

## Policy on Student Employment

### PURPOSE

The purpose of this document is to define and explain the student employment policy of **Budapesti Közép-európai Egyetem Alapítvány** (1051 Budapest, Nádor u. 9.; registration number: 2314; hereinafter: „CEUB-F”), **Central European University** (address in the U.S.A.: 400 West 59<sup>th</sup> Street, New York, N.Y. 10019 U.S.A; a non-profit higher education institution registered in New York State (USA) and awarded an Absolute Charter under the law of New York State (USA); hereinafter referred to as the “CEU”) and of **Közép-európai Egyetem** (seat: 1051 Budapest, Nádor u. 9., institutional registration number: FI 27861; hereinafter referred to as the “KEE”) and to set up transparent rules and procedures. It applies to all students of the KEE and CEU.

### PRINCIPLES

It is the aim of CEU and KEE to

\* encourage students to participate in on-going research conducted by either individual faculty members, academic departments / programs or CEU-affiliated research initiatives as well as in educational and service duties related to the functioning of the University (research assistance, teaching assistance, librarian, IT assistance, etc.)

\* provide equal opportunities to all students and to ensure that any kind of employment shall not conflict with the University-related duties of students and shall not endanger the academic career of the students.

### DEFINITIONS

For the purposes of this Policy, it is understood that:

**CEU - Central European University** (address in the U.S.A.: 400 West 59<sup>th</sup> Street, New York, N.Y. 10019 U.S.A; a non-profit higher education institution registered in New York State (USA) and awarded an Absolute Charter under the law of New York State (USA);

CEUB-F – Budapesti Közép-európai Egyetem Alapítvány, registered with the Municipal Court Budapest under registration number 2314, having its registered seat at 1051 Budapest, Nádor u. 9.

KEE – Közép-Európai Egyetem is a Hungarian accredited higher education institute registered under institutional registration number FI 27861.

Master Student (1): is a full-time student (in Hungarian: nappali tagozatos hallgató) enrolled in one of the accredited KEE programs offering master (MA, MSc, etc.) degrees and is studying towards a degree at KEE.

Master Student (2): is a full-time student (in Hungarian: nappali tagozatos hallgató) enrolled in one of the accredited KEE programs offering MA level further specialization degrees and is studying towards a degree at KEE.

Master Student (3): is a full-time student (who does not qualify for the Hungarian: nappali tagozatos hallgató), enrolled in one of the CEU programs offering MA degrees – which is a non-accredited KEE program - and is studying towards a degree at CEU.

Doctoral Student (1): is a first, second or third year full-time student (in Hungarian: nappali tagozatos hallgató) enrolled in one of the accredited KEE programs offering doctoral degrees and is studying towards a PhD degree at KEE. (in Hungarian: doktorandusz)

Doctoral Student (2): is a first, second or third year full-time student (does not qualify for the Hungarian: nappali tagozatos hallgató) enrolled in one of the CEU programs offering PhD degrees – which is a non-accredited KEE program - and is studying towards a PhD degree at CEU.

Doctoral Student (3): is doctoral student beyond his/her third year who was previously enrolled in one of the accredited KEE doctoral programs (in Hungarian: doktorjelölt, in accordance with Section 68(4) of the Hungarian Higher Education Act) or who was previously enrolled in one of the CEU programs offering doctoral (PhD, SJD, etc.) degrees – which is non-accredited KEE doctoral program - and is studying towards a Phd degree at CEU or at KEE.

Individual Service Contract (hereinafter: “ISC”) is a contract governed by civil law meeting the requirements of among others 7001/2005. (MK 170.) FMM-PM együttes irányelv.

Hungarian student is a student who has Hungarian citizenship, or has a valid permanent residence permit (in Hungarian: letelepedési engedély) or has a refugee status in Hungary.

EU student is a student who has citizenship in one of the EU countries.

Non-EU student is a student who is citizen of a country outside the EU.

## **STUDENT EMPLOYMENT POLICY**

### **GENERAL RULES**

**1. CONTRACT TYPES.** Students may be employed through regular employment contract under the general Hungarian social security and tax regulations or through an ISC governed by the general Hungarian social security and tax regulations by either CEU or KEE. In exceptional circumstances CEUB-F may act as an employer

**2. DIRECT EMPLOYMENT ONLY.** Students may not be employed through companies or other intermediaries for the work carried out in CEUB-F, CEU or KEE under any circumstances.

**3. WORKING HOURS.** The working hours of students may not conflict with the University-related duties of students and shall not endanger the academic career of the students.

**4. WORK PERMIT.** Foreign students may need to have work permit according to their citizenship. Such students are obliged to obtain the permits required to work in Hungary prior to the commencement of their employment at CEU, CEUB-F or KEE.

**5. EMPLOYMENT INSIDE CEU.** Any employment inside CEU, CEUB-F or KEE must meet the following cumulative criteria:

5.1. The prior written approval of the Head of the student’s own Department is required (see Attachment 1).

5.2. The student must have a current enrollment status in a CEU MA or doctoral program for the academic year when she/he is working. The enrollment shall be justified with an up-to-date – not older than 1 week – official enrollment certificate before starting the employment.

5.3. The employment term – when work permit is needed – must coincide with the duration of the work permit.

5.4. Salaries shall fit into the approved CEU, CEUB-F or KEE salary scale applicable to the relevant position.

**6. EMPLOYMENT OUTSIDE CEU.** Any employment outside CEU, CEUB-F or KEE must meet the following cumulative criteria:

6.1. Sections 5,2 and 5.3. shall apply mutatis mutandis.

6.2. Proof of the fact that the Head of the student’s own Department has been informed of the outside employment.

6.3. The working hours may not conflict with the University-related duties of students and shall not endanger the academic career of the students.

### **Special rules for Master students (1) and Doctoral students (1)**

**7. STUDENT SALARY.** Master students (1) and Doctoral students (1) may be employed with student employment contract with KEE in accordance with Point 62 of Section 3 of the Personal Income Tax Act (Act no. CXVII of 1995; "PIT"). Such students receive student salary.. Student salary receives a preferential tax treatment.

**8. LIMIT ON WORKING HOURS.** Doctoral students (1) are not allowed to work at KEE more than 20 hours per week during their enrollment. Master (1) and (2) students are not allowed to work at CEU, KEE more than 20 hours per week during their enrollment.

**9. EMPLOYMENT LENGTH.** The employment length is maximum 6 months, however the employment contract is renewable during and up to the enrollment period. The precondition of the contract renewal is an updated Enrollment Certificate at the beginning of each semester.

### **Special rules for Master students (2)**

**10.** Sections , 8 and 9 shall apply mutatis mutandis but Section 7 shall be inapplicable. In case the employer is CEU BF these same rules on Master students (2) are applicable.

### **PROCEDURES**

**11.** Attachment 1 shall be used for obtaining the prior approval of their Head of Department in writing in advance.

**12.** Employment contracts between the students and the employer shall be initiated by the Head of Department where the Human Resources Office seeks employment at least one week before start working. The contract request shall define the employer; the source of salary and its payroll charges (department budget, research grant etc.) and the Budget and Finance Office shall confirm the availability of the funds. In case the salary and the payroll charges are covered from an external grant, the request must also be endorsed by the Research Development and Support Unit. Work can be started and salary paid only after the employment or ISC has been signed and – in case of need – the work permit and other official documents are obtained.

**13.** The Student Services Office together with the Human Resources Office shall keep a database on all student employment with the prior informed consent of the persons concerned. The department coordinators shall immediately notify the Student Services Office about all changes in the status of the students, which may affect the student employment.

## **STUDENT RESEARCH GRANT POLICY**

### **PURPOSE**

The purpose of this document is to define and explain the student research grant allocation policy of **Budapesti Közép-európai Egyetem Alapítvány** (1051 Budapest, Nádor u. 9.; registration number: 2314; hereinafter: „**CEUB-F**”) and to set up transparent rules and procedures.

The declared and registered aim of the CEUB-F is to organize and promote trainings in the interest of the propagation of knowledge with respect to European and Hungarian culture, politics, economy and law and to develop culture. Furthermore, the purpose of CEUB-F is to establish and provide for the maintenance of the CEU and KEE, furthermore, to carry out educational and research activities, including external teaching as well.

Since research-related activities contribute to a large extent to the accomplishment of the above purposes the CEUB-F awards grants to students of the CEU and of the KEE in order to promote research projects based on the provisions set forth in the present Policy. The grants are awarded in varying amounts to the select number of enrolled and/or graduate students of CEU and of KEE participating in on-going research activities (“**Research Grantees**”) during or beyond their academic studies.

### **PRINCIPLES**

It is the aim of CEUB-F to encourage students to participate in on-going research activities conducted by either individual faculty members, academic departments or research initiatives.

It is the aim of CEUB-F to provide equal opportunities to all Grantees.

#### **1. Definitions**

##### **1.1 Grant**

The grant is a form of financial aid provided by CEUB-F to the selected students for Research Activity purposes defined under and awarded in accordance with this Policy.

The person so designated by CEUB-F is exclusively authorized to decide at its own discretion in all aspect of grants (e.g. allocation, awarding, repeal and the amount of grants). The Grant shall be paid by CEUB-F to the selected grantees retroactively in installments corresponding to the fulfillment of the milestones of the Research Project. The grantee is eligible to the installments of the grant after the grantee appropriately certified to the person so designated by CEUB-F the performance of the milestones of the Research Project by filing the regular reports and the final report set forth in the Grant Letter issued by CEUB-F on the detailed conditions of the grant.

For information: in January 2008 a grant is tax free under Hungarian law if it meets criteria enumerated in Section 3 and especially Section 3.4. of in Annex 1 of Act 117 of 1995 on personal income taxation.

For information, in January 2008 the person so designated by CEUB-F is the Provost of CEU/KEE.

### **1.2. Research**

For the purposes of this policy research is an activity meeting the definition and criteria enumerated in Section 4 of act 134 of 2004 or Section 12 of act 90 of 2003 meaning - in particular but not exclusively – a theoretical, systematizing, experimental activity resulting in the tangible enlargement of general academic, scientific and technological knowledge without direct industrial or commercial purposes. Any activity qualified as “work” under 7001/2005. (MK 170.) FMM-PM együttes irányelv does not qualify as research. In case of doubt whether an activity qualifies as work or research such an activity shall be considered as work.

### **1.3. Research Activity**

Research activity shall mean an academic activity forming part of a research project and resulting in the tangible results (such as a written study, collection of data etc.) and regular reports and final report as set forth in the Grant Letter.

In case of doubt with respect to the nature of the activity performed by the grantee in scope of the Research Project, the CEUB-F shall - at its sole discretion - qualify the activity as in line with the applicable rules of law and internal regulations or policies of CEUB-F. The grantee shall fully cooperate with CEUB-F in order to ensure full compliance with the applicable rules of law and internal regulations or policies.

## **2. Criteria for Grant Allocation**

The person so designated by CEUB-F and/or entities/departments/units of the CEUB-F evaluate(s) certain criteria when deciding on the allocation of the grants. The criteria shall be evaluated separately and jointly and the person so designated of the CEUB-F decides its own discretion. Decision of the person so designated of the CEUB-F shall not be subject to appeal.

The criteria shall be but not limited to the followings:

- a) Department initiating the research activity;
- b) Supervisor who will evaluate the candidate(s);
- c) Subject and expected length of the research project in question (“Research Project”)
- d) Expected result of the Research Project
- e) Duties that the candidate(s) is/are expected to perform;
- f) Qualifications that are required (necessary for selection) and desired (preferential for selection);
- g) Expected duration of project and expected work hours per week;
- h) Application deadline;
- i) Application procedure.

## **3. Procedure of awarding the grants**

Students applying to become Research Grantees shall indicate their intention to be considered for Grants from the CEUB-F on their application form and are then recommended for such consideration to the CEUB-F from the Supervisor of the

Research Project. The Supervisor of the Research Project is responsible to submit the details of the Research project to the CEUB-F.

Grants will be decided during the course of the application period and up until the first 15 days of the Research Project being started.

#### **4. Repeal of the grant**

In terms of conduct, all grant recipients are required to observe and uphold the ethical and scholarly standards and other purposes and regulations of the CEUB-F.

Reports of breaches of ethical and scholarly standards (for example cheating and plagiarism or non-performance of the academic requirements of the program etc.) involving grant recipient Research Grantees will automatically be forwarded to the person so designated by CEUB-F.

Upon receipt of the report by the witnessing staff or faculty member, the grant recipient will be notified of the review and will be given the opportunity to represent his/her interests before the person so designated by CEUB-F, which will see any persons involved in or reporting the breach of ethics. The Committee will determine whether a breach can be reasonably concluded based on the facts presented.

The person so designated by CEUB-F may decide on penalties including probation, reduction or repeal of grant, dismissal from the Research Project in which the Research Grantee participates, or other appropriate measures.

#### **5. Administrative Provisions**

If the nature of the research grant requires so, grantees are obliged to obtain the necessary permits required to stay in Hungary for the whole period of the Research Project prior to the commencement of their research activities. Grantees are obliged to dispose of the necessary health insurance required to stay in Hungary for the whole period of the Research Project prior to the commencement of their research activities.

If the nature of research requires, with the prior, written and express consent of both the Supervisor of the Research Project and the person so designated by CEUB-F the Grantee may also carry out his/her research outside Hungary.

Grantees who were awarded grants may open bank accounts anywhere in the world but the Grantees shall be covering banking charges. The bank account to which payment is made must be the Grantees' own bank account. No grant payments may be made in cash.

The Supervisor of the Research Project shall be responsible for supervising that the tangible results of the Research Activity are submitted to CEUB-F.

CEUB-F shall designate the unit responsible for archiving the tangible results of the Research Activity.

Budapest, ....., 2008.



## **Guidelines to the Student Employment Policy**

The following Guidelines contain general explanations in connection with the effective Student Employment Policy (hereinafter: “**Policy**”) of Budapesti Közép-Európai Egyetem Alapítvány (“**CEUB-F**”), Central European University (“**CEU**”) and Közép-Európai Egyetem (“**KEE**”) applicable to all KEE and CEU students. The Guidelines provide information regarding the questions of taxation, social security contribution, necessity of work and residence permit in connection with the employment at KEE, CEU or CEUB-F (“**Employer**”). Should any provision of these Guidelines be contrary to the provisions of the Policy the latter shall prevail.

Should you have any questions or problems in connection with the Policy, the Guidelines or their application, please do not hesitate to turn to the Student Services Office.

The followings do not constitute legal or tax advice. The Central European University, the CEUB-F or Közép-Európai Egyetem are not responsible for the below information. Note that Hungarian law changes and this information is accurate only at the time when this information was issued. Authorities may have a different opinion than the ones reflected in these guidelines.

### **1. Assessment of taxes**

**1.1** Money paid by the KEE to full-time KEE students of accredited programs in accordance with subpoint fa/ of Point 62 of Section 3 of the Hungarian Personal Income Tax Act (“PIT”) is not in itself taxable, although receipt of such funds increases the tax base.

The monthly student salary of such students – depending on the applicable tax rules – is tax-free in January 2008 up to the minimum wage; the salary above this amount is taxable and cannot be more than the salary applicable to the relevant position within the approved CEU/KEE salary scale.

**1.2.** If a student receives a grant of money from CEUBF (that would be otherwise taxable under Annex 1 section 3.1. of the Hungarian Personal Income Tax Act (“PIT”)) and at the same time is employed by CEUB-F, the stipend paid by CEUB-F becomes taxable income taxable under Annex 1 section 3.4. of the Hungarian PIT.

**1.3.** In 2008 the general rule of taxation is that the employer is responsible for the tax assessment. Therefore, any required Hungarian taxes, social security and other amount as foreseen by the applicable laws shall be withheld from the salary by the Employer and the related assessment procedures are administered by the Employer as well. Students have no tasks related to this process.<sup>1</sup>

**1.4** Notwithstanding with the above the situation is different if a student receives income from a different employer as well; in this case the student in question shall determine the payable tax by self-assessment.<sup>2</sup> In these cases the taxable persons shall assess and pay their tax to the Hungarian Tax Authority (“APEH”) directly.

**1.5** In case of certain double tax treaties, the foreign students being the citizen of the country being party of the double tax treaty in question are not obliged to pay tax on their income in

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<sup>1</sup> Based on article 12/A of the Act on Personal Income Tax

<sup>2</sup> Based on article 11 of the Act on Personal Income Tax

Hungary. In these cases such students need to file a certificate of residence (“illetőségigazolás”) to the Employer issued by the national tax authority in question. The certificate of residence shall be re-filed annually, related to the given year. In such cases no taxes need to be withheld from student employment salaries if foreign students establish the fact that they are tax resident in a foreign jurisdiction with an appropriate tax certificate issued under the relevant Double Tax Treaty.

**1.6.** In case of other double tax treaties certain fees are not taxable in Hungary. The administration of such cases is handled by the Employer.

Please note that points 1.1-1.6 are general statements and not tax advice and do not engage the liability of CEU/KEE. In case you need further information, please turn to the Student Services Office.

## **2. Social security provisions**

Students, according to the Policy, may be employed through a regular employment contract under the general Hungarian labor law, or through an ISC contract governed by Hungarian civil law<sup>3</sup>.

**2.1** If the student receives salary for his/her tasks based on an employment or ISC contract, it falls under the general rules of social security by virtue of the prevailing laws. This means that the Employer deducts and pays the relevant social security contributions, students have no tasks related to this process<sup>4</sup>.

**2.2** In case the student is a full-time student (in Hungarian: nappali tagozatos hallgató, in accordance with the Policy: Master Student (1), Master Student (2) and Doctoral Student (1)), the Hungarian state, covers the costs of health insurance contributions (which is a part of the social security contribution)<sup>5</sup>.

**2.3** In case a full-time student (who does not qualify for the Hungarian term: nappali tagozatos hallgató) being the citizen of a country belonging to the European Economic Area and disposing of a European Health Insurance Card, such student will lose its entitlement to receive health insurance benefits based on his/her European Health Insurance Card. At the same time the student will be registered in the Hungarian social security system by the Employer and receives a Hungarian social security card. Based on this Hungarian card, the student shall be qualified as insured under Hungarian laws and shall receive full medical assistance in Hungary and only partial medical assistance in his/her home country, regardless if his/her employment is full-time or part-time.<sup>6</sup>

## **3. Work permit**

**3.1** Full-time students (in Hungarian: nappali tagozatos hallgató, in accordance with the Policy: Master Student (1), Master Student (2) and Doctoral Student (1)) do not need any work permit if they do not work more than 20 hours per week during their enrollment.<sup>7</sup>

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<sup>3</sup> As it is stated by the Policy, this is a contract fulfilling the requirements of the 7001/2005. (MK 170.) FMM-PM együttes irányelv

<sup>4</sup> Article 5 of the Act LXXX of 1997 on Persons Entitled to Social Security Services

<sup>5</sup> Article 31 (4) of the Act LXXX of 1997 on Persons Entitled to Social Security Services

<sup>6</sup> Article 5 of the Act LXXX of 1997 on Persons Entitled to Social Security Services, point (1) a)

<sup>7</sup> Article 7 point i) of the decree 8/1999 of the Ministry of Social and Family Affairs on the work permit of foreign persons and Article 20 (3) of the Act II of 2007 on the Entry and Stay of Third-country Citizens

**3.2** In other cases, a work permit is required for foreign students in accordance with their citizenship: students of EU countries - according to the prevailing legal regulation - do or do not need work permit, students of non-EU countries need work permit. Students are obliged to file all the documents to and provide their employer with all information necessary to apply for the work permits required to work in Hungary prior to the commencement of their employment at CEU or KEE, CEUB-F or elsewhere. Students shall turn to the competent regional office of the National Employment Office, fill in the application form and submit the following as mandatory annexes: *a certificate issued by the Employer*, certified copy of the foreign qualification and the official translation of it, medical certificate of the proper health conditions of the employee (if it is issued abroad, a certified copy and its Hungarian translation shall be attached).

#### **4. Residence permit**

**4.1** Full-time foreign students (in Hungarian: nappali tagozatos hallgató, in accordance with the Policy: Master Student (1), Master Student (2) and Doctoral Student (1)) studying at KEE receive a residence permit for educational purposes to cover their residence in Hungary; these students are entitled to work based on this kind of residence permit, they are not obliged to change the purpose of their permit. The fee of residency permit is HUF 1000 for EU citizens and HUF 6000 for non-EU citizens.

**4.2** Notwithstanding point 4.1 foreign students not qualifying as “nappali tagozatos hallgató” are obliged to change the purpose of their residence permit to “residence permit for working purposes”. The application shall be filed at the Immigration Authority (“Bevándorlási Hivatal”), the fee of such procedure is 6.000 HUF currently. To receive the residence permit for working purposes the same documentation shall be presented as to the previous residence permit, furthermore the work permit and the employment contract.