



Volunteer Law in Hungary

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Background

- Legislative initiative in the UN Year of the Volunteers (2001)
- Cross-sectoral working group - 2002
- *Hungarian Volunteer Center*
- New minister – new concept in 2004
- ***Law on Public Interest Volunteering*** adopted in 2005
- Since then 526 registered host organizations



Needs / Goals

- Unclear legal situation led to tax and social security penalties among NGOs
- Key goals:
 - Establish volunteering as a ***distinct legal relationship*** (different from labor or contractual relationships)
 - Diminish legal obstacles
 - Encourage volunteering through indirect support (tax benefits)



Conceptual / policy debate

Scope of the law

- All volunteers or limited to “public interest” volunteers?

Collision / overlap

- Other legal relationships between NGOs and citizens – e.g. association member, foundation board member, pro bono commissioning

Benefits

- Taxative list or guiding provision on benefits eligible for tax relief
- Determine financial value of volunteer work?
- Benefits other than tax benefits – e.g. insurance; retirement; credit points in higher education etc.



Definition

■ **Types of host organizations**

- Local governments, budgetary institutions, public benefit organizations, churches

■ **Types of activities for engaging volunteers**

- Public benefit activities, public services and core activities of budgetary institutions

■ **Natural persons (above age 10)**

- Including those with limited legal capacity for action


■ **Work without compensation**

- Except if done for the benefit of self or relative; if compelled by law; if done in other capacity e.g. as member of an association.



How the system works

- PBO *registers* into database of Ministry
- PBO *contracts* with volunteers throughout the year
 - Written contract not always required
- PBO *ensures* rights of the volunteer
- PBO *provides* benefits
- PBO *maintains* a registry of volunteers
- PBO may then *claim* tax allowances & other benefits



Limitations on the person of the volunteer

- Underage (under 10 years of age)
- Special protections for those with limited legal capacity for action
- Special protections for children and youth (between ages 10-16 and 16-18)
 - Relating to timing and volume of work, location (Hungary), time of rest etc.
 - Limitations based on Law on Equal Opportunities and Rights of the Child



Limitations on the activities of the volunteer

- Activities that require a license
- Activities within the job description of the otherwise employed volunteer
- Activities that may not be substituted according to law (e.g., minimum # of teachers in a school)
- Activities by students for their educational institutions except those not related to student obligations
- Volunteering activities do not affect rights and obligations stemming from labor regulations
 - e.g. unemployed “full-time” volunteer will be entitled to unemployment benefits



Written contract

- If volunteering for 10 days or more, or undefined time
- At least 2 days of work for youngsters (under 18) or persons with limited legal capacity
- If volunteer receives any benefits (except when only complying with safety regulations)
- If activity is at a construction needing permission
- If activity is abroad
- If volunteer is non-EU national
- If the right to terminate contract with immediate effect of either party is limited
- If the volunteer asks for it
- If law prescribes such requirement



Benefits

- Compensation is a pecuniary gain by the volunteer or his/her relatives related to the volunteer activities.
- List of exceptions – an extensive but definitive list of monetary and in-kind benefits
- These benefits are exempt from otherwise levied personal income tax if they conform certain conditions
 - e.g. VAT invoice made to the host organization is needed to reimburse any expenses



Tax exempt benefits

- Work garments, safety protection equipment
- Transportation, travel, accommodation, meals
- Vaccination, medical examination, preventive care services
- Non-formal education
- Food, care, training of animal
- Providing conditions for equipment use
- Life-, health-, accident and liability insurance
- Per diem (as defined in tax law)
- Reward (20% of monthly minimum wage per year)
- Other de minimus benefits incl. promotional goods, services, vouchers



Insurance

- Volunteer entitled for accident insurance on par with employees.
- Liability insurance compulsory when volunteer arrives from outside the European Economic Area.
- Any other insurance optional but tax exempt.



Liability

- Physical and health damage of the volunteer
 - host organization liable if related to the volunteer activity
- Material damage of the volunteer
 - host organization liable if goods were owned or used by volunteer, needed for the volunteer activity and damaged at the place of volunteer activity (exceptions apply)
- Damage caused by volunteer to third person
 - host organization liable; however, it may claim the damage from the volunteer if it was his/her fault, except when this option was excluded in the contract
- Damage caused to the host organization
 - general civil code liability rules apply



Remaining challenges

■ International volunteers

- Due to high per diem, EVS and other volunteer programs do not qualify for benefits in Hungary
- Volunteering is not yet integrated into immigration policies as a legitimate justification to enter the country (i.e. basis for a visa)

■ High level of administration seems to deter NGOs from enrolling into the system

- Estimated 400,000 volunteers
- 23,000 potential NGO host organizations (PBOs)
- 526 enrolled including non-NGO host organizations



Thank You!

For further information:

www.ecnl.org

www.onkentes.hu