

Name of the instrument in English	National Employment Fund Training Sub-fund, vocational training contribution
Country	 Hungary
Type of instrument	Training funds
Level of operation	National
Part of the country where the instrument applies	nap
Region(s) in which the instrument applies	nap
Sector(s) in which the instrument applies	nap
Legal basis	Act CLV of 2011 on the vocational training contribution and the support for the development of training
Objective(s) and target(s)	The vocational training contribution funds are used to support central programmes related to vocational/adult training, other bodies/organisations entitled to conclude student contract, VET school study scholarships of vocational trainees in formal education, to support the development of corporate training shops and vocational/adult training measures implemented under with EU co-financing.
Year of introduction	1988
Year of termination	No foreseen end to the instrument (on-going)
Governance (management, operation, monitoring and evaluation)	Ministry for National Economy is responsible for the overall management, monitoring/evaluation of the instrument and day-to-day operation. National Office of Vocational Education and Training and Adult Learning (institution under the Ministry for National Economy) and Hungarian Chamber of Commerce and Industry are also involved in the management if the instrument.
Eligible group(s)	In relation to apprenticeship, the companies entitled to provide practical training, i.e. those included in chamber's register
Education and training eligible	The instrument supports apprenticeship and other types of education and training. It applies to ISCED 3-4 levels (352,354,453,454), EQF 3-5 levels.
Source of financing and collection mechanism	Levy on companies (regulated by law). Companies are obliged to pay a 'vocational training contribution' set at

	<p>1.5% of payroll to the fund. The contribution obligation may be met in three ways: (1) by payment to the development and training sub-fund of the National Employment Fund; (2) by providing training for own employees; (3) by organising practical training for students in vocational training schools or in tertiary education.</p> <p>In case of the latter, the contribution can be decreased by the amount of a basic subsidy (on average, EUR 1,461.76 EUR/cap/annum; exchange rate: 1 EUR = 309,90 HUF) (see also 'Financing formula')</p>
Financing formula and allocation mechanisms	<p>The average 'basis subsidy' that a company is entitled to is EUR 1,461.76 per apprentice per year (the basis subsidy varies depending on training professions, costs of training, etc.). In addition, companies can claim reimbursement for costs of in-company trainer wages (21% of the base amount) and costs of company workshop maintenance (25% of the base amount). Moreover, larger investment costs are also reimbursed up to EUR 48,402.71 per year (e.g. building and maintain a workshop used specially for the apprenticeship training to purchase machines, equipment or tools which are especially needed for apprenticeship training). For example, the maximum amount of funding for training a welder is EUR 3,595.93 (EUR 2923.52 as a basic subsidy) + EUR 48,402.71 per year for investment.</p> <p>The National Employment Fund covers around 80% (or more) of the costs related to in-company training. The remaining share of the costs is covered by the company.</p>
Eligible costs	Apprentice remuneration, social insurance cost, in-company trainer wages, costs of materials/equipment (workplace maintenance, investment), apprentice's meals and travel expenses
Beneficiaries/take up	<p>In 2016, some 544,156 companies contributed through vocational training contribution while 7,059 companies (out of 78,038 companies that were included in chamber's register, i.e. could provide practical training for VET students) benefited.</p> <p>In 2015, some 567,857 companies contributed through vocational training contribution while 6,991 companies (out of 69,312 companies that were included in chamber's register, i.e. could provide practical training for VET students) benefited.</p>
Recent or planned changes	From 1st January 2016 companies receive extra normative subsidies (to cover the costs of investment, instructor, workshop maintenance decreasing items) by which the sum to be reclaimed from the vocational training contribution payment obligation can increase. A positive change in the financing of training costs of other organisations is that they have the opportunity to simplify and speed up the process of refunding their apprenticeship contract costs from 1st January 2016. For this, they need to report to the state tax authority that they settle their vocational training contribution via practical training with apprenticeship contracts. By this, they are included in the circle of enterprises obliged to pay the contribution in a manner that they obligation is

	zero. After that, they are entitled to reclaim their costs monthly, based on the normative subsidy.
Sources	<p>Ministry for National Economy, http://www.kormany.hu/en/ministry-for-national-economy</p> <p>Hungarian Chamber of Commerce and Industry http://www.isziiir.hu/_frontend/index.php?module=etalon_tanuloszerzodese...</p> <p>Register of Chambers: http://www.isziiir.hu/_frontend/index.php?module=gsz_nyilvantartasi_felu...</p> <p>The research program vocational schools by Hungarian Chamber of Commerce and Industry Institute for Economic and Enterprise Research http://gvi.hu/files/researches/486/szakiskola_2016_tanulok_tanulmany_16...</p> <p>Refernet surveys: http://observatory.org.hu/wp-content/uploads/2015/04/ReferNet_Apprentic...</p>

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