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FLASH REPORT

Country:	Hungary
Title:	The "Family Protection Action Plan"
Date:	3 July 2019
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<u>Context</u>	
Issue at stake:	The Hungarian government launched a complex set of policies aimed at increasing fertility rates
Field of application:	Family leave, Pregnancy and maternity, Goods and services, Housing, Social advantages
Source:	National legislation, Policy development

Content

Law/policy development: The Family Protection Action Plan, as it was announced by the Hungarian Prime Minister Viktor Orbán (within the framework of his annual 'State of the Nation' address, delivered on the 10th of February in 2019),¹ includes seven key elements: 1) Preferential housing loan, or Baby-Waiting Allowance ('*babaváró támogatás*'); 2) Extension of the housing benefits, or Home-Creation Scheme for Families ('*CSOK*');² 3) Extension of the mortgage loan relief programme; 4) Lifetime income tax break for mothers of four (or more) children; 5) Car purchase programme; 6) Comprehensive crèche service; 7) Child care allowance for working grandparents.

The elements of the Plan have been implemented by several legal measures.

– The Government Decree No. 44/2019. (III. 12.) on the Baby-Waiting Allowance (entering into force on 1 July 2019)³ provides a preferential, interest-free loan: up to 10 million HUF (cc. 31 000 EUR), for married couples who are ready for childbearing. The allowance is available upon childbirth after 30 June 2019. Upon the birth (or adoption) of the first child, the repayment will be suspended for three years. Upon the birth (or adoption) of a second child, the amount of debt will be reduced by 30 %. Upon the birth (or adoption) of the third child, the loan will transform into a non-repayable grant (the debt will be cancelled). If no child arrives within five years, either by birth or by adoption, the spouses should repay the (released) interest, and the preferential loan transforms into a commercial loan.

– The Government Decree No. 1056 45/2019. (III. 12.) on the allowance provided for large families for car purchase (entering into force on 1 July 2019)⁴ sets the eligibility criteria and conditions. The allowance is non-repayable. The allowance may be requested until 31

¹ See the whole speech in English on a governmental site: <http://abouthungary.hu/speeches-and-remarks/prime-minister-viktor-orbans-state-of-the-nation-address/>.

² CSOK is the abbreviation of the phrase 'Home-Creation Scheme for Families' (*családok otthonteremtési kedvezménye*).

³ Hungary, Government Decree No. 44/2019. (III. 12.) on the Baby-Waiting Allowance. (44/2019. (III. 12.) Kormányrendelet a babaváró támogatásról), 12 March 2019.

⁴ Hungary, Government Decree No. 1056 45/2019. (III. 12.) on the allowance provided for large families for car purchase (1056 45/2019. (III. 12.) Kormányrendelet a nagycsaládosok személygépkocsi-szerzési támogatásáról), 12 March 2019.

December 2022. Families with three or more children (foetuses from the 12th week of the pregnancy included) are eligible; married couples, common law partners and single parents also. It should be spent on new cars, with at least seven seats. The maximum amount of the allowance is 2.5 Million HUF (cc. 7 700 EUR). It can be combined with a car loan or with open-end leasing. The purchased car should not be sold within three years, and a sticker should be displayed on the car, with the Government's logo: Family-friendly Hungary (*Családbarát Magyarország*).

– The Government Decree No. 1068 46/2019. (III. 12.) on the amendment of certain government decrees relating to home-creation allowances (entering into force on 1 July 2019)⁵ provides for the extension of the Home-Creation Scheme for Families_ ('CSOK', a preferential credit and non-repayable grants for families with at least two children): the grant may be spent on buying older property or on extending the family home with an additional storey. Moreover, this Decree provides on extension of the mortgage loan relief programme for families: 1 Million HUF (cc. 3 100 EUR) relief upon the birth of the second child; 4 Million HUF (cc. 12 400 EUR) relief upon the birth of the third child, additional 1 Million HUF (cc. 3 100 EUR) relief after every further child.

– The Government Resolution No. 1110/2019. (III. 12.) on governmental measures to be taken within the framework of the Family Protection Action Plan⁶ addresses the plan of a comprehensive crèche service: on national level, 70 000 crèche places will be available (in day care centres, providing services for children up to the age of three years) by 30 June 2022. (In May 2019, a special commissioner was appointed within the Ministry of Human Resources to coordinate the development of the crèche service in Hungary).⁷ Moreover, this resolution provides that mothers of at least four children (including adopted children) will not have to pay personal income taxes from 2 January 2020.

– The Act XXXII of 2019 on the legislative changes necessary for the introduction of the Family Protection Action Plan (entering into force on 1 July 2019)⁸ addresses two elements of the Action Plan: the Baby-Waiting Allowance (provisions on the role of the Hungarian State as guarantor regarding the loans provided within this allowance scheme), amendment of the Act on Personal Income Tax);⁹ (Article 1); the car purchase programme (amendment of the Act on Personal Income Tax).

– The Bill no. T/6191 on the amendment of certain acts relating to the introduction of the childcare allowance for grandparents was submitted on 21 May 2019 by the Government:¹⁰ according to the bill, working grandparents will be entitled to leave to take care of their grandchildren (until the second birthday of the child; in cases of twins, up to the third

⁵ Hungary, Government Decree No. 1068 46/2019. (III. 12.) on the amendment of certain government decrees relating to home-creation allowances (*1068 46/2019. (III. 12.) Kormányrendelet az egyes otthonteremtési tárgyú kormányrendeletek módosításáról*) 12 March 2019.

⁶ Hungary, Government Resolution No. 1110/2019. (III. 12.) on governmental measures to be taken within the framework of the Family Protection Action Plan (*1110/2019. (III. 12.) Kormányhatározat a családvédelmi akcióterv részét képező kormányzati intézkedésekről*), 12 March 2019.

⁷ See the news on the governmental website: '2022-re minden kisgyermeknek jut hely a bölcsődékben' (From 2022, there will be place for every toddler in a crèche), *Család.hu*, 16 May 2019, <http://csalad.hu/cikk/2022-re-minden-kisgyermeknek-jut-hely-a-bolcsodekben-miniszteri-biztos-iranyitja-a-fejlesztest>.

⁸ Hungary, Act XXXII of 2019 on the legislative changes necessary for the introduction of the Family Protection Action Plan (*2019. évi XXXII. törvény a családvédelmi akcióterv bevezetéséhez szükséges törvénymódosításokról*), 1 April 2019, available at: <https://mkoqy.jogtar.hu/jogszabaly?docid=A1900032.TV#>.

⁹ Hungary, Act CXVII of 1995 on Personal Income Tax (1995. évi CXVII. törvény a személyi jövedelemadóról), 22 December 1995, Annex 1, Point 7, available at: <https://net.jogtar.hu/jogszabaly?docid=99500117.TV>.

¹⁰ Hungary, Bill no. T/6191 on the amendment of certain acts relating to the introduction of the childcare allowance for grandparents (*T/6191Egyes törvényeknek a nagyszülői gyermekgondozási díj bevezetésével kapcsolatos módosításáról*), 21 May 2019, available at: <https://www.parlament.hu/irom41/06191/06191.pdf>.

birthday) and for child care allowance (employment-conditional, the amount of the fee depends on the income of the grandparent), from 1 January 2020.

Key points of analysis: In the case of the Baby Waiting Allowance (the flagship measure of the Family Protection Action Plan), only married couples are eligible. Thus, since marriage is an eligibility criterium for the allowance, in the event of a divorce the loan contract will be terminated, and the released interest should be repaid.

All the other measures of the Family Protection Action Plan are available for single parents or for common law partners as well, including same-sex couples (in Hungary, in accordance with the Fundamental Law of Hungary, marriage can only be concluded between a man and a woman). The eligibility of same-sex couples was confirmed by the Ministry of Human Resources in relation to the Home-Creation Scheme for Families ('CSOK'), in 2016, after a dispute with an NGO.¹¹

Moreover, there is another specific condition for the Baby Waiting Allowance, that the female spouse should be between 18 and 41 years of age. However, there is an age condition in the case of the Home-Creation Scheme for Families (which is not a new measure):¹² in cases of those couples who "undertake" (1, 2 or 3 babies) in the support contract, one of the spouses should be under 40 years of age, but this limit is not sex-specific.

According to the eligibility criteria of the Baby-Waiting Allowance, only one year of employment within the framework of the Public Work Scheme is recognized when calculating the required three years of employment.¹³ This criterium may affect disproportionally those families who live in the economically disadvantaged regions of the country.

Internet link source:

News connected to the Family Action plan are published on a website maintained by the government, available at: <http://csalad.hu/csaladvedelmiakcioterv/hirek>.

¹¹ See the press release of Háttér Society (*Háttér Társaság*), 'Meleg és leszbikus pároknak is jár a CSOK' (Lesbian and gay couples are also eligible for the Home-Creation Scheme), 22 July 2016, available at: <http://hatter.hu/hirek/sajtokozlomeny-meleg-es-leszbikus-paroknak-is-jar-a-csok>.

¹² Hungary, Government Decree no.16/2016. (II. 10.) on Housing Benefit for Building and Purchasing Newly-Built Homes (16/2016. (II. 10.) Korm. rendelet az új lakások építéséhez, vásárlásához kapcsolódó lakáscélú támogatásról), 10 February 2016, available at: <https://net.jogtar.hu/jogszabaly?docid=A1600016.KOR>.

¹³ Hungary, Government Decree No. 44/2019. (III. 12.) on the Baby-Waiting Allowance. (44/2019. (III. 12.) Kormányrendelet a babaváró támogatásról), 12 March 2019, Article 4 (2) Point d).