

EU PAY TRANSPARENCY DIRECTIVE

BE PREPARED FOR THE HUNGARIAN IMPLEMENTATION!

PAYROLL, HR CONSULTING AND LEGAL SUPPORT. ALL UNDER ONE ROOF.

WHAT SHOULD YOU PREPARE FOR?

The European Union's new Pay Transparency Directive, (EU) 2023/970, fundamentally transforms the functioning of the labour market. Although the Directive has not yet been transposed into Hungarian law, it is not too early to begin preparations, since:

**ALL EU MEMBER STATES MUST
IMPLEMENT IT BY 7 JUNE 2026
AT THE LATEST**

and some companies will already be required to report on their salaries and remuneration for the year 2026!

OBJECTIVES

- > effective enforcement of the principle of "equal pay for equal work" in Member States
- > eliminating gender-based discrimination
- > ensuring stronger employee rights and pay transparency

WHO AND WHAT DOES IT APPLY TO?

- > All **employers** – regardless of whether they operate in the public or private sector, and regardless of headcount
- > All **employees** working under an employment contract, including interns, apprentices under vocational training contracts, and to some extent job applicants
- > All **monetary payments and benefits in kind** (e.g. allowances, bonuses, housing/meal/travel reimbursements or benefits, fringe benefit allowances)

WHAT ARE THE CONSEQUENCES AND RISKS OF NON-COMPLIANCE FOR EMPLOYERS?

- > Fines
- > Application of the principle of full compensation
- > Reversal of the burden of proof to the detriment of the employer
- > Possibility of conciliation procedures, court and administrative proceedings
- > Option for collective legal action and support from the works council/trade union in enforcing employees' claims

wts

People you can rely on.

NEW EMPLOYER OBLIGATIONS

1

Establishing an objective pay structure

A remuneration system based on predefined and uniform criteria (job evaluation, responsibility, competencies) that excludes subjective judgment and gender discrimination

2

Employee information obligations

Employees must be informed without request about pay-setting, pay progression policies, and their right to information. Upon request, they must receive details of their own pay and the average pay of employees performing comparable work, broken down by gender.

3

Disclosure of pay data

Pay secrecy is abolished. Employees may not be restricted from disclosing their pay information for the purpose of enforcing the principle of equal pay.

4

Transparency in recruitment

Before salary negotiations begin, candidates must be informed of the starting salary or salary range for the position. Employers are prohibited from asking applicants about their current or previous salary.

5

Reporting obligations

Companies with more than 100 employees must prepare regular reports on gender pay gaps, in accordance with the detailed requirements of the directive.

6

Joint pay assessment obligation

Required if the report shows that the gender pay gap within a job category reaches 5%, cannot be justified by objective factors, and is not remedied within six months.

DIRECTIVE MILESTONES

6 JUNE
2023

7 JUNE
2026

7 JUNE
2027

7 JUNE
2031

The EU Pay Transparency Directive officially came into effect.

Start of obligations for employers (except reporting and joint pay assessment)

Start of reporting obligations for companies with at least 150 employees

Start of reporting obligations for companies with at least 100 employees

WHAT NEEDS TO BE DONE?

- › Audit of existing pay policy and job classification
- › Identification of equal or equivalent job roles, creation of a new job hierarchy
- › Identification of pay disparities
- › Preparation of gender pay gap reports
- › Amendment of employment contracts
- › Review of recruitment processes
- › Preparation of communications and template documents
- › Management workshops and HR department training

HOW WE CAN SUPPORT YOU

- › HR and employment law consulting on the topic
- › Evaluation of existing job roles (gender neutrality, consistency)
- › Audit of existing grading/leveling systems
- › Consultancy for building a grading/leveling system where missing
- › Analysis of payroll data and identification of discrepancies
- › Preparation of reports (processing input data)
- › Supporting the implementation of pay transparency modules



Tamás Gyányi

Senior Partner
Payroll | HR Services
WTS Klient
tamas.gyanyi@wtsklient.hu



Dr. Viktor Füzi

Managing Partner
Attorney-at-law
WTS Legal Attorneys Association
viktor.fuzi@wts-legal.hu

