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# LAW SHOOTER

**December 2012**

## WINTER NOVELTIES

Our winter edition is like a Christmas package full of relevant articles and important news.

BWSP has a new office location in Serbia! Just three months after the establishment of BWSP, we are very proud to welcome our new Serbian Partner firm, JMS Law Office o.d. (Belgrade) as a full member and part of the BWSP-family. Besides that, we are honored that our firm was recently awarded as "Full Service law firm of the year - 2012" (Law Awards 2012). More information can be found as usual on our website.

In our newsletter, we summarize the amendments to corporate law which entered into force since this summer. Furthermore, two new tax types were introduced; the itemised small-tax of enterprises and the tax of small-size companies. Our data protection head is continuing with the Pesterzsébet-case. Important news comes from novelties in the new Labor Code, we begin a series of questions and answers that arise daily in the minds of HR professionals. At last, but not least we would like to draw your attention to India, who has asked the European Union to declare it a data secure country, for the purposes of outsourcing payroll.

From all of us here at BWSP Gobert & Partners, we'd like to wish you a happy holiday season and a prosperous New Year!

*Dr. Arne Gobert*  
Managing Partner

## IMPORTANT CHANGES IN THE ORGANIZATION OF THE COURTS

On 28th November 2011 the Parliament implemented the Act CLXI of 2011, regarding organization and administration of the courts. The goal is to reform the system of the courts, expedite the jurisdiction and make it more efficient. As a consequence, the Labor Courts will transform into Administrative and Labor Courts as of 1st of January 2013.

These Courts will have jurisdiction in the first instance in the following cases:

- review of administrative decisions by the court,
- cases regarding employment or legal relationships in respect of employment,
- other cases, where their jurisdiction arises from the law.

In Budapest the Administrative and Labor Court will be found at the address of today's Metropolitan Labor Court (Királyfűrdő u.4.).

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## AMENDMENTS OF CORPORATE LAW

since June – August 2012

We would like to draw your attention to the most important amendments of corporate law, which were adopted and entered into force since this summer and which are summarised as follows.

### 1. Steps for the quicker procedures

On the contrary to former regulation – according to which each action should have been performed only by a judge – the relevant act provides the specified list of cases, which shall be performed exclusively by a judge. Besides those, in all other cases other court administrators, court clerk and judicial secretary can perform in order to the quicker process.

According to the new regulation, the legal representatives shall pay attention to the competence of the person performing by the court in the corporate procedures. If there is a lack of competence and the court was not established properly, it results the invalidity of the act or decision of the Court of Registry.

In order to relieve Metropolitan High Court, from the date of August 1<sup>st</sup> 2012 appeals, which are submitted in corporate registration procedure, can be file with any of the five high courts.

### 2. Specimen of signature prepared by attorneys or notary public?

Further remarkable change that the specimen of signatures prepared by attorneys were granted with a higher proof of evidence due to its common usage in the practice. Formerly the specimen of signature prepared by an attorney was not considered as authentic document as the notarized specimen signature, and they were only accepted in corporate procedures. Despite that these two type of documents are still not raised to equal level, both are authentic to identify the method and the form of signing on behalf of the company. Conclusively, the specimen of signature prepared by attorneys has not become a public deed, but it has the same proof of evidence as the notarized deed according to the new regulation. The legislative body aims to raise the specimen of signature onto the same level as the notarized specimen signature in every procedure in the future.

As of 1<sup>st</sup> July 2012 clients may request – at the time of registering the company – that the attached specimen of signature or the notarized specimen signature shall be a part of the public company registry. It would be available electronically from the company registry and can be transmitted as an electronic document. This may also be requested with retroactive effect in a separate procedure, or it may be requested subsequently for the future, if it has been failed to be done during the application of registration

### 3. Termination of phantom companies

The imperfections of the amendments concerning the corporate law which entered into force on 1<sup>st</sup> March 2012 have been corrected as well. In the frame of this, the legislative body resolved a few practical problems arisen in compulsory deletion procedure, e.g. the proper procedure in case of companies holding assets, and the starting date when the compulsory deletion procedure shall apply.

Still remained the question, if liquidation procedure can be ordered in pending cases, or only compulsory deletion procedure shall be requested. The aim of the legislative body was that after March there would be possibility only for compulsory deletion procedure and to avoid double-expenses in case of the deletion of empty companies concerning the expenses of the liquidator for the compulsory deletion procedure and for the liquidation procedure too.

### 4. The mandatory certification of the seat, site, and branch office

A relief has been adopted compared to the amendments of March 2012, according to which for the legal title of the seat or site usage does not need to be proved by certification document to the Court of Registry, it is sufficient to declare the title.

### 5. About the legal duties regarding the public utility of nonprofit companies

On the contrary of the above-mentioned, there have been also some restrictions adopted in the company procedure, namely in the classification of public utility of nonprofit companies.

The existing organizations of public utility may operate until 2014 under the former regulation, but the newly registered organizations are obliged to follow the latest regulation. The Court of Registry will examine, if nonprofit companies still meet the requirements after 2014 of being public utility on the base of the new regulation; furthermore, they will supervise systematically, if the legal conditions continue to remain. The examination of the compliance to the public utility measures will be based mainly on the balance sheet.

The public utility status may be requested at the time of establishment with a period of tolerance, within which the company shall fulfill the statutory conditions. The activity of the non-governmental organization shall aim a public function, it shall possess the necessary resources and its social support shall be demonstrable. Those non-governmental organizations, which cannot meet the requirements until 31<sup>st</sup> March 2014, will be deleted from the register of organizations of public utility after the given deadline.

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## NEW TAX TYPES FOR SMALL AND MEDIUM-SIZE COMPANIES

In our present newsletter we would like to draw your attention to the following two new tax types recently initiated: the itemised small-tax of enterprises (KATA) and the tax of small-size companies (KIVA).

### I. The itemised small-tax of enterprises (KATA)

Taxable entity for this tax may be a

- sole proprietor,
- single member company,
- limited partnership and general partnership that has only natural persons as members.

A company may not choose this tax form, if

- its activities contain insurance agency activity, brokerage, rent or operation of real properties,
- its tax number has been deleted or suspended by the tax authority two years before filing the application for this tax option.

The enterprise – if wants to opt the new tax form – shall submit an application and report this fact. It can be taxable entity of this tax as of the beginning of the month after said application, if it meets all the legal requirements.

KATA can only be used by enterprises with a maximum income of 6 Million HUF. The entire amount of income above this limit has a tax rate of 40%!

The small-tax payer enterprise shall pay the tax on a monthly basis in the amount of 50.000,- HUF in case of full-time operating small-tax payer, with the payment of which, the small-tax payer is considered as insured and entitled to all the health insurance services. For the non-full-time tax payer, the monthly amount is 25.000,- HUF, but in this case the enterprise will not be considered as insured, neither will be entitled to health insurance services.

In case of choosing KATA, it replaces the proprietor's personal income tax, the dividend tax, the corporate income tax, the personal income tax, contributions, healthcare contribution, and the social contribution tax. However, it does not replace the value added tax and the local business tax. The enterprises, which are opting this tax, shall appear on their invoices this status, and their customer can deduct as cost the invoice amount of the small-tax payer from the corporate income tax base.

### II. Tax for small-size companies (KIVA)

Taxable entities under the tax for small-size companies may be single member companies, limited partnerships, limited liability companies, private limited companies by share, cooperatives and

housing co-operatives, association of forest owners, bailiff offices, law offices and notary publics, patent offices, and foreign proprietors. They shall electronically submit their application for choosing this tax in the period of 1 December - 20 December of the year before the actual tax year. This is a peremptory deadline, which means that if the company fails to file the application in time, there will not be a possibility to file it supplementary. Accordingly, someone who wishes to use this tax in the year 2013 has less than a month to file the notice about it in December.

The above mentioned entities may choose KIVA, if they meet the following conditions:

- the average annual headcount the year before the tax year does not exceed 25;
- the income during the tax year does not exceed 500 Million HUF;
- the balance sheet asset value the year before the tax year does not exceed 500 Million HUF;
- the annual report can only be done in HUF;
- the end of the financial year shall be 31 of December;
- its tax number has not been erased or suspended by the tax authority within two years of filing the application;
- the tax payer has no executable tax debt over 1 Million HUF at the time of filing the application.

The base of KIVA is the income increased with the personal contributions, but at least the total amount of personal disbursements.

The tax rate is 16%, and the declaration of income shall be made until 31 May the year after the tax year. In case of choosing KIVA, it replaces the corporate income tax, the social contribution tax, and the contribution to vocational training. In addition to these, the local business tax can be paid simplified.

The act contains specific regulations for the conversion procedure and the accounting of those, who are choosing the small-size company taxes.

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**DATA PROTECTION: NAIH IMPOSES FINES IN THE ABSENCE OF WRITTEN DATA PROTECTION AND DATA SECURITY POLICY**

From 1 January 2012 there is a new authority in Hungary with increased powers (the "NAIH"). From such data the NAIH may apply fines up to approx. EUR 36, 000. Based on the publicly available list of the authority the NAIH imposed fines in 5 cases during the first 3 quarters of 2012 in the aggregate amount of (approx.): EUR 65.000. In a very recent case however, the reason for imposing fine is the absence of a written data controlling (processing) and data security policy which can be interpreted as a message for the year 2013. All Hungarian data controllers shall therefore issue their proper policies in order to mitigate the risk of the relatively high fines

**1. Preliminaries: "case-law" of the NAIH  
(a) Fine for inappropriate storage of data**

The NAIH imposed the fine of EUR 17,300 for a company providing archiving services (defendant) for various undertakings, including government bodies. The NAIH found that the defendant left its storage house without proper security measures and therefore any document (including those containing employment related personal data) might have been accessed by unauthorized third parties which is the "per se" breach of the Information Act. The NAIH stated that all documents were in legal custody of the defendant as data processor, therefore the defendant was liable for insuring appropriate security of the documents containing personal data.

The decisions show that it is not enough to comply with the requirements for obtaining the necessary consent for data processing but also for adopting necessary security services.

**(b) Even one round e-mail might result in high fines**

In two other decisions the NAIH imposed relatively high fines for data controllers sending round e-mails to their clients when the clients had the opportunity to see each other's name and e-mail address. The study of the above cases indicates that even one e-mail might qualify as a breach of data protection laws. The difference between the old and the new practice is however important: whilst the commissioner adopted his opinion highlighting the importance of compliance and training, the NAIH imposed its relatively high fines without any previous warning.

**(c) Maximum fine for a Slovakian Company**

The NAIH imposed the fine of EUR 37,000 to a Slovakian company operating a web site under the .com TLD level. The decision contains the highest fee imposed in Hungary by the NAIH and raises several important questions. The most important question is however whether a local authority can investigate a .com site, in particular, if the .com site is operated by a foreign company. The territorial scope of the Hungarian act had always been disputed, but this recent decision clearly shows that the trend of the Hungarian authority is to

go against the principles set by the European Directive.

**2. The absence of written DPP may result in fines (The Pesterzsebet-case)**

After the above cases, the NAIH recently imposed fine on a local government. The NAIH found that the local government published on its web site certain personal data without authorization. The NAIH did not dispute that the controlling and processing of such data was lawful, but it argued that the authority did not have the consent from the data subjects for publishing the personal data on the internet. It might worth to note that the previous data protection commissioner has investigated the publishing of private individuals data on the Internet and he came to the conclusion that such "shame lists" are per se unlawful.

In the NAIH decision the authority clearly stated that the "local government published the data of individuals without legal basis and therefore violated the Privacy Act".

In the decision the NAIH provided its guidelines for imposing the fine as follows:

- (a) factors may result an increase in the fine:
  - i) *the fact that the case was not an isolated one but a consistent practice of the data controller;*
  - ii) *the local government did neither have written data protection policy, nor data security policy;*
  - iii) *the data controller (as a local government) should have been aware of the applicable laws;*
  - iv) *it was a considerable damage and defamation for the data subjects that they were published on the internet.*

(b) factors may result a decrease in the fine:

The data controller immediately acted on a voluntary basis.

**3. Study of the Pesterzsebet case**

The previously adopted decisions already show a trend that the NAIH takes bureaucratic burdens (such as mandatory notifications to the NDR) seriously. The Pesterzsebet case shows that it is not enough to notify the authority for any data controlling activity but the office also controls and reviews the written policies. In the Pesterzsebet-case the NAIH expressively confirmed that in the absence of proper data protection and data security policy the amount of the imposed fine can be higher.

Although such conclusion might be disputed, however in order to mitigate the risks of high fines imposed by the authority marker operators and data processors should make publicly available their policies on data protection and data security. The Privacy Act requires both policies to be in a written form and made available to all data subjects before the commencement of the data controlling / processing activity.

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## NOVELTIES IN THE NEW LABOUR CODE

### PART 1 - EXECUTIVES

#### STEPCHILDREN OF THE LABOUR LAW

*The participants do not get clear answers (of course often there is no real answer), the legislators point at the judges, the judges are trying to find out the intent of the legislators, the attorneys at law are trying to show all the possible solutions precisely, while the labour inspectors form their own practice on the quiet. The resolution of the labour inspectors issued during the enquiry, are final, binding and may be executed after the accordance of the government agencies. As a consequence of the nature of the administrative law the fine imposed shall be paid even in case of a review at court, and the fact of the penalty disqualifies the employer from the public procurements and subsidies for two years. In the next few articles we would like to demonstrate a few possible traps.*

2012 was a year of large alterations concerning the labour law. Apart from the title of the act (which would have been reasonable) we can find alterations in every chapter. The specialty of the labour law is that every question can be answered by the attorneys in two different ways. We can argue pro and con depending on whether we represent the interests of the employer or the employee. Furthermore, the labour law is not a collection of 300 sections, there are a lot of regulations behind it (the Civil Code, data protection regulations) and special rules are attached to it closely (policy of labour, immigration law, labour protection, labour inspections) without which the empty regulations cannot be understand.

The new act requires such background knowledge of civil law that it makes difficult for the HR professionals to apply and to understand it. Especially as one may not look up the "Cséffán Annotation", because the tribunal practice of the new act may only be published after 5-6 years in a written form.

In our newsletter we revert to some questions that are neglected by the advisors, but arise every day in the mind of HR personals. We could call these the stepchildren of the labour law, because the available annotations and professional articles are not concerned with them.

#### Organic Executives

Organic executives are so uncared stepchildren of the labour regulation that they don't even have a proper name. On the basis of the rules laid down long ago we can label them (recalling the agents 3/3) as "persons 185/A" and according to the new act persons 208 (2). What does this definition mean? The labour law distinguishes between two types of executive employees: "organic" executive, who is the "registered" executive of the organizational unit in the corporate law sense, and "employee pronounced executive" by the labour law (key person).

The Labour Code (LC) uses the expression "executive" to both categories, but the provisions really protecting the employer apply only to the "organic" executives, while in the most cases the key person is interpreted in the same way as the regular employee in a legal point of view.

Pursuant to Section 208 of LC organic executive shall mean the employer's director, and any other employee under his direct supervision and authorized - in part or in whole - to act as the director's deputy (hereinafter referred to collectively as "executive employee").

With other words, according to the grammatic interpretation of the rule we can state that the conception of „executive" is much broader than it was in the previous LC. The employer's „executive" is the registered executive No. 1 (chief executive officer, chairman of the board of directors, managing director). The principal is not necessarily the person exercising the employer's rights, however, according to the new regulation and the latest judicial practice he may sign any labour document with full responsibility. A person, under the executive's direct supervision (this means he is standing in the hierarchy right under the executive and he is reporting to him), authorized - in part or in whole - to act as the director's deputy is also considered as an executive. Since the rules in the LC are expressly favourable for the employer, it is suitable not only to pronounce the really important key persons as executives 208(2), but to name them organic executive along with necessary organizational modifications. This matter is especially important when appointing the person exercising the rights of the employer, since the exercise of the employer's rights is such an element that clearly complies with both statutory conditions: derivation of competence of organic executive and report obligation directly to the executive No. 1.

#### The Key Persons

The most important novelty in the new act regarding to the key persons is that the greater responsibility shall be compensated by the employer. This means, an executive may be pronounced key person, if "the employee is in a position considered to be of considerable importance from the point of view of the employer's operations, or fills a post of trust, and his salary reaches seven times the mandatory minimum wage".

The question, neglected by the annotations, but important for the practice, whether the executives appointed under the „former 185/A" become automatically executives 208(2) or not. The answer ensues from the definition: only if their basic monthly salary reaches gross HUF 651000. Reversing the question, every employee under the formal 185/A whose legal status has not been settled by the employer decently may "choose" until 1 July 2012 according to his litigation tactics: he may consider himself a simple employee with lower legal responsibility arguing that he hasn't accepted any appointment under the new LC 208(2), or he may consider his appointment as automatic and sets up a claim for a higher payment within 3 years.

(Continue on the next page)



**Applicable regulations:**

**Cogent rules**

The text of the new LC is not consequent in using the categories of executive and employee in executive position and it is going to cause a lot of disputes in the future. In our opinion, according to the grammatical interpretation the new LC doesn't distinguish between the executives. The same provisions apply to all of the executives and to the key persons as well.

The only difference, which seems to be illogical, is that there is no minimum wage relating to top executives.

Pursuant to the previous LC not all of the provisions regarding the executives apply to the key persons, however, the new text doesn't contain this mandatorily. According to the logic of the text the entire Title 91 applies to the organic executives, whereas, in connection with the key persons the provisions of Title 91 may be stipulated by individual negotiation with the following exception.

In case of the executives the LC regulation contains the logic that reminds of the former LC. Varying from the following section is not permitted even in favour of the employee.

- The executive doesn't fall within the scope of the collective labour contract; i.e. the stipulation in the employment agreement that provides the salary for the 13th month, ensured by the collective labour contract, is ineffective. It is also ineffective if the employer initiates a disciplinary procedure against the executive.

**General Provisions**

Accordingly, in case of executives varying from most of the provisions of the chapter is possible. If there is no variation, the executive's working time, liability and termination are as follows:

- the executive has flexible working arrangement, i.e. the perpetual presence is the executive's own liability, however, the perpetual residence in Hungary may not be prescribed "from outside";
- in case of tort the executive is liable for the entire damage;
- in case of unlawful termination of the executive's employment he is entitled to the amount equal to the absentee pay of 12 month.

As we can state it on the basis of the list, according to the new act it is simpler (and, as we will see it below, cheaper) to pronounce an employee an executive No. 1 pursuant to the Section 208. The application of the latter two provisions is expressly beneficial to the employer. However, to be applicable, it is necessary for them, that the legal status of the organic executive is undoubtedly regulated by Organizational and Operational Regulation and by employment agreement.

**Rules of Termination**

Provisions below are not applicable:

- Paragraph c) of Subsection (3) of Section 65: i.e. executive may be dismissed during the paid leave because of the childcare;
- Subsections (1)-(6) of Section 66: i.e. no reasoning is needed in case of termination, not even in case of dismissal in connection with abilities;
- Subsection (2) of Section 68: the application of termination with postponed effect is not needed in case of incapacity because of illness. The executive may be dismissed immediately as well.

A further novelty is the "captain rule": "the employer shall be liable to pay up to six months' absentee pay due to the executive employee from the remuneration payable upon termination of his employment, if the notice of termination is delivered after the opening of bankruptcy or liquidation proceedings. Any additional sum shall be payable upon the conclusion or termination of bankruptcy proceedings, or upon the conclusion of liquidation proceedings", i.e.: the executive, just like the captain of a ship, is the last to leave the deck. In the practice it was very common that the executive terminated his employment with immediate effect after the commencement of the bankruptcy or liquidation proceeding. As of July 1, 2012 the executive is not entitled to a benefit in the amount that exceeds the absentee pay of six months in this case either. The statute speaks only about "termination" and doesn't make a difference between the methods of the termination or between the persons of the declarer. The same applies to the executive dismissed after the commencement of the bankruptcy or liquidation proceeding.

**Non-competition clause / Exclusiveness**

One part of the non-competition clause relating to the executive is already applicable during the employment relationship. Since the non-competition clause doesn't belong to the cogent provisions that permit no digression, the interpretation that is more beneficial to the executive shall be accepted if the non-competition clause is regulated otherwise in the employment agreement. It is important that the executives' agreements shall contain the following clause in verbatim quotation or reference:

The executive may not enter into additional employment-related relationships.

*Executive employees:*

- shall not acquire shares, with the exception of the acquisition of stocks in a public limited company, in a business association which is engaged in the same or similar activities or that maintains regular economic ties with their employer;
- shall not conclude any transactions falling within the scope of the employer's activities in their own name or on their own behalf; and
- shall report if a relative has become a member of a business association which is engaged in the same or similar activities or that maintains regular economic ties with the employer, or has established an employment-related relationship for an executive office with an employer engaged in such activities.

*(Continue on the next page)*





Frequently asked question, mainly by multinational companies, whether the non-competition clause may be more stringent. Since this matter doesn't belong to the cogent provisions that permit no digression, if the employee signs it: yes.

**The person exercising employer's rights**

Frequently asked question, whether the person exercising the employer's rights may be an outside person. The answer is unambiguous: no. The person delegated by the mother company may be an advisor or even a decision maker, but he cannot sign without legal risk, only if, he has at least a part-time employment relationship or he entered into an agency agreement correspondent to an organic executive.

With respect to the organizational hierarchy the person exercising employer's right is executive, although, he isn't considered unconditionally as one falling within the scope of Title 91. For this it is necessary to lay down that he is a top executive according to Section 208 or he gets the minimum wage prescribed by Subsection (2) of Section 208. The salary of many HR professionals doesn't reach this level.

**Legal Warning:**

The above are analyses of thought-provoking, informative nature that are not deemed to be legal advice. Each matter shall be analyzed with examination of all the circumstances of the case. So, should you have any question, please contact directly the author.

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**WHO EXERCISES THE EMPLOYER'S RIGHTS?**

According to the previous provision of Act IV of 2006 on Business Associations, the executive officer of the business association exercises the rights of the employer over the employees of the association. Although there was a possibility to authorize another executive officer of the association, or a person in employment with the association to exercise the employer's right, this required the alteration of the articles of association or the decision of the supreme body, which was an extended procedure for the association.

If an association had not altered the articles of association for financial reasons, or the supreme body of the association had not managed to decide about assignment of this right for lack of time, the person authorized by the executive officer could not make a declaration with legal effect – either a termination or notification of provisions – towards the employee.

The legislative body recognized said problem and altered the regulation as of 1 July 2012: on the one hand, it repealed the above mentioned provision, on the other hand, it placed the subject into a much more suitable place, in the Act I of 2012 on the Labor Code (hereinafter: "LC").

According to Paragraph 2 Section 20 of LC the rules for exercising employer's rights shall be laid down – within the framework of law – by the employer. Accordingly, exercising employer's right may be based on substitution or authorization:

- Through the action of law – substitution by law
- Contract of services – through authorization, and
- Based on articles of association – so-called "organic" substitution.

With the Paragraph 2 Section 20 of LC coming into effect, the possibilities broadened with respect to the assignment of exercising of employer's right: although in case of the single forms of associations the person exercising the employer's right over others is stipulated (i.e. in the case of a group, the members meeting exercise the employer's rights over the director), the act allows (i) for a person to exercise the employer's rights based on authorization, even if he is not in employment with the association, and (ii) in an association based on hierarchy an internal regulation may regulate the issue of exercising employer's right.

For the case where despite these provisions, the employer's rights have been exercised by a non-authorized person, Paragraph 3 Section 20 of LC gives a solution: the employer may validate the declarations of the non-authorized person subsequently with no time-limit. Although there is no time-limit and no formal requirements for the validation, it would be against the principles of the labor law if the employer deferred unreasonably with the validation.

Therefore it is advisable to handover the validation in writing immediately after receiving the information about the appointment of the non-authorized person.

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## **SOON IT WILL BE EASIER TO OUTSOURCE PAYROLL TO INDIA**

In times of crisis we often face the problems relating to outsourcing payroll or any HR service to India.

Based on the currently applicable Hungarian rules this acting required consent from each employee which made Hungarian law as a serious barrier to global transactions.

The requirement concerning the submitting personal data to a foreign country is that the laws of the country in question afford an adequate level of protection with respect to the control and processing of the personal data transmitted (for example the member states of European Union or Switzerland). In case the data are submitted to a non-member state, an international agreement shall guarantee the safety of the data (such are for example the „safe harbor” principals in the case of transmitting data to the United States). The processing of data still shall be notified to the data protection authority. However, new regulation is that the data proceeding may only be started after the registering procedure.

According to Section 8 of Act CXII of 2011 on the on the Right of Informational Self-Determination and on Freedom of Information adequate level of protection of personal data is deemed available if so established by a binding legislation of the European Union, or there is an international agreement between the third country and Hungary containing guarantees for the rights of data subjects, their rights to remedies, and for the independent supervision and control of data control and data processing operations. Previously – under the Act LXIII of 1992 on the Protection of Personal Data – there was an opportunity to certify the adequate level of protection with a contract assuring the parties about an internal policy of the corporation concerning the transmission and control of personal information.

Recently India asked the European Union (EU) to declare it as a data secure country. Indian Commerce and Industry Minister Anand Sharma said that it is a clear analysis that the existing Indian law does meet the required EU standards. Therefore India would urge that this issue is sorted out quickly, given that almost all the major Fortune-500 companies have trusted India with their critical data. The European Union is in the process of undertaking a study to assess whether India's laws meet its directive, it said during the meeting of Anand Sharma and European Commissioner for Taxation and Customs Union, Audit and Anti-Fraud, Algirdas Semeta.

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