and support home purchases (until the end of 2022, and until 2026 with transitional rules).(Act CXXXIII of 2020 (XII.12.)). This measure has been prolonged until the end 2024 (Government Decree No. 267/2022 (VII.29.)).</p>
Entry 5	<p>MEASURE TYPE: Implemented (11/01/2021 15:56 PM)</p> <p>VAT reduction of brownfield investments for residential housing: The VAT rate on the sale of residential properties in brownfield sites was reduced to 5% from 22 July 2020.</p>
Entry 6	<p>MEASURE TYPE: Implemented (11/01/2021 15:55 PM)</p> <p>The Hungarian Central Bank issued FGS GO! refinance program for credit institutions lending to SMEs. FGS can be used for investment purpose.</p>
Comments	
Entry 1	<p>EDIOP-8.3.5-18 SMEs Technological Development Credit for investment 03.09.2018. Széchenyi Card Investment Credit</p>

Program, 30.04.2020. Suspended due to depleted financial allocation. 01.07.2022. HDB Crisis Credit Program for investment use 21.04.2020. HDB Vis Maior Guarantee Program Garantiqa Crisis Guarantee Program Investment 20.04.2020. EDIOP-1.2.8-20 and CCHOP-1.2.6-20 call for application for SMEs' investment in immovable property and equipment, digitalization and renewable energy. 14.05.2020. - EDIOP-1.2.8-20: deadline of scheme expired on 19.06.2020. EDIOP-1.2.14-20 and CCHOP 1.2.7.20 - call for application for SMEs' investment in Fashion and Design industry 24.11.2020. and 06.01.2021. - EDIOP-1.2.14-20: deadline of scheme expired on 28.04.2021. EDIOP-1.2.12-21 call for application for Medium size companies complex investment in Food industry 18.01.2021. - EDIOP-1.2.12-21 deadline of scheme expired on 30.03.2021. EDIOP-1.2.9-20 call for application for SMEs' investment in handicapped settlements 18.11.2020. reopened on 12. 10. 21. - Deadline of scheme expired on 09.12.2021. EDIOP-1.2.7-20 Hungarian Multinationals III. - call for application for advantaged growth potential SMEs' investments 29.07.2020. - Deadline of scheme expired on 28.01.2021. EDIOP-1.2.15-21 call for application for SMEs for production in the healthcare industry. 18.03.2021. - Deadline of scheme expired on 30.08.2021. EDIOP-4.1.3-19 "Supporting the installation of a solar system for SMEs" aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.) EDIOP-4.1.4-19 "Supporting building energy developments aimed at using renewable energy and increasing energy efficiency" The scheme enables undertakings (SMEs) to achieve building energy efficiency from renewable energy. Some calls were announced from the EDIOP Plus Programme (2021-27) Supplier development programme in the food industry. 15. 12. 2020. Supplier Development Programme (defence industry, rail rolling stock) 27. 08. 2021. Call for tenders for SMEs' R+D activities. Development Program for Health Industry Kisfaludy Development Program renovation subsidy for accommodation providers. EDIOP-Plus 1.2.1-21 call for application for the developments of micro, small and medium sized enterprises helping adaptation to the challenges of modern business and production 11.06.21 EDIOP-Plus 1.1.2-21 Future Hungarian Multinationals

	Programme 31.08.2021 Implemented - Deadline of scheme expired on 31.05.2022. "Hungarian Village" Enterprise Relaunch Programme EDIOP-Plus 1.2.2-22 with a framework budget of HUF 30 billion (14.01.2022) Implemented Starting of the EDIOP Plus Programme (2021-27)
State of play	
Entry 1	The Government have launched and will continue to launch supporting programs enabling the technology shift and increasing the energy efficiency of enterprises. According to the proposal of the NCC (National Competitiveness Council) from the tax year of 2021 the loss carry forward will be available in case of income tax of energy suppliers. At the first time, the losses from 2020 will decrease the tax base at most to 50%.

CSR 3 Subpart 4: Focus investment on the green and digital transition, in particular clean and efficient production and use of energy,

Measures	
Entry 1	MEASURE TYPE: Implemented (14/02/2022 10:29 AM) EEEOP-5.2.15-21 Preparation of energetical developments for public buildings
Entry 2	MEASURE TYPE: Implemented (05/01/2022 12:42 PM) Hungary introduced the Energy Efficiency Obligation scheme on 1 January 2021. In the framework of the scheme, obliged parties - licensed electricity traders and universal electricity providers, licensed natural gas traders and universal gas providers, companies selling transport fuel to final consumers - implement energy efficiency measures or use the option of buy-out, meaning that instead of implementation of any measures, they pay the energy efficiency contribution. The revenue from the contributions will be used first of all to

	<p>finance alternative policy measures to improve the energy efficiency of vulnerable households, thus contributing directly and indirectly to the improvement of energy efficiency, environmental, health, economic and socio-demographic indicators, while taking into account the interests of the Hungarian economy and the preservation of utility fee reduction results, efficiency contribution.</p>
Entry 3	<p>MEASURE TYPE: Announced (05/01/2022 12:44 PM)</p> <p>The third METÁR tender was announced on April 30, 2021.</p>
Entry 4	<p>MEASURE TYPE: Announced (05/01/2022 15:58 PM)</p> <p>A new tender for supporting of new residential solar systems and for the electrification of heating systems with 100% aid intensity was announced on September 2021. The tender can be applied by property owners whose annual income does not exceed HUF 4.85 million. The tender can be applied for (1) the establishment of a solar panel system placed on a roof structure to cover its own consumption, or (2) the installation of a solar system, electrification of a heating system with a heat pump, installation of an electricity storage and replacement of doors and windows on a roof structure. The maximum allowable support is HUF 2,900,000 gross for (1), and HUF 11,300,000 gross for (2). 34,920 families are expected to receive the support.</p>
Entry 5	<p>MEASURE TYPE: Announced (18/12/2020 13:25 PM)</p> <p>„Green National Champions” - call for application for energy efficient SMEs' investment in technology development</p>
Comments	
Entry 1	<p>EDIOP-8.4.1/A-17 Loan to increase energy efficiency and renewable energy use in residential buildings and CCHOPCCHOP-5.2.1-17 - Both calls were open in 2019 and</p>

	<p>partly (without CCHOP) in 2020. - (EDIOP-8.4.1/A-17: Deadline of the scheme expired on 31.12.2022.) EDIOP-1.2.8-20 and CCHOP-1.2.6-20 call for application for SMEs' investment in immovable property and equipment, digitalization and renewable energy. 14.05.2020 EDIOP-1.2.11-20 Hungarian Multinationals IV. Green National Champions program aims to support technological development and capacity building of micro, small and medium-sized enterprises capable of serving energy efficiency improvements 03.08.2020. The EDIOP-1.2.13-20 "Support for technology change and capacity building of companies involved in restrictions on the marketing of single-use and other plastic products and in the production of substitute products" and CCHOP 1.2.8-20 aims to support technology change and capacity building in micro, small and medium-sized enterprises active in the plastics industry. 22.12.2020. and 04.01.2021. Modern Enterprises Programme (started in 2015 autumn, see government decree 1006/2016) is still in implemented phase (until end of 2021), the prolongation and externation of the project is planned in the next budget period. EDIOP-4.1.3-19 "Supporting the installation of a solar system for SMEs" aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.) EDIOP-4.1.4-19 Supporting building energy developments aimed at using renewable energy and increasing energy efficiency The scheme enables undertakings (SMEs) to achieve building energy efficiency from renewable energy. EDIOP-Plus 1.3.1-21 Green National Champions Programme 05.10.21 RRF-2021-6.2.1: the new tender for supporting of new residential solar systems and for the electrification of heating systems announced in September 2021.</p>
State of play	
Entry 1	<p>In addition to the Energy Efficiency Obligation Scheme, there are alternative policy measures supporting energy efficiency. Their share is 5 PJ within the annual obligation of 7 PJ. Alternative policy measures include state support policy measures, tax relief measures, programs at municipal level, awareness raising programs, measures for maintaining the</p>

	<p>share of public transport. Channelling financial resources of the Operational Programs, the Recovery and Resilience Facility, the Modernization Fund and the “Program of energy and climate policy modernization system” are of utmost importance.</p>
<p>Entry 2</p>	<p>One of the main aims of our national RRP is to foster the green and digital transition, thus we would like to fulfil this recommendation primarily within the framework of it. The investments of small and medium sized companies in renewable energy production for own consumption and the enhancement of the energy efficiency of their buildings are supported by the call no. EDIOP-4.1.4-19. The aid intensity is 55% of the eligible cost of the investments. The investments aiming deployment of the renewable energy technologies and enhancement of the energy efficiency of the dwellings in the residential sector are financed by the call no. EDIOP-8.4.1/A-17 and CCHOP-5.2.1-17 in the region of Central Hungary. The maximum amount of the credit with subsidised interest rate is 90% of the eligible cost of the investments. Hungary introduced the Energy Efficiency Obligation Scheme from 1 January 2021, which is a key element in cost-effectively achieving our energy saving and energy efficiency goals. Current governmental measurements with wide scope support digital transition in the SME sector, especially the next one(s): Modern Enterprises Programme: ensuring non-financial services and activities (i.e consultancy, events, communication) for the Hungarian SMEs by the digitalization. The aim of the programmes () is involving at least 13 500 Hungarian SMEs into the digital economy. By 2030, the share of our renewable energy use in gross final energy consumption is expected to increase to a minimum of 21%. The first two METÁR tenders were successfully carried out. New calls will be issued by the Hungarian Energy and Utilities Regulatory Authority every six months, occasionally to support the amount of renewable energy between 300-500 GWh per year. Tender for supporting of new residential solar systems and for the electrification of heating systems announced in September 2021. In order to increase the use of renewable energy in transport, the biofuel obligation for 2020 has been raised from 6.4% in 2019 to 8.2%. The system of regular energy reviews was introduced on 1 January 2022, in</p>

	<p>the framework of which heating and air-conditioning systems with an effective rated output of more than 70 kW shall be regularly inspected. The aim of the inspections is to evaluate the efficiency and sizing of the systems and to optimize their performance. The call for proposals EEEOP-5.2.15-21 Preparation of energetical developments for public buildings in higher education, supported by ERDF with a budget of HUF 6 billion was launched in December 2021. The aim of the call is to encourage the implement energy efficiency improvements and promote the spread of energy systems using decentralized, environmentally friendly renewables.</p>
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CSR 3 Subpart 5: sustainable transport,

Measures	
<p>Entry 1</p>	<p>MEASURE TYPE: Implemented (31/01/2022 13:57 PM)</p> <p>State Aid - Support for rail freight transport (single wagonload transport scheme). The scheme will cover the period from 1 June 2021 to 31 December 2025. The national legal basis for the scheme is the Government Decision 1414/2020 (VII.16.) on the establishment of an aid scheme for single wagonload transport and the development of the related transport sector.</p>
<p>Entry 2</p>	<p>MEASURE TYPE: Implemented (31/01/2022 13:50 PM)</p> <p>electric bicycle: Tender for the purchase of electric bicycles, applications could be submitted until 31. 12. 2021. The results of the program: 6500 supported bicycles. A further extension is expected given the success of the program. A tender for the purchase of electric cargo bikes is also being prepared.</p>
<p>Entry 3</p>	<p>MEASURE TYPE: Announced (05/01/2022 16:01 PM)</p>

	Green Bus Program The Decree No 1537/2019 on the tasks related to the new bus strategy concept of Hungary and the Green Bus Model Project.
Entry 4	MEASURE TYPE: Adopted (05/01/2022 12:48 PM) National Cycling Strategy 2030 - government decision 1377/2020. lays out its preparation
Comments	
Entry 1	The Green Bus Program is in process Green license plates: The Decree No 6/1990. (IV.12.) on the technical conditions for road vehicles the registration and for the time during which they remained in circulation XCIII. Act on Fees of 1990 LXXXII. Act on Motor Vehicle Tax of 1991 CX. Act on Registration Tax of 2003 The national legal basis for the scheme is the Government Decision 1414/2020 (VII.16.) on the establishment of an aid scheme for single wagonload transport and the development of the related transport sector.
State of play	
Entry 1	One of the main aims of our national RRP is to contribute to the development and improvement of sustainable transport, thus we would like to fulfil this recommendation primarily within the framework of it.

CSR 3 Subpart 6: water and waste management,

Measures	
Entry 1	MEASURE TYPE: Implemented (03/02/2023 15:31 PM) Third River Basin Management Plan (RBMP3) was approved by the Government with the Government Decision No

	1242/2022. (IV. 28.) and it was published in the Official Gazette No. 23 of 2022.
Entry 2	<p>MEASURE TYPE: Implemented (18/11/2021 10:03 AM)</p> <p>In order to reduce the consumption of plastic carrier bags and reach the target set out in Directive 94/62/EC (PPWD) the placed on the market of plastic carrier bags between 15 and 50 microns has been prohibited (except those made of biodegradable plastic) and the environmental product fee (defined in Act LXXXV of 2011 on the environmental product fee) increased significantly for plastic carrier bags not banned from 1 July 2021: □ from HUF 57/kg to HUF 1 900/kg for plastic carrier bags with a wall thickness of less than 15 microns, and □ from HUF 0/kg to HUF 500/kg for biodegradable plastic carrier bags, □ for plastic carrier bags with a wall thickness above 50 microns, the product fee unchanged at HUF 1900/kg.</p>
Entry 3	<p>MEASURE TYPE: Implemented (05/01/2022 12:49 PM)</p> <p>Government Decision 1704/2021. (X. 6.) on the National Waste Management Plan for the time period 2021-2027.</p>
Entry 4	<p>MEASURE TYPE: Implemented (26/10/2021 13:29 PM)</p> <p>In order to transpose further provisions of the SUP Directive, Government Decree No. 349/2021 (VI. 22.) on the reduction of the impact of certain plastic products on the environment entered into force on 3 July 2021.</p>
Entry 5	<p>MEASURE TYPE: Implemented (05/11/2021 13:06 PM)</p> <p>The amending provisions providing the legal framework of the restriction adopted with Act XCI of 2020 on the restriction of the placing on the market of certain single-use plastics. The detailed rules are in the Government Decree No.</p>

	301/2021. (VI. 1.) on the restriction of the placing on the market of certain single-use plastics.
Entry 6	<p>MEASURE TYPE: Implemented (18/11/2021 10:02 AM)</p> <p>Hungary has implemented the Directive 2019/904/EU (SUP Directive) by the 3 July 2021 deadline. The amending provisions providing the legal framework of the restriction adopted with Act XCI of 2020 on the restriction of the placing on the market of certain single-use plastics. The detailed rules are in the Government Decree No. 301/2021. (VI. 1.) on the restriction of the placing on the market of certain single-use plastics.</p>
Entry 7	<p>MEASURE TYPE: Implemented (05/01/2022 12:49 PM)</p> <p>Act II of 2021 on amending certain laws on energy and waste management and the related legislation at governmental and ministerial level. The legal framework for the transition to a circular economy was accepted in the spring of this year, and the provisions of the European Union directives were transposed into the domestic legal system. Related to the regulation and the goals, new waste management authority has been established, the task of which is to enforce the economic policy concerning technological change and recycling related to products during subsidies, as well as the compliance and quality assurance of all stages of waste management to improve collection, sorting and selling.</p>
Entry 8	<p>MEASURE TYPE: Implemented (18/12/2020 13:34 PM)</p> <p>„Green National Champions” - call for application for energy efficient SMEs' investment in technology development 03.08.2020.</p>
Entry 9	MEASURE TYPE: Adopted (21/12/2021 09:53 AM)

	Government Decision 1828/2021 (XI. 30.) on the measures necessary for the fulfillment of the qualifying conditions of the National Water Utility Strategy.
Comments	
Entry 1	In the concession contract, the concessionaire undertakes to fulfil the EU target values for waste streams belonging to the public task of state waste management as a basic concession condition. The legislative provisions grant the concession holder exclusive rights to collect and pre-treat several waste streams throughout the country and impose a related public service obligation on the concession holder in order to ensure that the waste management in Hungary can be operated in a financially and economically sustainable manner, in line with EU and Hungarian waste management targets.
Entry 2	Update: The document "On the necessary measures needed for the fulfilment of the entitling conditions of the National Water Utility Public Service Strategy" has been sent to the European Commission. The Commission provided remarks regarding the document. The Strategy was modified, and it was sent to the Commission on October 12, 2022. No response has been received yet
Entry 3	Green National Champions program is implemented as part of the Hungarian Multi Program (EDIOP-1.1.4-16 and CCHOP-1.2.8-20.) The decision is currently being made about projects. Act II of 2021 on amending certain laws on energy and waste management on energy and waste management and the related legislation at governmental and ministerial level.
State of play	
Entry 1	RBMP3 was approved by the Government with the Government Decision No 1242/2022. (IV. 28.) and it was published in the Official Gazette No. 23 of 2022.

Entry 2	The waste management concession model will be introduced on July 1 2023. The concession contract includes the measures, such as legislative tasks, which ensure the smoothness of the transition to the concession system, the continuity of the provision of waste management services, and the fulfilment of circular economic goals. Adopted and partially implemented.
Entry 3	Update: The document “On the necessary measures needed for the fulfilment of the entitling conditions of the National Water Utility Public Service Strategy”, that was accepted by the Government, was made public on 2nd December 2021.
Entry 4	<p>One of the main aims of our national RRP and EEEOP/EDIOP Plus will be to contribute to the improvement of water and waste management, thus we would like to fulfil this recommendation primarily within the framework of it. In order to achieve new goals of waste management laid down in EU circular economy directives it has become necessary to transform the current waste management system, through which Act II of 2021 on amending certain laws on energy and waste management has been adopted. The concession contract was concluded on July 28 2022, in order to introduce the waste management concession model. The government decision on the adopted National Waste Management Plan was published on October 6, 2021.</p> <p>Update: Water management: The Third River Basin Management Plan (RBMP3) was developed, according to the requirement of 2000/60/EC Water Framework Directive. It was published and made available for comments to the public and stakeholders at the end of 2020. Within the framework of EEEOP's waste management developments, a total of 43 projects are being prepared and implemented, the physical completion of which (construction of facilities, acquisition of equipment, vehicles) will take place by July 2023 at the latest. In view of supporting the development of manufacturing enterprises with high growth potential related to green economy and industry, the Green National Champions Call for Proposals was open to five topics in 2020, of which the support of producers producing and / or using raw materials from secondary sources and the production of</p>

	<p>disposable and other plastic products are important from a waste management point of view. On November 4, 2020, the government adopted the National Water Utility Strategy, which will ensure the long-term sustainability of the water utility under different geographical, demographic and technical operating conditions.</p>
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CSR 3 Subpart 7: research and innovation, and

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (05/01/2022 12:52 PM)</p> <p>Furlough scheme introduced in Q2 2020 for industrial RDI personnel for 3 months (103/2020 (10.04.) government decree).</p>
Entry 2	<p>MEASURE TYPE: Implemented (05/01/2022 12:52 PM)</p> <p>Funding for the basic science research network was increased (Hungarian Budget Law, no. LXXXVI./2020, Chapter XXXVI.)</p>
Entry 3	<p>MEASURE TYPE: Adopted (31/01/2022 13:58 PM)</p> <p>The R&D Strategy for 2021-2030 was accepted by the Government.</p>
Comments	
Entry 1	<p>RDI strategy for 2021-2030 (Proposal for the Government, by the Ministry for innovation and Technology, March 2020.) EDIOP-2.2.1-18 "Competitiveness and excellence collaborations" The aim of the call was to encourage long-term sustainable cooperation between undertakings, research institutes and higher education in order to</p>

	commercialise research results. (The second phase of the scheme was open in January 2020.) According to the Call Strategy of the NRD Office (adopted by the Government. 28.02.2021) , for the year 2021 11,92 bn HUF was allocated for Basic Research funding and 23.2 bn HUF was allocated for innovation funding.
State of play	
Entry 1	Partly because of the effect of COVID-19 crisis, the 1,8% of GERD goal for 2020 was not achieved, but GERD has significantly increased to 1,61% from 1,48% in 2019. The RDI strategy for 2021-2030 was created in 2019-20 that reinforces the 3% GERD goal for 2030. This strategy was evaluated by the stakeholders and accepted by the National Science Policy Council. The funding for the basic science research network was increased by 22 bn HUF (70%) from 2020 to 2021. In Q2 2020 a furlough scheme was introduced for companies with industrial R&D for the researchers.

CSR 3 Subpart 8: digital infrastructure for schools.

Measures	
Entry 1	MEASURE TYPE: Implemented (31/01/2022 14:01 PM) RRF-2.1.2-2021 Infrastructure and skills development of practice-oriented training in higher education
Entry 2	MEASURE TYPE: Implemented (05/01/2022 13:01 PM) Supporting system of distance learning in higher education: Act CCIV of 2011 on National Higher Education, § 108, 43a. The amendment entered into force on 1 January 2021.
Entry 3	MEASURE TYPE: Implemented (05/01/2022 13:01 PM)

	“Szakképzési tananyagtár” is available from 02.04.2020
Entry 4	MEASURE TYPE: Implemented (05/01/2022 13:02 PM) Repeated switchover of VET institutions to digital education.
Comments	
Entry 1	<p>2020: sectorial data assets improvement HRDOP-3.4.5—CCHDP-17 “System-level developments and sectorial programs to expand access in higher education project” The methodological development of the Graduate Career Tracking System has been implemented, an interactive portal interface (https://www.diplomantul.hu/) has been created within the framework of the project, which provides free access to data for all interested parties. The interactive portal is available in English version as well. HRDOP-3.4.6-CCHDP-17 “Institutional management development in higher education project” 2020: unified institutional management system in 15 higher education institutions Renewal of the Digital Textbook Library. 2020: the construction of Balatonfüred Knowledge Centre of the Budapest University of Technology and Economics started in the framework of HRDOP-4.2.1-16 “Development of higher education infrastructure” project based on Government Decision 1037/2016 (II.9) on annual development framework of HRDOP. 2020: “Digital Transformation of Hungarian Higher Education” within the Structural Reform Support Program The Digital Higher Education Competence centre was established in October 2019 based on Government Decision 1536/2016 (X.13.) on Hungarian Digital Education Strategy. One of the key issues in the development of vocational training is the availability of e-learning materials suitable for teaching state-of-the-art technologies for teachers who teach vocational subjects. Teachers need to be prepared to use the teaching materials and to be able to participate in community-based teaching material development. EDIOP-6.2.4-CCHOP-16 -2017-00001 “Improvement of the quality and content of 21st century vocational and adult training” and the EDIOP-6.2.8-CCHOP-</p>

	<p>20-2020-0001 "Development of digital educational material for certain profession, IT training to support structural change" calls support the introduction of Learning Management Systems and Learning Content Management System (LCMS) in vocational training institutions. As a result of a projects a wide range of e-learning materials tailored to students' age-specific needs (including measurement-assessment tasks) are available to cover the VET output requirements</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>Sectorial data assets improvement : Within the Higher Education Information System (FIR) it has been made possible to follow the individual's training and study path even in case of multiple institutional changes. In the framework of the project the portal of the Digital Textbook Library has been renewed and the textbook library has been connected with institutional libraries. (https://www.tankonyvtar.hu/) Unified institutional management system in 15 higher education institutions: As a result of the "Institutional management development in higher education project" the Neptun unified institutional management system is currently in operational use in 15 higher education institutions. The "Development of higher education infrastructure" project resulted in a significant development of IT equipment and network development, which enables the active use of modern educational methodological possibilities in education. The Balatonfüred Knowledge Centre of the Budapest University of Technology and Economics is financed by this project by HUF 1,974 billion, which centre will mainly deal with services related to digitization, informatics and ICT tools. The investment started in March 2020. The "Digital Transformation of Hungarian Higher Education" project, starting in 2020, was supported by the Structural Reform Support Program. The project will offer a policy toolbox (presented in the form of two reports and expert contributions to three workshops) for assessing the digital readiness of Hungarian higher education institutions as a basis for future strategic planning and intervention design. Under a recent modification of the Hungarian higher education law the learning management system of a university should be able to communicate to a</p>

student information system, and the whole IT system of a Hungarian university should be ready to provide education via distance learning. The call for proposals RRF-2.1.2-2021 Infrastructure and skills development of practice-oriented training in higher education, supported by RRF funds with a budget of HUF 64,185 billion was launched in December 2021. The aim of the call is the support for complex development projects of higher education institutions along two focus: infrastructure development; training, content and skills development. Within the framework of the infrastructure development, the aim is to develop the building infrastructure and equipment related to the practical training, education and provision of quality institutional services in higher education institutions, with a view to facilitating the green and digital transition. The VET which had to switch back largely to digital work schedule due to the pandemic, was largely supported by the KRÉTA system. Digital switchover in VET is also supported by an on-line knowledge sharing portal. Through the "Szakképzési Tananyagtár", VET educators can share freely usable digital content with their colleagues and students. More than 3,500 institutional WiFi networks has been accomplished supporting locally the digitalisation of the Hungarian education for primary and secondary pupils. The digital infrastructure of the public education was improved by the following measures: 350.000 digital tools are available in the public education institutes, teachers use them more frequently and apply digital teaching methods, high bandwidth internet is available in schools, the wifi network is expanding, and more and more digital contents are made for schools.

CSR.2020.4

CSR 4 Subpart 1: Ensure that any emergency measures be strictly proportionate, limited in time and in line with European and international standards and do not interfere with business activities and the stability of the regulatory environment.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (06/02/2023 10:11 AM)</p> <p>Government Decree 27/2021 (l. 29.) on the declaration of state of danger and the entry into force of emergency measures, repealed with effect of 31.05.2022.</p>
Entry 2	<p>MEASURE TYPE: Implemented (06/02/2023 10:08 AM)</p> <p>Act XXXII of 2022 amending Act XCIII of 2021 on the coordination of defence and security activities, in relation to the extension of the state of danger, entered into force on 01.11.2022. Implemented</p>
Entry 3	<p>MEASURE TYPE: Implemented (06/02/2023 10:07 AM)</p> <p>Ninth Amendment to the Fundamental Law, entered into force on 1 November 2022 (in accordance with the relevant provision on the entry into force set out in the Tenth Amendment to the Fundamental Law). Implemented</p>
Entry 4	<p>MEASURE TYPE: Implemented (31/01/2022 14:04 PM)</p> <p>Act CXXX of 2021 on certain regulatory issues related to the state of danger</p>
Entry 5	<p>MEASURE TYPE: Implemented (06/02/2023 10:09 AM)</p>

	Act LVIII of 2020 on the transitional rules related to the termination of the state of danger and on the epidemiological preparedness
Entry 6	MEASURE TYPE: Implemented (05/01/2022 13:12 PM) Government Decree 27/2021 (I. 29.) on the declaration of state of danger and the entry into force of emergency measures
Entry 7	MEASURE TYPE: Implemented (06/02/2023 10:09 AM) Act I of 2021 on the containment of the coronavirus pandemic, repealed with effect of 31.05.2022. Implemented
Entry 8	MEASURE TYPE: Adopted (06/02/2023 10:11 AM) Decision No 3128/2022 of 1 April 2022 of the Constitutional Court
Comments	
Entry 1	As remote hearings were already held by the Hungarian courts regularly during 2019, the Hungarian justice system could face the challenges of the pandemic from a quite prepared position. In the course of 2020 the number of remote hearings exceeded 20000 and thereafter the figures were already 29157 by the end of 2021, and there were 14015 remote hearings in the first half of 2022. That the pandemic did not lead to any backlog in the courts. The VIA VIDEO system (used for remote hearings) operated seamlessly since its installation, therefore it proved to be quite useful to help all participants of court proceedings to exercise their rights and fulfil their duties without any hindrance caused by the pandemic. The clients of the courts benefited from other digital tools as well: During the period from 1st January 2020 to 30th September 2020 the Client Document Access System (a new IT system for access to

	<p>documents), was used 7013 times by registered users to access their court cases' files. The system was used 27933 times in the first half of 2021 and 27821 times in the second half of 2021, and thereafter 32428 times in the first half of 2022 by registered users.</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>The Ninth Amendment to the Fundamental Law of Hungary restructured the rules governing Special Legal Order, including those relating to the state of danger, these provisions entered into force on 1 November 2022. Due to this amendment, the number of cases of special legal order is reduced to three (state of war, state of emergency and state of danger) instead of the previous six. The power to declare any of these states continues to be vested exclusively with the National Assembly. Due to the domestic consequences – relating to asylum, energy and the general state of the economy - stemming from the ongoing armed conflict on the territory of Ukraine and the resulting humanitarian catastrophe, the Government of Hungary declared a state of danger, with effect from 1 November 2022, by adopting Government Decree No 424/2022 (X. 28.) having regard to the armed conflict and humanitarian catastrophe within the territory of Ukraine, in order to mitigate the resulting negative consequences thereof in Hungary. Under the provisions introduced by the Ninth Amendment to the Fundamental Law of Hungary, a state of danger may be declared for thirty days. The Government may extend the state of danger under authorization by the National Assembly, given that the reasons giving rise to the declaration of the state of danger persist. Any such extension of the state of danger requires a two-thirds majority of the votes of the Members of the National Assembly present. In accordance with the Act XXXII of 2022, the Government is entitled to propose to the National Assembly to extend the period of the state of danger for 180 days. The continuous review of the circumstances giving grounds for the declaration of the state of danger is the constitutional duty of the Government postulated by the Fundamental Law of Hungary: given that the conditions for ordering Special Legal Order cease to exist, the Government is obliged to conclude</p>

	<p>the state of danger. The Government may exercise its' legislative powers for the aversion, management or elimination of the circumstances giving grounds for the declaration of the state of danger or the prevention or aversion of the negative consequences of such circumstances – to the degree necessitated by the circumstance in question and proportionate to the pursued objective. The National Assembly has the power to vacate any decree of the Government issued during special legal order, and the vacated decree cannot be reintroduced by the Government, unless it is justified by a significant change in circumstances. Given that the latter conditions are met and the vacated decree can be reissued by the Government, it shall immediately inform the above mentioned actors about doing so. The Constitutional Court of Hungary has developed a specific test, in its decision No 3128/2022 of 1 April 2022 for examining emergency legislation during the special legal order. The Constitutional Court ensures the examination of whether the given emergency measure remains within the framework of the Fundamental Law. The Constitutional Court declared that in a special legal order “Based on the fundamental right limitation test according to Article 54 (1) of the Fundamental Law, it must be examined whether - there has been an interference with the given fundamental right, - the restriction of fundamental rights does have a legitimate purpose, - the fundamental right restriction is suitable for achieving the legitimate goal, and - taking into account Article 53 (3) of the Fundamental Law, the legislator was convinced at intervals of the justification of maintaining or extending the restriction”.</p>
<p>Entry 2</p>	<p>Complex measures in regards to the pandemic were introduced and carried out in full compliance with the principle of rule of law. The extraordinary powers of the Government were exercised insofar as those were necessary and proportionate to the purpose of preventing, tackling and eliminating the COVID-19 outbreak and preventing and combating its detrimental effects. The measures were adapted to the development of the epidemiological situation. After the first period of state of danger, as of 18 June 2020, pandemic preparedness was declared. Pandemic preparedness was not a special legal order.</p>

	<p>Measures under pandemic preparedness did not affect the functioning of the National Assembly or other constitutional organs, including the Constitutional Court or courts of justice. The Government was not entitled to suspend or amend laws. The National Assembly has been holding regular plenary and committee sessions since the state of danger was proclaimed for the first time in March 2020. The Fundamental Law lists those rights, which cannot be subject to further limitations even under special legal order and adds that under a special legal order, the application of the Fundamental Law may not be suspended, and the operation of the Constitutional Court may not be restricted. The functioning of the Constitutional Court has been continuous during the state of danger and provides an independent and adequate constitutional review of legal provisions (as under normal conditions); special procedural rules facilitate its activities. Access to justice and the continuity of the pending proceedings shall be ensured even during the period of state of danger. Special procedural rules facilitate the functioning of courts for example in case of any epidemiological measures. Time limits continue to run during the period of the state of danger. If it is justified by epidemiological measures, the hearing may also be held by electronic means or other means capable of transmitting electronic images and sound. During the period of state of danger, as a general rule procedural acts that need to be performed at a location subjected to an epidemiological measure shall not be performed. Hungary was amongst the Member States which did not submit a declaration of derogation under Article 15 of the European Convention on Human Rights.</p>
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CSR 4 Subpart 2: Ensure effective involvement of social partners and stakeholders in the policy-making process.

Measures	
Entry 1	MEASURE TYPE: Implemented (06/02/2023 13:24 PM)

	Government Decree 573/2022. (XII. 23.) on minimum wage and guaranteed wage minimum. Entered into force: 01.01.2023.
Entry 2	MEASURE TYPE: Implemented (06/02/2023 13:23 PM) Government Decree No 567/2022 (XII.23.) on fine to be imposed for breaching the obligation under the act on public participation in the preparation of legislation, entered into force on 08.01.2023. Implemented
Entry 3	MEASURE TYPE: Implemented (06/02/2023 13:23 PM) Act XXX of 2022 which amended Act CXXXI of 2010 on Public Participation in the Preparation of Legislation entered into force on 26.10.2022. Implemented
Entry 4	MEASURE TYPE: Implemented (31/01/2022 14:09 PM) Government Decree 703/2021. (XII. 15.) on minimum wage and guaranteed wage minimum.
Entry 5	MEASURE TYPE: Implemented (18/12/2020 10:57 AM) Government Decree 1330/2013. (VI. 13.) on the National Disability Council
Entry 6	MEASURE TYPE: Implemented (18/12/2020 10:56 AM) Government Decree 12/2020. (II. 7.) on the implementation of the Act on VET
Entry 7	MEASURE TYPE: Implemented (05/01/2022 13:13 PM) Act LXXX of 2019 on VET

Comments**Entry 1**

As far as the Commission's comment on "merging the equality body into the ombudsman's office " is concerned, the following shall be emphasized: Act CXXVII of 2020 integrated the Equal Treatment Authority (EBH) to the Office of the Commissioner for Fundamental Rights offering this way a higher level of protection for the right and principle of equal treatment since cases of violations of equal treatment are heard by an institution that is primarily concerned with the protection of fundamental rights. The Commissioner for Fundamental Rights, unlike EBH, is a constitutional institution. It is guaranteed at constitutional level that the Commissioner's proceedings may be requested by anyone and that the Commissioner shall report annually to Parliament on his or her activities. In the latter mentioned annual report the Commissioner gives information on his or her fundamental rights protection activities, on the reception and outcomes of his initiatives and recommendations, and evaluates the situation of fundamental rights on the basis of statistics compiled on the infringements related to fundamental rights. The Commissioner may also initiate ex-post norm control before the Constitutional Court. The Commissioner for Fundamental Rights is elected by Parliament from among those lawyers who have outstanding theoretical knowledge or at least ten years of professional experience and have considerable experience in conducting or supervising proceedings concerning fundamental rights or in the scientific theory of such proceedings. The tasks of the EBH have been taken over by the Office of the Commissioner for Fundamental Rights with full powers. In the performance of its duties specified in the Act CXXV of 2003 on equal treatment and the promotion of equal opportunities the Office of the Commissioner for Fundamental Rights acts as an administrative authority. The new model is in line with the provisions of the relevant provisions of EU law. Moreover, it provides for more extensive powers than foreseen in the EU legislation. Therefore, complaints about equal treatment will be dealt with by an institution surrounded by stronger constitutional guarantees than before. Furthermore, it is not unprecedented in EU comparison that the tasks of the equal treatment authority are carried out by an ombudsman-type institution

	<p>(https://equineteurope.org/what-are-equality-bodies/european-directory-of-equality-bodies/)</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>In accordance with the commitment undertaken in the RRP, the rules on public consultation in the legislative procedure were amended in 2022 in order to increase the quality and transparency of legislation. Pursuant to the rules set out in the Act CXXXI of 2010 on Public Participation in the Preparation of Legislation, 90 % of the draft laws, government decrees and ministerial decrees the preparation of which falls under the scope of Act CXXXI of 2010, shall be subject to prior public consultation. The Government Control Office is obliged to publish a public report on this data by 31 January of each year. The audit body for European funds shall issue its report on the validation of data by 31 March each year. Under the rules, a draft shall be subject to public consultation unless there are duly justified reasons for not doing so and a summary of the preliminary impact assessment must be published with the draft for each draft subject to public consultation. It is also stipulated in the Act CXXX of 2010 on Legislation that the Hungarian Central Statistical Office provides official statistical data for the preliminary impact assessment during the preparation of the legislation and for the ex-post impact assessment after the publication. Anyone can submit his/her opinion during the consultation on the government website, which must be open for at least eight days. At least five days are provided for the substantive consideration of the opinions and proposals received. Pursuant to the above-referred Act CXXXI of 2010, the Government Control Office shall check annually whether the minister responsible for the preparation of the legislation fulfils his/her obligations set out in that act. Pursuant to Government Decree No 567/2022 (XII.23.) on fine to be imposed for breaching the obligation under the act on public participation in the preparation of legislation, in case of non-compliance with the provisions of the above-referred Act CXXXI of 2010, the Government Control Office shall impose a fine ranging from one million to one hundred million forints.</p>

Entry 2

The Hungarian law offers a complex framework of consultations and impact assessment. As outlined in our update to the previous table, there are several examples for the establishment of working groups as regards preparation or assessment of legal regulation and the system of strategic partnerships is working efficiently, as well. As for the policy-making process of Vocational Education and Training (VET) policy. VET Innovation Council has been set up for the conciliation of interests of national level strategic questions of VET. It is a national body of preparatory work for policy decisions, as well as it proposes new policy measures and provides opinions. The role of the Sectoral Skills Councils is to serve as a platform of partnership with the economic stakeholders in order to continuously support the update of content and structure of VET as well as the alignment of the training provision and the skills demand of the labour market. The Permanent Consultation Forum of the Private Sector and the Government (VKF) met regularly during the epidemic, online. In 2020, 24 meetings were held where the Government provided information on the economic impact of the coronavirus epidemic and the government's workplace protection measures. In 2021 12 VKF meetings were held. On the last meeting in November, the annual minimum wage and guaranteed wage minimum agreement for the year 2022 was signed by the sides. The conclusion of agreements on the minimum wage and the guaranteed minimum wage, as well as on the wage increase recommendation, which, in addition to the increase in wage minima, also include tax relief (social contribution tax, corporate tax, small business tax, local business tax). The increase in the minimum wage also affects the amount of a number of benefits (infant care allowance, childcare allowance, adoption allowance, sick pay, job-seeker's allowance, job-seeker's allowance) and allowances (employment subsidies). As far in 2022 we had 8 VKF meetings. Among others initiatives and measures of the Government used for supporting the economy during the epidemic and the war between Ukraine and Russia, as well as Directives of the European Union was discussed during these meetings. Regarding priority task in 2022 special attention was given to the preparation of a new wage agreement, (about the minimum wage and the guaranteed minimum wage). The agreement was concluded only for 2023 because of the

economic circumstances and crisis situation. Social interest reconciliation forums also negotiated during the epidemic: the Reconciliation Council of National Public Sector (OKÉT) held three plenary sessions in 2020, one of which was a joint plenary session with the National Labour Council of Public Employees (KOMT), online. The OKÉT met three times in 2021. The KOMT met three times in 2020 (May, and two times in October) and two times in 2021. The National Economic and Social Council (NGTT) held three plenary sessions in 2020. In 2021 NGTT has held two plenary sessions so far. In these sessions the use of EU budget 2021-2027, and the EU Directive of fair minimum wage, new Act of the health service legal relationship, and the Hungarian minimum wage and guaranteed wage minimum in 2022 were consulted. The NGTT held 5 plenary sessions in 2022. Among others the consulted topics of these sessions were the minimum wage and guaranteed wage minimum in 2023, and discussed the current situation and development opportunities of the vocational training system and higher education. In December 2022, a new online platform has been established for the public consultation of issues with labour market relevance. According to the new procedure, the plans of new labour market programmes and other labour market support measures, the modification and progress of labour market programmes and support measures; concepts of strategic documents as well as documents to be submitted for public consultation due to EU obligations are uploaded to the website and the relevant stakeholders can share their views related to these documents. The aim of the consultation is to obtain the views of stakeholders and to finalise the measures on the basis of their remarks. Details of the procedure are available on the website (https://nfsz.munka.hu/cikk/2676/Tarsadalmi_egyeztetes). The involvement of persons with disabilities via the National Disability Council. The National Occupational Safety and Health Commission, which is the highest forum for national conciliation of interests in non-hazardous and safe working environment according to the provisions of Section 78 of Act XCIII of 1993 on Labour Safety, with the participation of employees, employers' organizations, and Government representatives. The National Occupational Safety and Health Committee held its plenary session on 16 July 2020. In 2021 the Committee held two plenary sessions.

CSR 4 Subpart 3: Improve competition in public procurement.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (12/09/2022 14:35 PM)</p> <p>Government Decision 1425/2022. on the development of a performance measurement framework assessing the efficiency and cost effectiveness of public procurements, adopted on and effective as of 05.09.2022.</p>
Entry 2	<p>MEASURE TYPE: Implemented (12/09/2022 14:34 PM)</p> <p>Government Decree 63/2022 on the measures aiming at reducing the number of one bid procedures, adopted on 28.02.2022, in effect as of 15.03.2022.</p>
Entry 3	<p>MEASURE TYPE: Announced (05/01/2022 13:13 PM)</p> <p>Hungary's Recovery and Resilience Plan has been submitted to the European Commission and is currently awaiting adoption.</p>
Entry 4	<p>MEASURE TYPE: Adopted (17/12/2020 10:20 AM)</p> <p>The amendment to Act CXLI of 2015 on Public Procurement (PPA) was adopted by Parliament on 01.12.2020 and was published on 10.12.2020.</p>
Comments	
Entry 1	<p>The PM Office and the Hungarian Competition Authority concluded an agreement which further strengthens the cooperation of the two institutions for the protection and enhancing of fair competition.</p>

State of play

Entry 1

In the light of this recommendation, a number of new legislative and non-legislative measures have been introduced for public procurement in Hungary. A number of amendments to Act CXLIII of 2015 on Public Procurement (PPA) have the aim of improving competition, such as the following:

- the procedure involving a direct invitation of tenders in s.115 PPA cannot be applied for public procurements funded from EU funds
- the rules on preliminary market consultation are further clarified, and since 1 July 2021 these can be conducted through the electronic procurement system
- clearer and more flexible rules apply to remedying deficiencies in tenders
- the amount of mandatory advance payment for contractors of works increased from HUF 75m to HUF 250m (for up to 5% of the contract value)
- for certain grounds for exclusion, contracting authorities need to consider the reliability of economic operators, instead of automatically excluding them.

Other, non-legislative measures to improve competition:

- Since the first quarter of 2021 the EKR Business Intelligence Module is able to directly generate pre-defined indicator data, and a searchable database of public contracts and contract amendments (EKR Public Contract Repository) has been online since January 2021.
- An interface ensures automatic data transfer between the public contract registry (CoRe) and the EKR by July 2021
- We continue to maintain an effective training system for the professionalisation of stakeholders in public procurement: 2846 participants attended the trainings for experts in 2020.
- The guidance documents for the staff of the Department for Public Procurement Control (DPPC) of the PM Office have been thoroughly updated and they are already being used in the practice of controls. They have also been published in the EU subsidies portal. In order to increase competition and reduce tender procedures with single bids, new provisions have been introduced: -

- obligatory preliminary market consultation for public procurement procedures above the EU public procurement thresholds of certain products and services most affected by single bids, if the open and restricted procedure is used.

Alternatively, the contracting authority may use the option to

	<p>declare the procedure invalid in case only one bid is received; - obligatory publication of an action plan to reduce single bid public procurements for contracting authorities most affected by single bids; - continuous monitoring of single bid procurements and publication of annual reports on the analysis on all relevant data. A performance measurement framework has been developed and it is operational from 30 November 2022 and involves independent non-governmental organisations (NGOs) and independent public procurement experts. It has the aim of assessing the efficiency and cost effectiveness of public procurements in Hungary. A report and analysis of the data collected within the framework is due to be published by 28 February 2023.</p>
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CSR.2020.5

CSR 5 Subpart 1: Strengthen the tax system against the risk of aggressive tax planning.

Measures	
Entry 1	<p>MEASURE TYPE: Implemented (05/01/2022 13:14 PM)</p> <p>In case of itemized tax for small taxpayers (KATA) an additional 40% tax rate was introduced for B2B businesses over HUF 3 million and from the first HUF paid between affiliated companies to fight undeclared employment and aggressive tax planning from 2021. (Act LXXVI of 2020 (VII.14.))</p>
Comments	
State of play	
Entry 1	<p>Hungary strengthened its tax system against the risk of aggressive tax planning according to the ATAD Directives and OECD minimum standards. Hungary amended the rules concerning controlled foreign companies in accordance with this Directive, and implemented rules for limitations to the deductibility of interests. New EU regulations on cross-border tax arrangements have been put into force in 2019. Moreover, the other provisions of the Directive, i.e. the rules pertaining to capital withdrawals and the handling of hybrid instruments (tax evasion avoidance as a result of differences in the legal evaluation of the same factual circumstances) have been transposed in 2020. Hungary implemented the DAC6 Directive (amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements) on mandatory disclosure rules on tax planning identified by hallmarks agreed by the Member States (Hungarian implementation is in the Act XXXVII of 2013). Hungary ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting</p>

("Multilateral Instrument" or "MLI" in the Act III of 2021). Hungarian tax treaties covered by MLI (namely 73 treaties) will be amended with measures to update international tax rules and lessen the opportunity for tax avoidance by multinational enterprises. Hungary has implemented in Decree of Finance Minister, numbered 19/2020. (XII.30.) the list of non-cooperative jurisdiction that reflects to the EU list of non-cooperative jurisdictions. In connection with the list further changes have been made – effective as of 1 January 2021 – in Corporate Income Tax Act (Act LXXXI of 1996). Based on the new regulation stricter controlled foreign company rules should apply in cases where taxpayer is resident in a jurisdiction listed in the Decree. Rules also apply in cases when PE is situated in a listed non-cooperative jurisdiction. The modification of the list is now ongoing that reflects to the changes in the EU list. In case of itemized tax for small taxpayers (KATA) an additional 40% tax rate was introduced for B2B businesses over HUF 3 million and from the first HUF paid between affiliated companies to fight undeclared employment and aggressive tax planning from 2021.



CSR.2019.1

CSR 1 Subpart 1: Ensure compliance with the Council Recommendation of 14 June 2019 with a view to correcting the significant deviation from the adjustment path towards the medium-term budgetary objective.

Measures	
Comments	
State of play	
Entry 1	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR: Update: According to the Commission's 2019 autumn forecast, Hungary's structural deficit was expected to improve by 1.2 % of GDP in 2020. The Council Recommendation of 5 December 2019 (2019/C 420/01) pointed out a good progress towards the medium-term budgetary objective. The Council noted in the recommendation that the budget for 2020 adopted by the Hungarian government could have delivered the effort required by the Council. Deterioration of the macroeconomic forecast due to the pandemic, providing resources for epidemic protection and restart of the economy resulted in higher deficit as a % of GDP (7.5%). Elevated deficit and prefinancing of debt maturing in 2021 led to an increased debt ratio (79.3% of GDP) at the end of 2020.</p>

CSR.2019.2

CSR 2 Subpart 1: Continue the labour market integration of the most vulnerable groups, in particular through upskilling, and

Measures	
Comments	
Entry 1	Update EDIOP-8.8.1-17 "Encouraging Employment – Loan programme (Deadline of scheme expired on 30. 06. 2021) EDIOP-5.3.11-18 "Supporting the return of parents with young children to the labour market" - This support program was launched in 2019 and will run until October 31, 2023. By January, 2023, 8881 parents had received a supporting decision within the framework of the programme and its nationally funded component in Central-Hungary.
Entry 2	Update: The EDIOP-6.1.1-15-2015-00001 "Training of low-skilled-, and public workers") project launched in 2016 has been prolonged till March 31, 2023 with a budget changed to 34,89 billion HUF.
Entry 3	Update: The EDIOP-6.1.1-15-2015-00001 "Training of low-skilled-, and public workers") project launched in 2016 has been prolonged till March 31st, 2023 and its budget has been extended.
Entry 4	Europe 2020 national targets - Employment rate target: 75% Open call in 2019-2020 (EDIOP-8.): - EDIOP-8.8.1-17 "Encouraging Employment – Loan programme" EDIOP-5.3.11-18 "Supporting the return of parents with young children to the labour market" The purpose of the scheme is to help parents with young children return to work by contributing to the cost of family or workplace nursery/day-care services according to the determined conditions. This support program was launched in 2019 and will run until December 31, 2022. By early February, 2022 more than 5700 parents had received a supporting decision. EDIOP-5.3.13-20 "Facilitate the training, scholarship and employment support

	<p>of parents raising young children". A key target group is parents of young children with a low level of education, who can receive a scholarship under the project if they continue their primary or secondary education or receive vocational training. This support program was launched in 2020. EDIOP-5.1.1-15-2015-00001 and CCHOP-8.1.1-15-2015-00001 "Path to the labour market" and the EDIOP-5.2.1-14-2015-00001 and CCHOP-8.2.1-15-2015-00001 "Youth Guarantee" calls contribute to the labour market integration of inactive and jobseekers by means of training, wage subsidy, labour market services and entrepreneurship support. The Youth Guarantee Programme targets young people not in employment, education or training under the age of 25. TOP Plus-3.3.1-21 Development of human infrastructure supporting childcare The aim is to develop institutions providing kindergarten and nursery care for municipalities, churches and NGOs. The creation of new nursery/ mini-nursery/ family nursery places - including: the creation of a new institution/site/service; the reopening of a closed site; the expansion of existing places for municipal and church-owned operators, is eligible only for municipalities with a population of less than 3000 inhabitants. RRF-1.1.2-2021 Development of nursery education The call for proposals is aimed at municipalities and churches wishing to create new places in nurseries (nurseries, mini-nurseries, family nurseries) with a population of at least 3,000 inhabitants. 3,300 new places are expected. RRF-1.1.2-2021 Call for Proposal has been published 2, November 2021, applications for support have been submitted, and evaluation is currently underway. CSP-HB-21 National Family Nursery and Workplace Nursery Development Programme for non-municipal operators Within the framework of a domestic-funded tender, non-municipal maintainers (private sector) had the opportunity to submit a tender for the establishment of family nurseries by 15 September of 2021, and for workplace nursery places by 15 October of 2021. The call for proposals was amended on October 25, 2021, to include support for establishing church-run mini-nurseries. The applications were phased in, with a final deadline of November 15, 2021 for churches.</p>
<p>Entry 5</p>	<p>The EDIOP-6.1.1-15-2015-00001 "Training of low-skilled-, and public workers") project launched in 2016 has been</p>

	<p>prolonged till December 31st, 2022 and its budget has been extended. New priority project has been launched (EDIOP-5.3.13-20) to provide financial incentive for low skilled parents with small children to finish primary or secondary school education or to participate in vocational education.</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>Europe 2020 national targets - Employment rate target: 75% Update Within the framework of the programme aimed at promoting the labour market integration of women with small children by providing support to offset the financial costs of non-state-based nurseries, the range of applicable services has been broadened with certain non-state-based nurseries and day-care services for children under the age of three. Furthermore, the implementation of the programme aimed at developing the skills and competences and employability of women with small children is ongoing. At present (January 11, 2022), there are more than 55,000 nursery places in Hungary. There are currently 14,000 places under development and several tenders (please see Comments) are underway. The goal is to have 70,000 nursery places in Hungary by 2022, which will allow all children of working parents (or parents who want to work) to have access to nursery care.</p>
<p>Entry 2</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update: The results of the agreement in 2016 at the Permanent Consultation Forum and the later agreement are powerful: the employers' contributions decreased from 28,5% to 17 % during 2016-2021; the tax wedge reduced by 5 percentage points during 2016-2021; the minimum wage increased by 50.8% during 2016-2021. The Social Contribution Tax (SCT) rate decreased as of July 2020, regardless of the real wage criteria in order to support employment during the crisis. The training levy (1.5%) was abolished and the social contribution tax was reduced by 2.5%p from 2022. The total employer's tax burden was reduced from 17% to 13%. The training levy were integrated into social contribution taxation. From 2016 to the 2022 the tax wedge was reduced by 7</p>

	percentage points and the minimum wage will be increased by 80.2 %
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CSR 2 Subpart 2: improve the adequacy of social assistance and unemployment benefits.

Measures	
Comments	
Entry 1	Update: EDIOP-5.3.11-18 "Supporting the return of parents with young children to the labour market" - By the end of August 2022 more than 7000 parents had received a supporting decision.
Entry 2	Europe 2020 national targets - Employment rate target: 75% Open call in 2019-2020 (EDIOP-8.): - EDIOP-8.8.1-17 "Encouraging Employment – Loan programme" EDIOP-5.3.11-18 "Supporting the return of parents with young children to the labour market" The purpose of the scheme is to help parents with young children return to work by contributing to the cost of family or workplace nursery/day-care services according to the determined conditions. This support program was launched in 2019 and will run until December 31, 2022. By early February, 2022 more than 5700 parents had received a supporting decision. EDIOP-5.3.13-20 "Facilitate the training, scholarship and employment support of parents raising young children". A key target group is parents of young children with a low level of education, who can receive a scholarship under the project if they continue their primary or secondary education or receive vocational training. This support program was launched in 2020. EDIOP-5.1.1-15-2015-00001 and CCHOP-8.1.1-15-2015-00001 "Path to the labour market" and the EDIOP-5.2.1-14-2015-00001 and CCHOP-8.2.1-15-2015-00001 "Youth Guarantee" calls contribute to the labour market integration of inactive and jobseekers by means of training, wage subsidy, labour market services and entrepreneurship support. The Youth Guarantee Programme targets young people not in employment, education or training under the age of 25. TOP Plus-3.3.1-21

	<p>Development of human infrastructure supporting childcare The aim is to develop institutions providing kindergarten and nursery care for municipalities, churches and NGOs. The creation of new nursery/ mini-nursery/ family nursery places - including: the creation of a new institution/site/service; the reopening of a closed site; the expansion of existing places for municipal and church-owned operators, is eligible only for municipalities with a population of less than 3000 inhabitants. RRF-1.1.2-2021 Development of nursery education The call for proposals is aimed at municipalities and churches wishing to create new places in nurseries (nurseries, mini-nurseries, family nurseries) with a population of at least 3,000 inhabitants. 3,300 new places are expected. RRF-1.1.2-2021 Call for Proposal has been published 2, November 2021, applications for support have been submitted, and evaluation is currently underway. CSP-HB-21 National Family Nursery and Workplace Nursery Development Programme for non-municipal operators Within the framework of a domestic-funded tender, non-municipal maintainers (private sector) had the opportunity to submit a tender for the establishment of family nurseries by 15 September of 2021, and for workplace nursery places by 15 October of 2021. The call for proposals was amended on October 25, 2021, to include support for establishing church-run mini-nurseries. The applications were phased in, with a final deadline of November 15, 2021 for churches.</p>
State of play	
Entry 1	<p>Europe 2020 national targets - Employment rate target: 75% Update Within the framework of the programme aimed at promoting the labour market integration of women with small children by providing support to offset the financial costs of non-state-based nurseries, the range of applicable services has been broadened with certain non-state-based nurseries and day-care services for children under the age of three. Furthermore, the implementation of the programme aimed at developing the skills and competences and employability of women with small children is ongoing. At present (January 11, 2022), there are more than 55,000 nursery places in Hungary. There are currently 14,000 places under development and several tenders (please see Comments)</p>

	<p>are underway. The goal is to have 70,000 nursery places in Hungary by 2022, which will allow all children of working parents (or parents who want to work) to have access to nursery care.</p>
<p>Entry 2</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR The Europe 2020 Hungarian national poverty target meant the reduction of population at risk of poverty or social exclusion (AROPE) by 450,000 people, while Hungary in fact achieved a reduction of 1042 thousand people. Provision of free meals to disadvantaged children has been extended since 2015. In the 2014/2015 school year, 318,693 children and pupils received free meals and 208,810 more received meals on 50% discounted fee in the nurseries, kindergartens and schools. Later, in the 2022/2023 school year, 389,681 minors received free and 190,766 received discounted meals. From 2016, municipal governments became obliged to provide free meals for children with disadvantaged or multiply disadvantaged status in all school holidays and nursery and kindergarten closing times what meant at least 97,000 children benefited in the 2022 summer holiday. The provision of food packages to deprived children aged 0-3 or school age and their families, as well as pregnant mothers has reached 116,019 persons by September 30, 2018; 117,515 persons by September 30, 2019; 112,098 persons by December 29, 2020; 107,229 persons by December 31, 2021 and 106,428 persons by December 31, 2022. The total number of food packages dispatched is around 1,6 million packages during programming period 2014-2020. . The service is continuous during the epidemic period. In addition, 115,119 packages of basic household goods to the same group of beneficiaries were distributed between 2018 and 2022, representing a reach of 20,000-26,000 persons per year. In the schoolyear 2019/2020, 30,400 pupils from deprived families received school supply packages, and 106,000 in the schoolyear 2020/2021. In the schoolyear 2021/2022, 110 480 pupils from deprived families received school supply packages, and 101,200 in the schoolyear 2022/2023. The provision of food packages to socially deprived elderly persons with disabilities and extremely low incomes started on April 05, 2018 and 605 219 packages were provided by December 2022. Between January 2, 2017 and December</p>

	31, 2022, warm meals were provided to the homeless persons. During this period, the number of homeless persons on working days reached in average 4,016 persons (84,000 food packages per month). The project was extended until March 31, 2023.
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CSR 2 Subpart 3: Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma in quality mainstream education.

Measures	
Comments	
Entry 1	Europe 2020 national targets - Early school leaving target: 10% EDIOP-6.2.3-16 "Comprehensive development of the vocational training system" The aim of the call is to reduce the rate of early school leaving in the VET system. Based on the results of the input competence measurements, nearly 1,500 groups of students (with the participation of approximately 12,500 students) were formed within the framework of the EDIOP-6.2.3 projects. As a result of the projects the drop-out rate decreased by an average of 3.37 percentage points. EDIOP-6.2.2-CCHOP/15 "Reducing the number of people leaving vocational training without a qualification" The EDIOP-6.2.2 priority project assisted the EDIOP-6.2.3 standard projects with the development of methodologies and training programs, as well as IT developments and monitoring activities.
Entry 2	EDIOP-6.2.3-17 "Comprehensive development of the vocational training system" The aim of the call is to develop the basic skills of students in vocational training, especially those at risk of early school leaving, to make vocational training more effective, to increase school performance and to enable them to take part in lifelong learning. Based on the results of the input competence measurements, nearly 1,500 groups of students (with the participation of approximately 12,500 students) were formed within the framework of the

	EDIOP projects. As a result of the projects the drop-out rate decreased by an average of 3.37 percentage points.
State of play	
Entry 1	Catchment areas to determine local and proximity schools exist in Hungary and are contributing to prevent, avoid school segregation. Re-definition of catchment areas can potentially change school composition by making them more socially diverse. In 2019/2020 49, in 2020/2021 school year 64, in 2021/2022 school year 15 school districts have been modified in order to avoid segregation (If necessary modification has been made, then after that the number of school district changes does not have to increase exponentially from year to year) (source: Klebelsberg Center (state school maintenance center), 2023) Implementation is monitored by antisegregation working groups of school maintenance centers.
Entry 2	There was positive change in the proportion of Roma aged 18-24 who are early school leavers, as the rate decreased from 65.3% in 2017 to 60.8% in 2021. The NEET rate among Roma youth aged 15-24 also changed, from 47% in 2013 to 40% in 2021 (Source: Monitoring of Hungary's National Social Inclusion and Roma Strategy, Strategic Indicators, Ministry of Interior; Central Statistical Office; 2022).
Entry 3	Europe 2020 national targets - Target on the reduction of population AROPE: 450,000 people Hungary achieved a reduction of 1042 thousand people at risk of poverty or social exclusion by the year 2020 (data reference). Provision of free meals to disadvantaged children has been extended since 2015. In the 2014/2015 school year, 318,693 children and pupils received free meals and 208,810 more received meals on 50% discounted fee in the nurseries, kindergartens and schools. Later, in the 2022/2023 school year, 389,681 minors received free and 190,766 received discounted meals. From 2016, municipal governments became obliged to provide free meals for children with disadvantaged or multiply disadvantaged status in all school holidays and nursery and kindergarten closing times what meant at least 97,000

	<p>children benefited in the 2022 summer holiday. The provision of food packages to deprived children aged 0-3 or school age and their families, as well as pregnant mothers has reached 116,019 persons by September 30, 2018. 117,515 persons by September 30, 2019 and 112,098 persons by December 29, 2020; 107,229 persons by December 31, 2021 and 106,428 persons by December 31, 2022. The total number of food packages dispatched is around 1,6 million packages during programming period 2014-2020. The service is continuous during the epidemic period. In addition, 115,119 packages of basic household goods to the same group of beneficiaries were distributed between 2018 and 2022, representing a reach of 20,000-26,000 persons per year. In the schoolyear 2019/2020, 30,400 pupils from deprived families received school supply packages, and 106,000 in the schoolyear 2020/2021. In the schoolyear 2021/2022, 110 480 pupils from deprived families received school supply packages and 101,200 in the schoolyear 2022/2023. The provision of food packages to socially deprived elderly persons with disabilities and extremely low incomes started on April 05, 2018 and 605 219 packages were provided by December 2021. Between January 02, 2017 and March 31, 2023, the provision of warm meals to homeless persons on working days reached in average 4016 persons (84,000 food packages per month).</p>
<p>Entry 4</p>	<p>Europe 2020 national targets - Early school leaving target: 10% On the 1st of September, 2018 the kindergarten and school social worker service was introduced into the Act XXXI of 1997 on the Protection of Children and Guardianship (Child Protection Act) according to which every family and child welfare centre maintained by the district capital municipality has to provide this service. The involvement of the social professional can make the life of the public education institutions more balanced in recognizing and solving problems, help in the socialization of children and improve their school performance even reducing the possibility of early school leaving.</p>
<p>Entry 5</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update: "Supporting schools which are at risk of student</p>

	<p>drop-outs" (HRDOP 3.1.5) project helped to prepare schools being at risk of low performance and of segregation by methodological developments. The schools involved in the project were selected according to segregation index, low performance and schools with court procedure because of segregation have been also involved. A total number of 300 primary and secondary schools (offering ISCED 1-3 qualifications) that participated in the project. In these schools, the rate of students highly risked by drop out had decreased by 1% between the academic year 2018/2019 and 2019/2020. Average performance points in reading and mathematical literacy in project schools have been improved, 2018 and 2019:</p> <table border="0"> <tr> <td>2018</td> <td>2019</td> <td>reading literacy</td> </tr> <tr> <td>Grade 6</td> <td>1,404</td> <td>1,411</td> </tr> <tr> <td>Grade 8</td> <td>1,496</td> <td>1,510</td> </tr> <tr> <td>Grade 10</td> <td>1,673</td> <td>1,683</td> </tr> <tr> <td>mathematical literacy</td> <td>Grade 6</td> <td>1,425</td> </tr> <tr> <td></td> <td>Grade 8</td> <td>1,515</td> </tr> <tr> <td></td> <td>Grade 10</td> <td>1,657</td> </tr> <tr> <td></td> <td></td> <td>1,667</td> </tr> </table> <p>(Source: Educational Authority, 2021)</p>	2018	2019	reading literacy	Grade 6	1,404	1,411	Grade 8	1,496	1,510	Grade 10	1,673	1,683	mathematical literacy	Grade 6	1,425		Grade 8	1,515		Grade 10	1,657			1,667
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	Grade 8	1,515																							
	Grade 10	1,657																							
		1,667																							

CSR 2 Subpart 4: Improve health outcomes by supporting preventive health measures and strengthening primary healthcare.

Measures	
Comments	
<p>Entry 1</p>	<p>„Putting screening in place" The program has been running from 2018. It facilitates equal access to screenings/medical examinations by continuously operating 10 mobile buses suitable for conducting general examinations. It aims to facilitate and accelerate access to screenings/medical examinations for small settlements with poor transport facilities. "School programmes to promote holistic health promotion, mental health and to reduce addictions" To promote prevention activities and a complex approach in addressing addictions, the Ministry of Human Resources developed the programme in 2020. The programme was launched in 2021 and it is implemented by the Hungarian School Sport Federation. It consists of 4 interlinking parts, which focus on promoting the physical and mental health of children as well as teachers. Reducing substance abuse in</p>

	<p>slums The project aims to tackle addiction problems in the 31 participating settlements with the help of local social experts, assisted by addiction consultants. The aim is to broaden the possibilities of local colleagues in implementing health promotion and prevention-focused programmes and in early intervention. The programme is implemented by the National Association of Addiction Consultants and have been running since 2019.</p>
State of play	
Entry 1	See CSR Implementation / Reporting Table fin.docx in CeSaR

CSR.2019.3

CSR 3 Subpart 1: Focus investment-related economic policy on research and innovation,

Measures	
Comments	
Entry 1	Update EDIOP-8.1.1-16 "Support the RDI activities of Enterprises loan Program", between HUF 5-3000 million (Deadline of scheme expired on 31.05.2020) EDIOP-2.1.2-8.1.4-16 "Support the RDI activities of enterprises combined loan", between HUF 12,5-250 million (loan) (Deadline of scheme expired on 15.04.2019)
Entry 2	Update EDIOP-8.4.1/A-17 "Loan to increase energy efficiency and renewable energy use in residential buildings" - Deadline of scheme expired on 31.12.2022
Entry 3	Update EDIOP-8.1.1-16 "Support the RDI activities of Enterprises loan Program", between HUF 5-3000 million (Deadline of scheme expired on 31.05.2020) EDIOP-2.1.2-8.1.4-16 "Support the RDI activities of enterprises combined loan", between HUF 12,5-250 million (loan) (Deadline of scheme expired on 15.04.2019)
Entry 4	Europe 2020 national targets - Research and development target: 1.8% of GDP: Source: Central Statistical Office Open calls in 2019-2020 (EDIOP-8.): - EDIOP-8.1.1-16 "Support the RDI activities of Enterprises loan Program", between HUF 5-3000 million - EDIOP-2.1.2-8.1.4-16 "Support the RDI activities of enterprises combined loan", between HUF 12,5-250 million (loan) - EDIOP-8.1.3/A-16 "National technology and intellectual property venture capital programme", between HUF 9-500 million - EDIOP-8.1.3/B-17 "Smart specialisation venture capital programme", between HUF 200-2500 million EDIOP-2 EDIOP-2.2.1-18 "Competitiveness and excellence collaborations" The aim of the call was to encourage long-term sustainable cooperation between undertakings,

	research institutes and higher education in order to commercialise research results.
Entry 5	<p>Open calls in 2019-2020 (EDIOP-8.): RDI: - EDIOP-8.1.1-16 "Support the RDI activities of Enterprises loan Program", between HUF 5-3000 million - EDIOP-2.1.2-8.1.4-16 "Support the RDI activities of enterprises combined loan", between HUF 12,5-250 million (loan) - EDIOP-8.1.3/A-16 "National technology and intellectual property venture capital programme", between HUF 9-500 million - EDIOP-8.1.3/B-17 "Smart specialisation venture capital programme", between HUF 200-2500 million Energy and resource efficiency: -</p> <p>EDIOP-8.4.1/A-17 "Loan to increase energy efficiency and renewable energy use in residential buildings" Improves the energy efficiency of residential buildings and encourages the use of renewable energy sources – Loan programme (Deadline of scheme expired on 31.12.2022). Open calls in 2019 (EDIOP-4) - EDIOP-4.1.2-18/EDIOP-4.1.4-19 The schemes enable undertakings (SMEs) to achieve building energy efficiency from renewable energy. EDIOP-4.1.3-19 Supporting the installation of a solar system for SMEs aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.) Open calls in 2020 (EDIOP-2) EDIOP-2.2.1-18 "Competitiveness and excellence collaborations" The aim of the call was to encourage long-term sustainable cooperation between undertakings, research institutes and higher education in order to commercialise research results.</p>
State of play	
Entry 1	<p>Europe 2020 national targets - Research and development target: 1.8% of GDP: Update: The R&D expenditure reached 1.61% of the GDP in 2020, the highest value in the last 30 years. The GERD increase was 9%, whereas the GDP has shrank. The source of growth was primarily from the business and foreign sectors. Update: The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300-400 million</p>

	<p>are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. In addition, the value limit is decreased in 2021 to HUF 200-300 million and in 2022 to HUF 50-100 million. In in order to encourage investments the development reserve is available for total pre-tax profit in corporate income tax from 2021. In spring 2020, the 50% of pre-tax profit ceiling was also abolished, which can also be applied to the 2019 tax year.</p>
<p>Entry 2</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300–400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. Europe 2020 research and development national target: 1.8% of GDP The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300-400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. In addition, the value limit is decreased in 2021 to HUF 200-300 million and in 2022, decreased one more step to HUF 50-100 million. In in order to encourage investments the development reserve is available for total pre-tax profit in corporate income tax from 2021. In spring 2020, the 50% of pre-tax profit ceiling was also abolished, which can also be applied to the 2019 tax year.</p>

CSR 3 Subpart 2: low-carbon energy,

Measures	
Comments	
<p>Entry 1</p>	<p>Update EDIOP-8.4.1/A-17 "Loan to increase energy efficiency and renewable energy use in residential buildings" (Suspended due to depleted financial allocation from 05.11.2020.) EDIOP-8.4.1/A-17 "Loan to increase energy</p>

	<p>efficiency and renewable energy use in residential buildings” (Suspended due to depleted financial allocation from 05.11.2020.)</p>
Entry 2	<p>Update: EDIOP-8.4.1/A-17 “Loan to increase energy efficiency and renewable energy use in residential buildings” Improves the energy efficiency of residential buildings and encourages the use of renewable energy sources – Loan programme (Deadline of scheme expired on 31.12.2022.).</p>
Entry 3	<p>Europe 2020 national targets - Energy efficiency: The 2020 target is at 26.6 Mtoe for primary energy consumption (PEC) and 18.2 for final energy consumption (FEC) Open call in 2019-2020 (EDIOP-8.): EDIOP-8.4.1/A-17 “Loan to increase energy efficiency and renewable energy use in residential buildings” Improves the energy efficiency of residential buildings and encourages the use of renewable energy sources – Loan programme Open calls in 2019 (EDIOP-4) - EDIOP-4.1.2-18/EDIOP-4.1.4-19 The schemes enable undertakings (SMEs) to achieve building energy efficiency from renewable energy. EDIOP-4.1.3-19 aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.)</p>
Entry 4	<p>Europe 2020 national targets - Renewable energy target: 13% Open call in 2019-2020 (EDIOP-8.): - EDIOP-8.4.1/A-17 “Loan to increase energy efficiency and renewable energy use in residential buildings” Improves the energy efficiency of residential buildings and encourages the use of renewable energy sources – Loan programme Open calls in 2019 (EDIOP-4) - EDIOP-4.1.2-18/EDIOP-4.1.4-19 The schemes enable undertakings (SMEs) to achieve building energy efficiency from renewable energy. EDIOP-4.1.3-19 aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.)</p>
Entry 5	<p>Europe 2020 national targets - Greenhouse gas emissions target: +10% (in non-ETS sectors, compared with 2005 emissions) Open call in 2019-2020 (EDIOP-8.): EDIOP-8.4.1/A-</p>

	<p>17 “Loan to increase energy efficiency and renewable energy use in residential buildings” Improves the energy efficiency of residential buildings and encourages the use of renewable energy sources – Loan programme. (Deadline of scheme expired on 31.12.2022.).</p>
<p>Entry 6</p>	<p>Open calls in 2019-2020 (EDIOP-8.): RDI: - EDIOP-8.1.1-16 “Support the RDI activities of Enterprises loan Program”, between HUF 5-3000 million - EDIOP-2.1.2-8.1.4-16 “Support the RDI activities of enterprises combined loan”, between HUF 12,5-250 million (loan) - EDIOP-8.1.3/A-16 “National technology and intellectual property venture capital programme”, between HUF 9-500 million - EDIOP-8.1.3/B-17 “Smart specialisation venture capital programme”, between HUF 200-2500 million Energy and resource efficiency: - EDIOP-8.4.1/A-17 “Loan to increase energy efficiency and renewable energy use in residential buildings” Improves the energy efficiency of residential buildings and encourages the use of renewable energy sources – Loan programme</p> <p>Open calls in 2019 (EDIOP-4) - EDIOP-4.1.2-18/EDIOP-4.1.4-19 The schemes enable undertakings (SMEs) to achieve building energy efficiency from renewable energy. EDIOP-4.1.3-19 Supporting the installation of a solar system for SMEs aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.) Open calls in 2020 (EDIOP-2) EDIOP-2.2.1-18 “Competitiveness and excellence collaborations” The aim of the call was to encourage long-term sustainable cooperation between undertakings, research institutes and higher education in order to commercialise research results.</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>In addition to the Energy Efficiency Obligation Scheme, there are alternative policy measures supporting energy efficiency. Their share is 5 PJ within the annual obligation of 7 PJ. Alternative policy measures include state support policy measures, tax relief measures, programs at municipal level, awareness raising programs, measures for maintaining the share of public transport. Channelling financial resources of</p>

	<p>the Operational Programs, the Recovery and Resilience Facility, the Modernization Fund and the “Program of energy and climate policy modernization system” are of utmost importance.</p>
<p>Entry 2</p>	<p>Europe 2020 national targets - Energy efficiency: The 2020 target is at 26.6 Mtoe for primary energy consumption (PEC) and 18.2 for final energy consumption (FEC) Update: In order to foster energy efficient investments, from January 2017 a new tax credit entered into force. Taxpayers are allowed to reduce corporate income tax and income tax on energy suppliers by 30% of the eligible costs of their investments in connection with energy efficiency projects. From 2017, the operators of public institutions shall prepare an energy saving action plan and an annual report on the implementation thereof, and shall report the building’s energy consumption data. Since August 2018, taxpayers are eligible for tax benefit in connection with renovation to comply with energy efficiency targets. This helps to reduce carbon-dioxide emission and increases resource efficiency. Hungary introduced the Energy Efficiency Obligation scheme on 1 January 2021. In the framework of the scheme, obliged parties - licensed electricity traders and universal electricity providers, licensed natural gas traders and universal gas providers, companies selling transport fuel to final consumers - implement energy efficiency measures or use the option of buy-out, meaning that instead of implementation of any measures, they pay the energy efficiency contribution. The revenue from the contributions will be used first of all to finance alternative policy measures to improve the energy efficiency of vulnerable households, thus contributing directly and indirectly to the improvement of energy efficiency, environmental, health, economic and socio-demographic indicators, while taking into account the interests of the Hungarian economy and the preservation of utility fee reduction results, efficiency contribution.</p>
<p>Entry 3</p>	<p>Europe 2020 national targets - Renewable energy target: 13% In 2019, the share of the use of energy produced from renewable energy sources in gross final energy consumption increased to 12.6%, exceeding the 2018 data. Compared to</p>

	2018, the share of energy produced from renewable energy sources in transport increased, reaching 8% in 2019.
Entry 4	Europe 2020 national targets - Greenhouse gas emissions target: +10% (in non-ETS sectors, compared with 2005 emissions) Hungary has highly outperformed - which would allow a 10% increase in its emissions - its 2020 ESD target, reaching about -8,2% emission reduction in the non-ETS sector.
Entry 5	See CSR Implementation / Reporting Table fin.docx in CeSaR Update The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300–400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. Europe 2020 research and development national target: 1.8% of GDP The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300-400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. In addition, the value limit is decreased in 2021 to HUF 200-300 million and in 2022, decreased one more step to HUF 50-100 million. In in order to encourage investments the development reserve is available for total pre-tax profit in corporate income tax from 2021. In spring 2020, the 50% of pre-tax profit ceiling was also abolished, which can also be applied to the 2019 tax year.

CSR 3 Subpart 3: transport infrastructure, and

Measures	
Comments	
Entry 1	Open calls in 2019-2020 (EDIOP-8.): RDI: - EDIOP-8.1.1-16 "Support the RDI activities of Enterprises loan Program",

	<p>between HUF 5-3000 million - EDIOP-2.1.2-8.1.4-16 “Support the RDI activities of enterprises combined loan”, between HUF 12,5-250 million (loan) - EDIOP-8.1.3/A-16 “National technology and intellectual property venture capital programme”, between HUF 9-500 million - EDIOP-8.1.3/B-17 “Smart specialisation venture capital programme”, between HUF 200-2500 million Energy and resource efficiency: -</p> <p>EDIOP-8.4.1/A-17 “Loan to increase energy efficiency and renewable energy use in residential buildings” Improves the energy efficiency of residential buildings and encourages the use of renewable energy sources – Loan programme</p> <p>Open calls in 2019 (EDIOP-4) - EDIOP-4.1.2-18/EDIOP-4.1.4-19 The schemes enable undertakings (SMEs) to achieve building energy efficiency from renewable energy. EDIOP-4.1.3-19 Supporting the installation of a solar system for SMEs aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.)</p> <p>Open calls in 2020 (EDIOP-2) EDIOP-2.2.1-18 “Competitiveness and excellence collaborations” The aim of the call was to encourage long-term sustainable cooperation between undertakings, research institutes and higher education in order to commercialise research results.</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300–400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. Europe 2020 research and development national target: 1.8% of GDP The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300-400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. In addition, the value limit is decreased in 2021 to HUF 200-300 million and in 2022, decreased one more step</p>

	to HUF 50-100 million. In order to encourage investments the development reserve is available for total pre-tax profit in corporate income tax from 2021. In spring 2020, the 50% of pre-tax profit ceiling was also abolished, which can also be applied to the 2019 tax year.
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CSR 3 Subpart 4: waste management and

Measures	
Comments	
Entry 1	<p>Open calls in 2019-2020 (EDIOP-8.): RDI: - EDIOP-8.1.1-16 "Support the RDI activities of Enterprises loan Program", between HUF 5-3000 million - EDIOP-2.1.2-8.1.4-16 "Support the RDI activities of enterprises combined loan", between HUF 12,5-250 million (loan) - EDIOP-8.1.3/A-16 "National technology and intellectual property venture capital programme", between HUF 9-500 million - EDIOP-8.1.3/B-17 "Smart specialisation venture capital programme", between HUF 200-2500 million Energy and resource efficiency: - EDIOP-8.4.1/A-17 "Loan to increase energy efficiency and renewable energy use in residential buildings" Improves the energy efficiency of residential buildings and encourages the use of renewable energy sources – Loan programme</p> <p>Open calls in 2019 (EDIOP-4) - EDIOP-4.1.2-18/EDIOP-4.1.4-19 The schemes enable undertakings (SMEs) to achieve building energy efficiency from renewable energy. EDIOP-4.1.3-19 Supporting the installation of a solar system for SMEs aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.)</p> <p>Open calls in 2020 (EDIOP-2) EDIOP-2.2.1-18 "Competitiveness and excellence collaborations" The aim of the call was to encourage long-term sustainable cooperation between undertakings, research institutes and higher education in order to commercialise research results.</p>
State of play	

<p>Entry 1</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300–400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. Europe 2020 research and development national target: 1.8% of GDP The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300-400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. In addition, the value limit is decreased in 2021 to HUF 200-300 million and in 2022, decreased one more step to HUF 50-100 million. In in order to encourage investments the development reserve is available for total pre-tax profit in corporate income tax from 2021. In spring 2020, the 50% of pre-tax profit ceiling was also abolished, which can also be applied to the 2019 tax year.</p>
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CSR 3 Subpart 5: energy and resource efficiency, taking into account regional disparities.

Measures	
Comments	
<p>Entry 1</p>	<p>Open calls in 2019-2020 (EDIOP-8.): RDI: - EDIOP-8.1.1-16 “Support the RDI activities of Enterprises loan Program”, between HUF 5-3000 million - EDIOP-2.1.2-8.1.4-16 “Support the RDI activities of enterprises combined loan”, between HUF 12,5-250 million (loan) - EDIOP-8.1.3/A-16 “National technology and intellectual property venture capital programme”, between HUF 9-500 million - EDIOP-8.1.3/B-17 “Smart specialisation venture capital programme”, between HUF 200-2500 million Energy and resource efficiency: - EDIOP-8.4.1/A-17 “Loan to increase energy efficiency and renewable energy use in residential buildings” Improves the energy efficiency of residential buildings and encourages</p>

	<p>the use of renewable energy sources – Loan programme. (Deadline of scheme expired on 31.12.2022.). Open calls in 2019 (EDIOP-4) - EDIOP-4.1.2-18/EDIOP-4.1.4-19 The schemes enable undertakings (SMEs) to achieve building energy efficiency from renewable energy. EDIOP-4.1.3-19 Supporting the installation of a solar system for SMEs aims to cover energy consumption of buildings and economic production process of SMEs by installing solar systems. (The call was open from June 2019 to September 2020.) Open calls in 2020 (EDIOP-2) EDIOP-2.2.1-18 “Competitiveness and excellence collaborations” The aim of the call was to encourage long-term sustainable cooperation between undertakings, research institutes and higher education in order to commercialise research results.</p>
<p>State of play</p>	
<p>Entry 1</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300–400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. Europe 2020 research and development national target: 1.8% of GDP The scope of development tax benefits in CIT (corporate income tax) was broadened. Since the second half of 2019 projects of small and medium-sized enterprises reaching a value limit of HUF 300-400 million are subject of tax benefit, instead of HUF 500 million in order to encourage investments and improve productivity. In addition, the value limit is decreased in 2021 to HUF 200-300 million and in 2022, decreased one more step to HUF 50-100 million. In in order to encourage investments the development reserve is available for total pre-tax profit in corporate income tax from 2021. In spring 2020, the 50% of pre-tax profit ceiling was also abolished, which can also be applied to the 2019 tax year.</p>

Measures	
Comments	
State of play	
Entry 1	See CSR Implementation / Reporting Table fin.docx in CeSaR.

CSR.2019.4

CSR 4 Subpart 1: Reinforce the anti-corruption framework, including by improving prosecutorial efforts and access to public information, and

Measures	
Entry 1	<p>MEASURE TYPE: Adopted (18/12/2020 09:07 AM)</p> <p>Anti-corruption Strategy for the period of 2020-2022 - Government Decision 1328/2020. (VI.19.)</p>
Comments	
State of play	
Entry 1	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR</p> <p>The Anti-corruption Strategy for the period of 2020-2022 was adopted by Government Decision 1328/2020. (VI.19.) in June 2020. The main objective of the strategic document is to prevent every opportunity of the occurrence of corruption. Reaching this aim is unimaginable without taking into consideration the novelties of technology and the development of e-administration. That is why the main pillars of the strategy are: technology-based, compliance-based and value-based measures. Similarly, to the NAP the new strategy also aims at reaching as many social groups as possible. The extended deadline for implementation of the current strategy is 30 June 2023 and the deadline for reporting is 31 May 2023. Specific actions to implement the interventions identified in the Strategy, and the responsibilities and timetable for their implementation, are set out in a separate action plan, which also ensures the monitoring of the implementation of the actions in the reporting and reporting framework set out therein. Update: Actions implemented or ongoing in 2022: NPS provided training for investigating prosecutors on the use of intelligence gathering tools by law enforcement agencies. The Minister of Interior, with the involvement of the Minister of Justice has arranged joint anti-corruption training for judges, prosecutors and</p>

police officers. A working group was set up, which developed the methodology and training topics, which have been approved by the Ministry of Interior. The training courses were held on 12 October, 16 November and 7 December 2022. The Minister of Interior has provided training for integrity advisers to further improve the effectiveness of integrity management systems in public administrations. A training agenda was prepared and registered. Two-day training sessions were launched continuously on a monthly basis in the second half of 2022. Training topics have been prepared and registered. As a result of the amendment to the Act on the Police, the scope of offences and criminal offences that can be committed during the "integrity test" has been extended, which allows for a more precise and more diverse design of artificial living situations that occur in reality. In 2022, the scope of bodies protected by the NPS has been significantly modified, excluding the National Tax and Customs Administration and, among the budgetary bodies under the direction or supervision of the Government or a member of the Government, only the employees of the ministry or working body headed by the Minister of the Interior, or the budgetary bodies directed or supervised by him, and the employees of the territorial government administration bodies remain within the scope. The Constitution Protection Office will continue to carry out internal security and crime prevention checks on these government administrations and budgetary bodies which have been removed from the remit of the NPS. On 1 August 2022, Government Decree 244/2022 (8 July 2022) on the rules for contracted "border police" entered into force, under which the NPS will carry out lifestyle checks for contracted border police officers. From October 2022, NPS also started distributing an anti-corruption publication entitled "Gratitude is not money", also compiled by the NPS, to protected staff employed in the health service. The publication covers moral and criminal liability in the health service, answers to the most important questions of practice in everyday life, situations in doctor-patient relations and the correct behaviour in relation to gratuity. The Hungarian government has committed to adopt a new National Anti-Corruption Strategy and Action Plan by 30 June 2023. Competent authorities have already started work on the new anti-corruption strategy for the

period 2023-2025. Rules on conflicts of interest: for civil servants are laid down in Act CXCIX of 2011 on Civil Servants, and Act CXXV of 2018 on Government Administration, for professional staff (police, prisoners) Act XLII of 2015 on the Civil Servants of the Police Bodies Performing Law Enforcement Functions, and the Act C of 2020 on the Civil Servants of the Health Service. Measures to protect whistle-blowers. All whistleblowing (even anonymous whistleblowing) is thoroughly investigated by the NPS. The NPS operates a toll-free number (06-80-200-974) where anyone can report corruption, even anonymously. Parliament adopted several institutional changes to comply with the measures proposed in the framework of the procedure under Regulation (EU) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of Union budget: Integrity Authority, Anti-Corruption Working Group, Directorate of Internal Audit and Integrity had been set up. In 2019 the Parliament adopted a significant increase of remuneration for judges and prosecutors. (see under point 9.) Update: Improving prosecutorial efforts In accordance with the commitment undertaken by the Hungarian Government in the relevant remedial measure (Introduction of a specific procedure in the case of special crimes related to the exercise of public authority or the management of public property) in the conditionality procedure under Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget, the National Assembly adopted an amendment introduced by Act XLIV of 2022 to the Act XC of 2017 on the Code of Criminal Procedure which introduced a new procedure, applicable as of 1 January 2023, for the judicial review of decisions closing files which are related to the broad concept of corruption. This is a unique procedure in Europe which provides a tool for citizens, civil society, companies, as well as the Integrity Authority, to challenge the decision of the prosecutor not to investigate a suspected crime of corruption. Hungary made some further commitments in its RRP with regard to this new procedure (milestone 169, measure C9.R3). We also recall the new developments triggered by the reorganization of the prosecutorial investigation. The Investigation Division of the Chief Prosecution Office of Investigation as a special, central

unit handles those corruption cases specifically that need to be treated as priority cases with regard to the special position, profession or rank of the offender, the high rank in the structure of the state or the complexity of the cases. Accordingly, the Investigation Division of the Chief Prosecution Office of Investigation investigates corruption cases committed by or involving persons enjoying immunity, foreign public officials, the President of the Republic, the Prime Minister, members of the Government, high ranking officials of the public security authorities and disaster management bodies, and senior officials of certain central state administration bodies. In the course of the detection and investigation of crimes the Prosecution Service may use the investigative forces of the police and the National Protective Service, which is a unit of the police responsible for internal crime prevention and crime detection. The division of tasks and cooperation in hierarchical and complementary fields between the National Protective Service, the investigative forces of the police and the investigative bodies of the Prosecution Service has proven effective.

Update: Improving access to public information In accordance with the commitments made in the framework of the conditionality mechanism, the Central Information Register of Public Data was established by the adoption of Act XL of 2022 amending Act CXII of 2011 on the right to informational self-determination and on the freedom of information in order to reach an agreement with the European Commission (which was amended, based on the suggestions of the European Commission by Act XLIV of 2022). Pursuant to the rules on the Central Information Register of Public Data all budgetary organs are obliged to publish data specified in the act on a bi-monthly basis. The first publication shall take place no later than 28 February 2023. Under that act the data will be published in a manner ensuring availability for at least ten years from publication, in a machine-readable format and access to data will be provided free of charge and without the need to create accounts to access to data. The National Assembly adopted further amendment to the Act CXII of 2011 by the adoption of Act LVI of 2022 which introduced the so-called authority procedure for transparency to be conducted by the National Authority for Data Protection and Freedom of Information. The rules on the

	<p>authority procedure for transparency will enter into force on 28 February 2023. The Hungarian RRP also includes the commitments made in the conditionality procedure (milestone No 175, measure C9.R6.) Hungary also undertook in its RRP to adopt a legislation providing for an exceptional procedure for requests for access to public information (see milestone No 229). Act XL of 2022 amending Act CXII of 2011 on the right to informational self-determination and on the freedom of information in order to reach an agreement with the European Commission added a new Chapter (Chapter 21/A) to the above-referred Act CXII of 2011, which, by applying the provisions of Act CXXX of 2016 on the Code of Civil Procedure, in an analogous manner, accelerates litigation in connection with data of public interest by applying the rules of litigation on press rectification. The legislative provisions entered into force on 31 December 2022 and apply to data requests filed after that date. The provisions will significantly speed up litigation, thanks to the very tight deadlines. Furthermore, in its RRP Hungary undertook to establish the main rule that public information shall be provided free of charge and fees for access to such public information may only be ap</p>
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CSR 4 Subpart 2: strengthen judicial independence.

Measures	
Comments	
State of play	
Entry 1	<p>Update: Hungary undertook to implement all recommendations (2 recommendations) made by the European Commission to Hungary in the Hungarian chapter of its 2022 Rule of Law Report in relation to the justice system under the implementation of its Recovery and Resilience Plan (milestones No 213 to 216, measures C9.R15 to C9.R18 set out in the Annex to the Council implementing decision on the approval of the assessment of the recovery and resilience plan for Hungary). As agreed with the European Commission,</p>

	<p>the adequate implementation of these commitments will address all existing concerns of the European Commission in relation to the judicial independence. Hungary committed to implementing the above commitments by 31 March 2022. The Hungarian Government adopted on 18 January 2023 the draft act amending, with regard to the Hungarian Recovery and Resilience Plan, certain Acts governing justice (hereinafter referred to as the Draft Act to implement the judicial milestones), which was submitted for public consultation on the same day. The public consultation is open until 3 February 2023. The Hungarian Government is committed to submitting the Draft Act to implement the judicial milestones, after consultation with the European Commission, by 21 February 2023 to the National Assembly. According to the plans the National Assembly will vote on the bill on 7 March 2023. The adopted act is envisaged to be applicable as of 31 March 2023.</p>
<p>Entry 2</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update An important guarantee of judicial independence is that the judge should be remunerated in a manner that is commensurate with the dignity and responsibilities of his or her profession. Therefore the Parliament adopted a significant increase of remuneration for judges and prosecutors. Update: In accordance with the Act CXXVII of 2019, following the increase in the remuneration of judges and public prosecutors in 2020 and 2021 (during the first stage, as of 1 January 2020, the remuneration of judges was increased by 32,6 % and the remuneration of public prosecutors by 21,4%, the subsequent increase in 2021 was 12 %) their remuneration continued to increase (by 13%) in 2022. In 2022, the statutory salary base of judges and public prosecutors increased from 507,730 HUF to 566,660 HUF. This was the final stage of the three-stage salary increase, affects ca. 3000 judges and 2000 public prosecutors. On 2 March 2022 the National Judicial Council adopted the new Code of Ethics of the judges as a self-governing act, which became effective as of 15 July 2022. According to the law it may be considered as professional misconduct if a judge is jeopardizing or harming the prestige of the judiciary with</p>

	his/her lifestyle or behavior. The disciplinary procedure is carried out by the Service Tribunal.
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CSR 4 Subpart 3: Improve the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders and through regular, appropriate impact assessments.

Measures	
Comments	
State of play	
Entry 1	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update: In accordance with the commitment undertaken in the RRP, the rules on public consultation in the legislative procedure were amended in 2022 in order to increase the quality and transparency of legislation. Pursuant to the rules set out in the Act CXXXI of 2010 on Public Participation in the Preparation of Legislation, 90 % of the draft laws, government decrees and ministerial decrees the preparation of which falls under the scope of Act CXXXI of 2010, shall be subject to prior public consultation. The Government Control Office is obliged to publish a public report on this data by 31 January of each year. The audit body for European funds shall issue its report on the validation of data by 31 March each year. Under the rules, a draft shall be subject to public consultation unless there are duly justified reasons for not doing so and a summary of the preliminary impact assessment must be published with the draft for each draft subject to public consultation. It is also stipulated in the Act CXXX of 2010 on Legislation that the Hungarian Central Statistical Office provides official statistical data for the preliminary impact assessment during the preparation of the legislation and for the ex-post impact assessment after the publication. Anyone can submit his/her opinion during the consultation on the government website, which must be open for at least eight days. At least five days are provided for the substantive consideration of the opinions and proposals received.</p>

	<p>Pursuant to the above-referred Act CXXXI of 2010, the Government Control Office shall check annually whether the minister responsible for the preparation of the legislation fulfils his/her obligations set out in that act. Pursuant to Government Decree No 567/2022 (XII.23.) on fine to be imposed for breaching the obligation under the act on public participation in the preparation of legislation, in case of non-compliance with the provisions of the above-referred Act CXXXI of 2010, the Government Control Office shall impose a fine ranging from one million to one hundred million forints. The system of strategic partnerships for the involvement of stakeholders is working well. Besides the strategic partnerships, described in our former report, it shall be mentioned that there are several examples for the establishment of working groups as regards preparation or assessment of legal regulation as well. The Ministry of Justice established the Family Law Working Group, which – with the involvement of the Human Rights Working Group – keeps contact with more than 60 civil society organisations. The working group concerning the implementation of DSM Directive and SatCab2 Directive held 6 thematic meetings with the participation of more than 50 stakeholders in November and December 2019. In the health sector strategic partnership agreement was signed between the Ministry of Human Resources and one of the major Hungarian trade union confederations (7. Szövetség) in the summer of 2021.</p>
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CSR 4 Subpart 4: Continue simplifying the tax system, while strengthening it against the risk of aggressive tax planning.

Measures	
Comments	
State of play	
Entry 1	See CSR Implementation / Reporting Table fin.docx in CeSaR Update: In 2020, further simplifications took place in the tax

system and the number of different taxes has been reduced from the second half of the year. Simplified business tax (EVA) has been abolished from January 2020. Since July 2020 employees' social security contributions – before 2020 consisting of four distinct contributions – have been integrated into a single contribution. This measure - as well as the integration of health contribution (EHO) into the social contribution tax in 2019 - affects the regulation of one of the largest taxes with a fairly broad tax base and significantly reduces the administration burden of a majority of economic operators. To reinforce the fight against the informal economy, to improve tax collection efficiency the online invoicing system has been expanded in two steps. From July 2020, invoices or receipts must be issued for most of the VAT-exempt transactions as well, and the implementation of online invoice reporting for B2B transactions is fully operational by removing the HUF 100,000 VAT threshold. From 4 January 2021, details of invoices for business-to-consumer (B2C) transactions have to be submitted, as well. (From January 2021, taxpayers had a penalty-free period until the end of March 2021. Similarly they had a penalty-free period from July to the end of September.) Moreover, the other provisions of the ATAD Directive, i.e. the rules pertaining to capital withdrawals and the handling of hybrid instruments (tax evasion avoidance as a result of differences in the legal evaluation of the same factual circumstances) have been transposed in 2020. Hungary implemented the DAC6 Directive (amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements) on mandatory disclosure rules on tax planning identified by hallmarks agreed by the Member States (Hungarian implementation is in the Act XXXVII of 2013). Hungary ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("Multilateral Instrument" or "MLI" in the Act III of 2021). Hungarian tax treaties covered by MLI (namely 73 treaties) will be amended with measures to update international tax rules and lessen the opportunity for tax avoidance by multinational enterprises. Hungary has implemented in Decree of Finance Minister, numbered 19/2020. (XII.30.) the list of non-cooperative jurisdiction that reflects to the EU list of

	<p>non-cooperative jurisdictions. In connection with the list further changes have been made – effective as of 1 January 2021 – in Corporate Income Tax Act (Act LXXXI of 1996). Based on the new regulation stricter controlled foreign company rules should apply in cases where taxpayer is resident in a jurisdiction listed in the Decree. Rules also apply in cases when PE is situated in a listed non-cooperative jurisdiction. The modification of the list is now ongoing that reflects to the changes in the EU list.</p>
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CSR 4 Subpart 5: Improve competition and regulatory predictability in the services sector.

Measures	
Comments	
State of play	
<p>Entry 1</p>	<p>See CSR Implementation / Reporting Table fin.docx in CeSaR Update: The lump sum tax for small enterprises is particularly favourable for small-scale service providers with sales revenues below HUF 12 million, because those businesses operate with a relatively low level of tax-deductible expenses and the simplified regime results in a minimum level of administration related to taxation. Moreover, from 2019 the individual exemption for VAT was increased from HUF 8 million to HUF 12 million per year, as well. The small business tax is a favourable alternative of the corporate income tax for small businesses with growth potential. Due to the cash-flow tax base, incomes reallocated for the development of the business (e.g. investments), can immediately be deducted from the tax base and the methodology of tax base calculation is also much simple. In accordance with the decrease of SCT tax rate, from 2020 the rate of small business tax (KIVA) was decreased from 13% to 12%, from 2021 to 11% and from 2022 to 10%. We believe that the simplified regimes introduced above efficiently address the duality of the</p>

	<p>(largely foreign owned) corporate sector and the SME sector in the Hungarian economy.</p>
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