

VIBRANT CROSS-BORDER LABOUR MARKETS

18 and 19 January 2023, Brussels



Ambiguous application of social and health insurance regulations in HU-SK





Basic facts about Ister-Granum EGTC

- Established 2008. october 18.
- 82 member Municipalities
- Esztergom (HU), Štúrovo (SK)
- 200.000 inhabitants
- 2M tourists/year
- 3 rivers
- 3 border crossings





Developments of Ister-Granum EGTC

➔ Ferry connection on Danube



➔ Missing part of EuroVELO 6



➔ Bike Sharing system





Developments of Ister-Granum EGTC

➔ Regional Branding system



➔ ITI (Ister-Granum Logistics Zone)

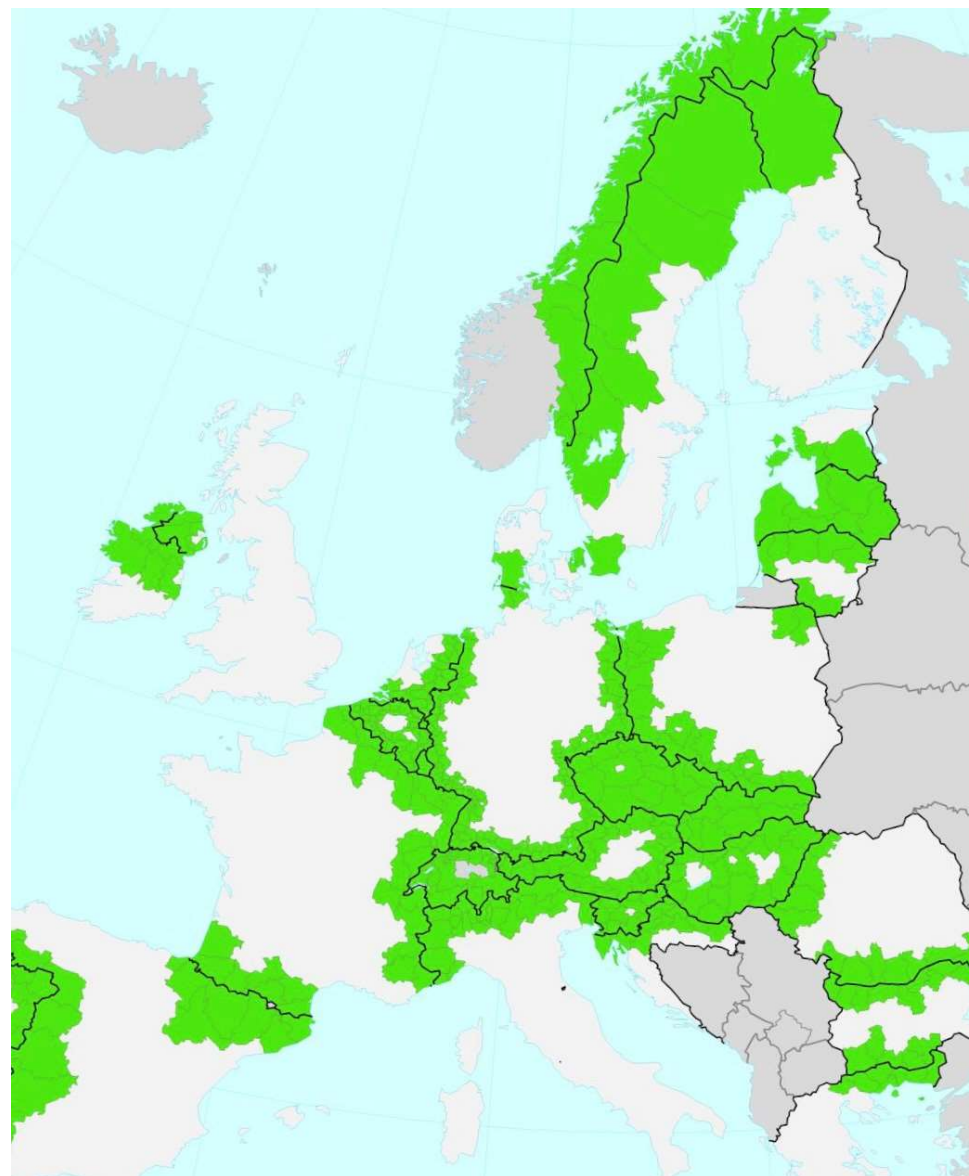


➔ New Danube bridge





Border regions within EU

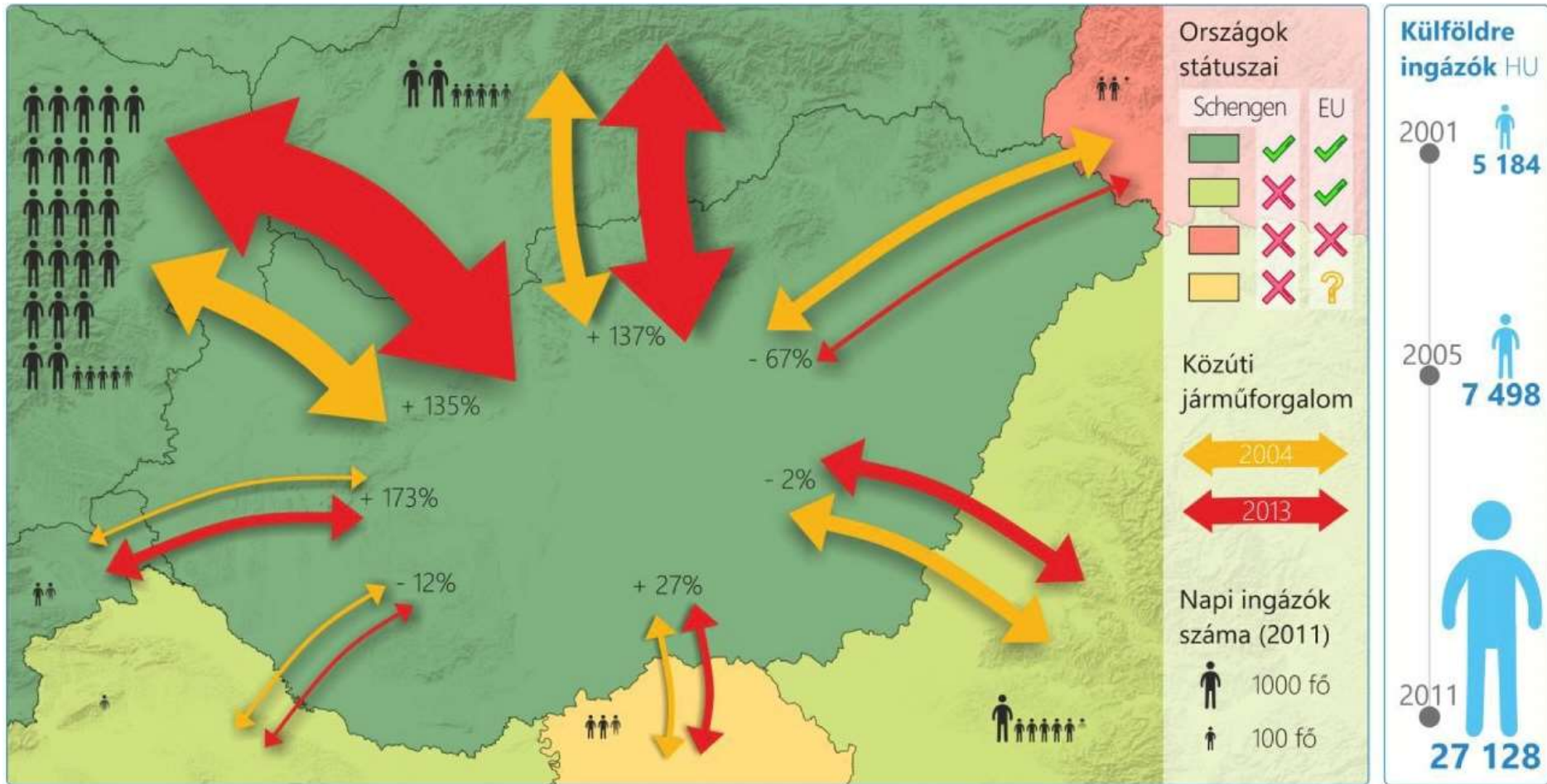




The volume of cross-border commuting in Hungary

SK-HU
border
area:

10.000
commuters
/day





ISTER-GRANUM EGTC experiences with obstacles:

- regional local product label
- implementation of a ferry port project as the Slovak partner with a seat in Hungary
- Transportation
- health care and insurance

AEBR Pilot B-Solutions, 3rd call (2020)

**OBSTACLE: Cross-border staffing difficulties
– ambiguous of social and health insurance regulations**



Regulative framework

According to the **Regulation (EC) No 883/2004** on the coordination of social security systems, the persons working in more than one EU country are to be **insured in only one EU country** and are not allowed for choosing which country they will be insured by, while the Social Security Association of the country they live in are authorized to decide thereon.

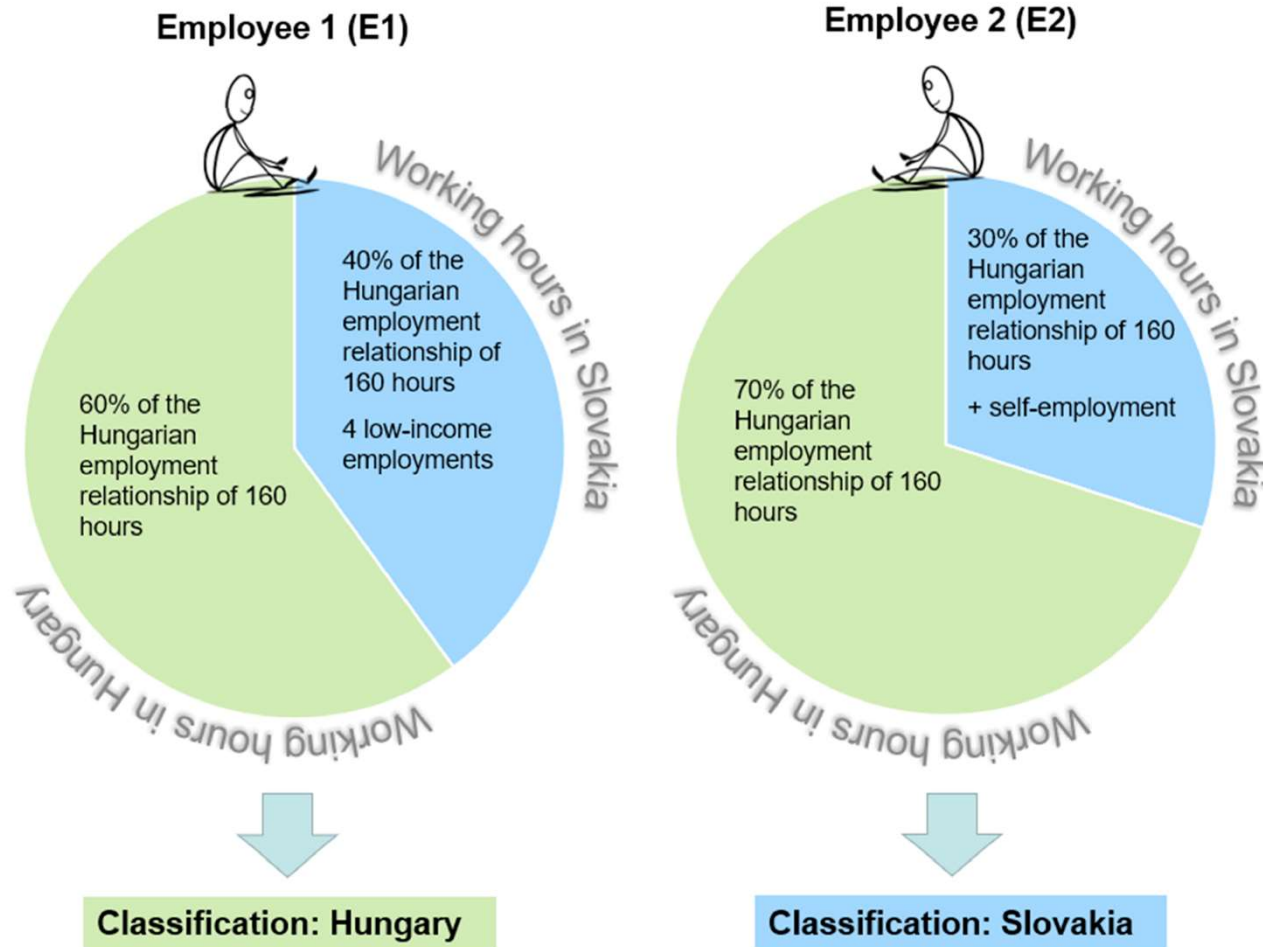
EMPLOYEE applies for A1 certificate. It has to be submitted to the Social Security Association of the country they live. This institution issues the A1 certificate, what shows, which country's social security laws apply to the worker, and to which country's social insurance contributions should be paid by them and by their employers.



Seemingly clear rules:

- Basic Rule: employee applies for A1 **in country of residence**
- 2 backgrounds: **employed** – **self employed** (undertaking)
- 25% Rule:** A 'substantial part' of the activities (at least 25% of aggregated working time and/or income) unpredictable
- Unspecified time **limit for response:** (3-6 months)
- Unpredictable procedure for **paying insurance**
- No common understanding** between HU-SK, (not even within) how to apply 883.
- Access to **benefits is lost** (if not the law of country of residence is specified)
- Pay twice** to avoid fine!

Illustration of the case:





The main obstacles we and other workers working in both Hungary and Slovakia had to face:

- lack of information, no guideline available, the channels of information are not ensured, e.g. the employer is not informed about the decision; the employee is not informed about what to do with A1 certificate once got.
- too long time span. Until the decision is made, the payrolls for the employee has to be delivered, the social contributions have to be paid, but it is not clear, to which country should it be paid for before the decision takes an effect. In practice, before the A1 certificate is issued, this country is usually the country, where the employee has full-time job. However, the decision can result in a different solution.
- different accounting, taxation and social security systems. The employee needs for help of accountants from both countries, what causes extra costs.



The main obstacles we and other workers working in both Hungary and Slovakia had to face:

- after receiving the A1 certificate, the payrolls have to be revised, and the social contributions have to be repaid, it takes time and money.
- difference in salaries results remarkable losses for the employee
- no common application form of the 883/2004 regulation in practice, not even in the same country.
- A1 not applied = problems with PENSION ☹️





SUGGESTIONS:

- ➔ operative guideline
available in national languages (HU, SK)
- ➔ the A1 certificates would be issued in maximum 1-2 months
after its submission
- ➔ Agencies should notify both employer and employee about
decision
- ➔ common application form (used by all countries)



B-Solutions

FINAL REPORT

Cross-border staffing difficulties
– ambiguous application
of social and health insurance regulations

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Thank you
for your attention!

PÉTER NAGY

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