

# Minister for National Economy says social contributions may decrease

The gradual decrease of contributions could solve part of the domestic employment problems. The Ministry for National Economy is currently examining when and to what extent social contributions can be decreased, declared Mihály Varga, Minister for National Economy in an interview with Magyar Idők.

In an interview given to the daily, the Minister highlighted that the Ministry started to develop an economic recovery package that is expected to be adopted in the fall of 2016. The government has to increase employment opportunities and relieve the labour shortage in certain sectors at the same time, the Minister pointed out.

In reply to a question whether major reductions in social security costs will be part of the package, Mihaly Varga said "Experts are right when they call for the reduction of contributions. (...) Contributions in Hungary are higher than the European average and it may create a competitive disadvantage. Thus, the consideration of a reduction in social security costs seems unavoidable. However, other aspects should also be taken into consideration; in this case the room for manoeuvre of the Hungarian government is narrower than in the case of other taxes. He noted that contributions should cover the expenditures of health insurance and pensions and that in the past few years the government managed to bring the funds into balance.

Yet, it is obvious that reducing the cost of contributions could solve part of the employment problems in the country. This is the reason why the Ministry for National Economy

started to examine when and to what extent contributions could be reduced, the Minister added. The Ministry will consult with representatives of the economic sector and tax specialists.

*Source: portfolio.hu*