

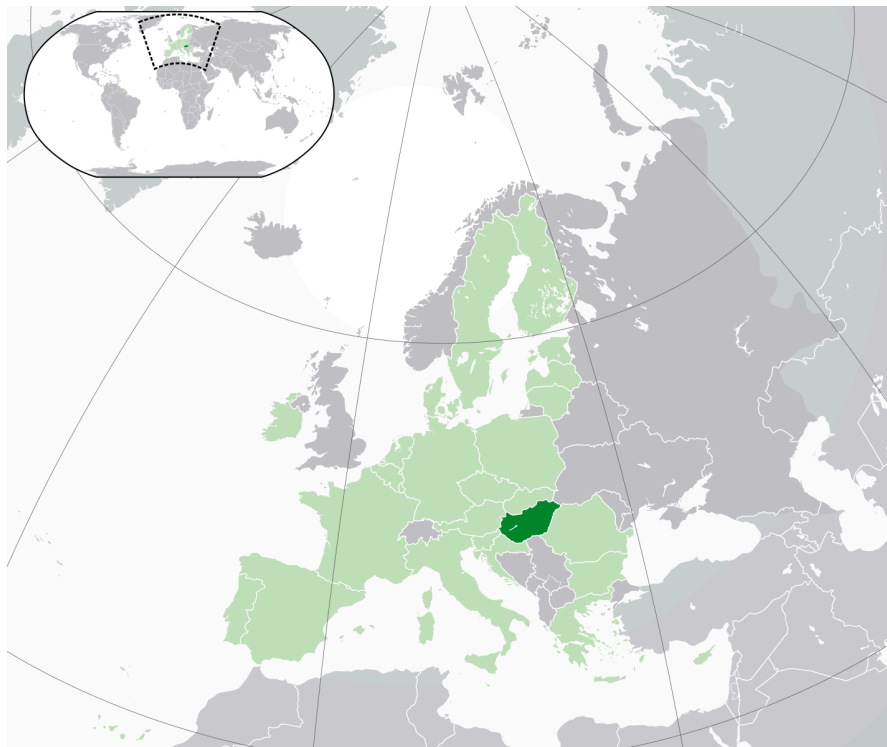


*Comité National Routier*



## EUROPEAN STUDIES

# The Hungarian road freight transport sector in 2019





# Comité national routier (CNR)

in cooperation with  
Visemont s.r.o.

## EUROPEAN STUDIES

# The Hungarian road freight transport sector in 2019

Following on from the study devoted to the Hungarian RFT sector published in 2015, this survey, which was conducted in 2019, is intended to provide updated statistics concerning the activity of this sector as well as about the typical operating conditions and costs for a 40-tonne heavy goods vehicle used for international long-distance transport. In some cases, data may have been updated to reflect figures from 2020.

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## SUMMARY

The Hungarian sector, one of the largest in Eastern Europe, has some distinctive features that make it stand out in its region. Low corporate taxation, a streamlined and minimal system of social security contributions, a system of salary bonuses that are not subject to contributions, an advantageous dispensation granted to hauliers in terms of travel allowances and a labour market strongly affected by the country's diaspora are the main elements that differentiate the sector.

In 2019, annual vehicle mileage increased by nearly 10,000 km compared to 2013. Hungarian drivers drive nearly 128,000 km per year. Since the last study on the Hungarian RFT sector in 2013, their compensation has increased without this having a negative impact on their employers' finances thanks to a reduction in social security contributions.

The Social Security administration cooperates with private companies with the aim of improving their finances and streamlining procedures. Consequently, payslips, administrative and tax declarations are as straightforward as possible. At 9%, corporate tax is the lowest in the European Union and the VAT rate on international transport has been reduced to 0%, whereas the standard rate is set at 27%, the highest in Europe. On the other hand, Hungarian hauliers are facing a significant increase in other cost items, such as tolls (+60% since 2013), maintenance-repairs (+23%) and tyres (+87%).

When all the figures are taken into account, it emerges that the cost price of a 40-tonne Hungarian HGV operating internationally (excluding overhead costs) has remained virtually unchanged. Since the last CNR study, the cost price has increased by 5%, reaching 0.82€/km in 2019 compared with 0.80€/km in 2013. This was enabled by an increase in productivity and a significant decrease in taxation despite the dramatic rise in other costs.



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# 1. OVERVIEW OF HUNGARIAN ROAD FREIGHT TRANSPORT

## 1.1. THE HUNGARIAN RFT SECTOR IN 2019 – KEY DATA

### STRUCTURE OF THE HUNGARIAN RFT SECTOR IN 2019

**Structure of the Hungarian RFT sector in 2019**

2018	Goods transported	Tonne-kilometers achieved		Average distance	Vehicle.kilometres achieved
	thousand tonnes	million t.km	%	km	million of vehicle.km
<b>TOTAL</b>	<b>202,631</b>	<b>36,951</b>	<b>100.0%</b>	<b>182</b>	<b>2,620</b>
Domestic transport	165,527	13,382	36.2%	81	1,002
International transport	37,104	23,569	63.8%	635	1,618
<i>International transport of goods loaded in Hungary</i>	12,129	8,012	21.7%	661	568
<i>International transport of goods unloaded in Hungary</i>	12,347	7,486	20.3%	606	511
<i>Cross-trade</i>	9,241	7,166	19.4%	775	472
<i>Cabotage</i>	3,386	905	2.4%	267	67

Source : Eurostat

Compared to other sectors in the region, domestic activity represents a relatively large share for the Hungarian sector; nevertheless, international road freight transport remains preponderant, representing nearly two thirds of total activity. Average distances, which have been falling for several years, reflect the geographical concentration of the Hungarian sector's activity.

### EVOLUTION OF THE HUNGARIAN RFT SECTOR

**Evolution of the Hungarian RFT sector in million tonne-kilometres**

In million t-km	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	AAGR*
<b>TOTAL</b>	<b>35,373</b>	<b>33,721</b>	<b>34,529</b>	<b>33,736</b>	<b>35,818</b>	<b>37,517</b>	<b>38,353</b>	<b>40,002</b>	<b>39,684</b>	<b>37,948</b>	<b>36,951</b>	0.44%
Domestic transport	12,171	11,329	10,534	9,181	9,246	9,630	10,356	11,720	11,940	12,979	13,382	0.95%
International transport	23,203	22,392	23,995	24,555	26,572	27,887	27,996	28,281	27,744	24,969	23,569	0.16%

Source : Eurostat

\*Average annual growth rate

After a significant decline following the economic crisis of 2008, the Hungarian sector's domestic activity has recovered and now exceeds its pre-crisis level. Over the same period, international activity initially increased, mainly thanks to cross-trade transport, before slipping back to where it was 10 years ago. According to the operators interviewed, the emergence of the neighbouring Romanian sector in the cross trade and cabotage markets, driver labour demands, as well as the "protective" measures taken by certain large Western countries have had a negative impact on the Hungarian sector's international transport business.

## CABOTAGE

**Cabotage under Hungarian flag in the 3 main "cabotaged" countries**

In million tonne-kilometres	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	AAGR*
<b>Cabotage under Hungarian flag</b>	<b>285</b>	<b>421</b>	<b>550</b>	<b>690</b>	<b>879</b>	<b>1,000</b>	<b>,953</b>	<b>1,146</b>	<b>1,227</b>	<b>1,069</b>	<b>905</b>	<b>12.26%</b>
<i>in Germany</i>	84	178	253	303	420	502	503	616	611	527	396	16.82%
<i>in Austria</i>	45	70	110	146	180	207	182	217	212	178	200	16.01%
<i>in France</i>	67	84	78	106	117	95	98	105	167	139	79	1.66%
<b>Share of cabotage in Hungarian transport %</b>	<b>0.8</b>	<b>1.2</b>	<b>1.6</b>	<b>2.0</b>	<b>2.5</b>	<b>2.7</b>	<b>2.5</b>	<b>2.9</b>	<b>3.1</b>	<b>2.8</b>	<b>2.4</b>	<b>-</b>

Source: Eurostat

\*AAGR : average annual growth rate

Hungarian cabotage has been losing momentum for two years. Cabotage continues to account for a small proportion of overall activity: 2.45% in 2019. The countries where the level of Hungarian cabotage is the highest are naturally the countries where Hungarian hauliers are most active, namely France, Germany and the neighbouring Austria.

The Hungarian sector's cabotage business – which represents a twentieth that of the Polish sector, or a quarter of that of the Romanian sector in absolute terms – was only in 14th position in European rankings in 2019, far behind the other Eastern European sectors.

**Cabotage in Hungary**

In million tonne-kilometres	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	AAGR*
Cabotage in Hungary	42	21	72	50	47	61	56	65	61	79	118	10.82%
Penetration rate of cabotage*	0.35%	0.19%	0.67%	0.54%	0.51%	0.63%	0.54%	0.55%	0.50%	0.61%	0.87%	-
Market share cabotage**	0.47%	0.25%	0.91%	0.72%	0.67%	0.83%	0.70%	0.74%	0.64%	0.79%	1.10%	-

Source : Eurostat

AAGR : Average annual growth rate

\*cabotage foreign flag / (total domestic transport + cabotage under foreign flag)

\*\*cabotage foreign flag / (domestic transport for hire and reward + cabotage under foreign flag)

Cabotage in Hungary remains at a very low level, both in absolute and percentage terms. This situation is comparable to that of other competing sectors. Cabotage in Hungary is mainly carried out by the Romanian and Slovak sectors and often in the context of border zone or transit activity.

## 1.2. FISCAL AND SOCIAL DEVELOPMENTS IN THE HUNGARIAN RFT SECTOR

### NOTE ON GENERAL TAXATION

#### *Corporate tax*

On 1 January 2017, Hungary lowered the corporate tax rate to 9% for all levels of profit. Thus, the country currently has the lowest tax rate in the European Union when it comes to corporate profits. Dividends are not taxed.

Owing to the recent introduction of a special rate of 7.5% for multinational companies as of mid-2019, Hungary "is beginning to display the traits of a tax haven, along with Belgium, Cyprus, Ireland, Malta, Luxembourg and the Netherlands," according to the European Parliament.<sup>1</sup>

<sup>1</sup> <https://emerging-europe.com/news/european-parliament-hungary-has-the-traits-of-a-tax-haven/>

## VAT

Following its latest increase to 27% in 2012, Hungary has the highest VAT rate in the EU. A reduced rate of 18% applies to certain food and cultural products and a further special low rate of 5% is levied on basic food products, pharmaceuticals, medical equipment, books, newspapers, social housing, catering and catering services, internet services, hotel accommodation and seasonal rentals.

The 0% rate applies to international transport.

## Personal income tax

Since 1 January 2016, the income tax rate has been set at 15% for all income brackets. It is deducted at source from the gross salary in the same way as social security contributions.

However, a tax credit is provided for certain households that correspond to the traditional family model that the Hungarian government openly seeks to promote (married couple with child(ren)), as well as for persons with disabilities.

## NOTE ON SPECIFIC TAXATION APPLICABLE TO THE RFT SECTOR

### Axle tax (*Teljesítményadó*)

Since 1 January 2013, the tax known as the “performance tax on motor vehicles” has been in force in Hungary. This tax is intended to fund the municipalities where the vehicle is registered, and which also collect the tax.

According to the law in force, it is compulsory to pay this tax on all vehicles registered in Hungary, including trailers, but also on vehicles registered abroad and used exclusively in Hungary. The tax is paid twice a year. The payment date varies depending on the date of registration and location where the tax is payable.

The amount of this tax depends on the age, Euro class, GVW and engine horsepower of the vehicle (if applicable).

The method of calculating the tax is complex and involves an incremental scale related to the net weight of the vehicle: i.e., a scale divided into 100-kg increments. In the case of semi-trailers and trailers, 50% of the authorised load weight is also added. Various simulators help hauliers calculate their tax.

E.g. <https://gepjarmu-adasveteli-szerzodes.hu/teljesitmenyado-kalkulator/>

The estimated tax for a 40-tonne, 5-axle Euro VI articulated rig with pneumatic suspension, the most common model and engine type encountered in the course of interviews in Hungary is 192,589 HUF, or nearly 550€.

## Tolls

An electronic toll system replaced the old Hungarian stickers on 1 July 2013. This toll per kilometre, which concerns only commercial vehicles weighing over 3.5 tonnes, applies to a large proportion of motorways and national roads (see map on following page). Passenger cars and other categories of vehicles weighing 3.5 tonnes or more are still required to purchase a sticker, the price of which varies depending on its period of validity. The Hungarian “sticker” is electronic and can be paid at terminals in service stations or by telephone using a dedicated application.

The kilometre toll for HGVs depends on the distance travelled, the vehicle category (total number of axles) as well as its Euro class.

Tolls in Hungary - gross price of road use, valid from 1st January 2019									
Expressways									
Emission class	Euro 0-I			Euro II-IV			Euro V et plus		
Number of axles	2	3	4 and more	2	3	4 and more	2	3	4 and more
Price HUF/km	63.76	89.45	144.48	55.44	77.78	120.40	47.12	66.11	102.34
Price €/km	0.182	0.256	0.413	0.158	0.222	0.344	0.135	0.189	0.292
Main Roads									
Emission class	Euro 0-I			Euro II-IV			Euro V et plus		
Number of axles	2	3	4 and more	2	3	4 and more	2	3	4 and more
Price HUF/km	27.12	46.95	90.12	23.58	40.83	75.10	20.04	34.71	63.84
Price €/km	0.077	0.134	0.257	0.067	0.117	0.215	0.057	0.099	0.182
Tolls in Hungary - gross price of road use, valid from 15th March 2020									
Expressways									
Emission class	Euro 0-I			Euro II-IV			Euro V et plus		
Number of axles	2	3	4 and more	2	3	4 and more	2	3	4 and more
Price HUF/km	65.92	92.48	149.39	57.32	80.42	124.49	48.72	68.36	105.82
Price €/km	0.188	0.264	0.427	0.164	0.230	0.356	0.139	0.195	0.302
Main Roads									
Emission class	Euro 0-I			Euro II-IV			Euro V et plus		
Number of axles	2	3	4 and more	2	3	4 and more	2	3	4 and more
Price HUF/km	28.04	48.55	93.18	24.38	42.22	77.65	20.72	35.89	66.00
Price €/km	0.080	0.139	0.266	0.070	0.121	0.222	0.059	0.103	0.189

Source : National Toll Payment Services PLC. Hungary

Significant fines are provided for in the event of non-payment. The amounts of the fines are based on the vehicle category, the reason for the offence and how long the vehicle used the road network without paying the tax. It varies between 80€ and 500€ per incident.

The following map represents the Hungarian road and motorway network where the kilometre toll applies.

Map legend:

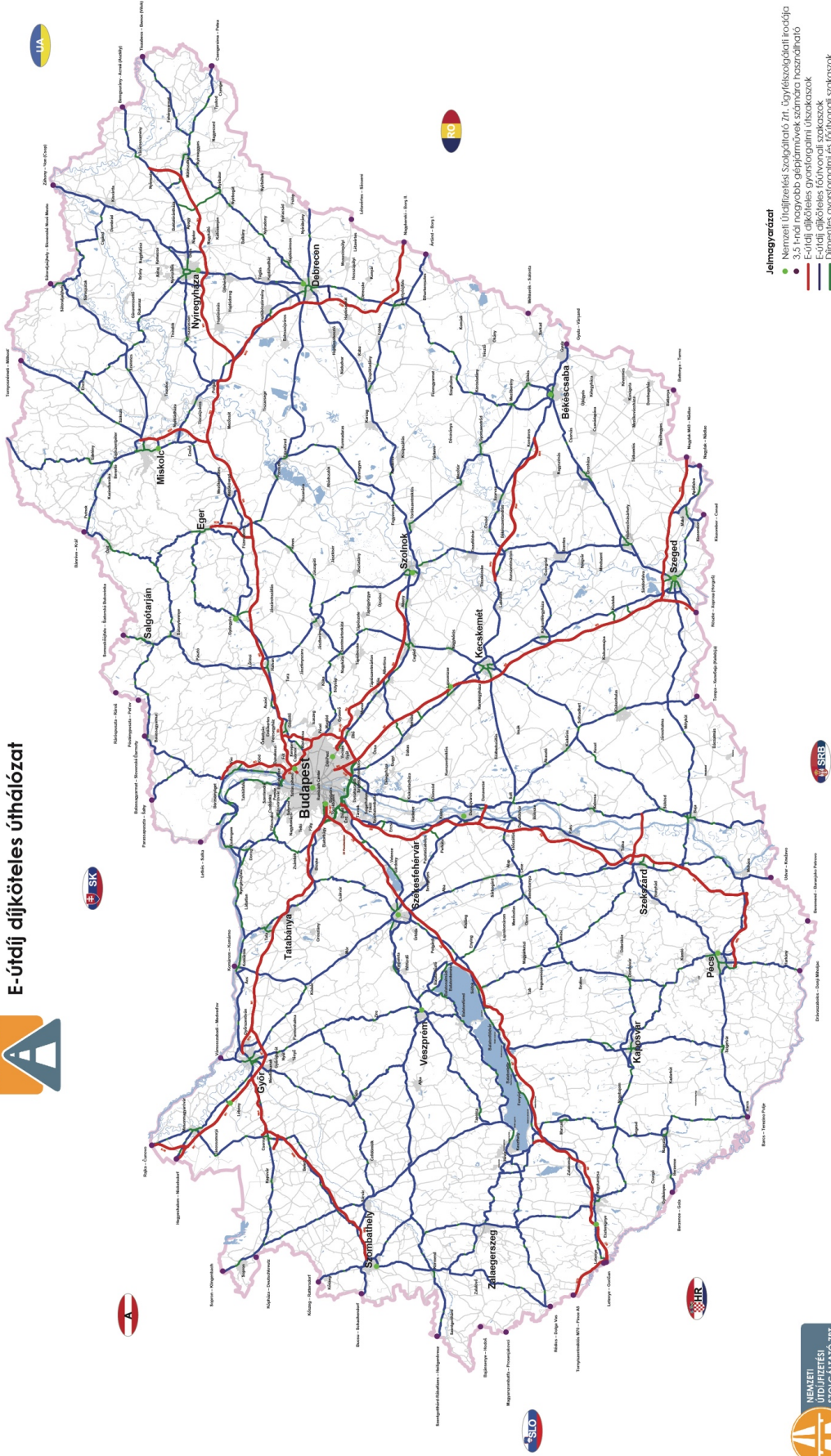
Red: tolled motorways

Blue: national toll roads (main roads)

Green: national roads not subject to tolls



# E-útjárdíj díjköteles úthálózat



**Jelmagyarázat**

- Nemzeti Útfejlesztési Szolgáltató Zrt. Útjárdíjmentesítő irodája
- 3-5 km-es nagyobb települések számára használható
- E-útjárdíjmentes útszakaszok
- E-útjárdíjmentes főútvonalai útszakaszok
- Díjmentes gyorsforgalmi és főútvonalai szakaszok



### *Excise duty on commercial diesel fuel*

In accordance with Directive 92/12/EC and 2008/118/EC, Hungary has instituted an excise duty system, based on the minimum rate of 330€/1,000 litres. This amount is converted to the local currency once a year by the European Commission at the time of publication of the annual report. Over the following year, the exchange rate used to ensure compliance with the Community minimum does not change even if the local currency loses value over the same period. This can sometimes create a situation where a Member State seems not to be in compliance with the regulations in force due to the devaluation of its currency, and this was the case for Hungary in 2018 and 2020.

The system for calculating excise duties has recently been modified to allow it to be more responsive to the volatility of fuel prices on the international market. Hungary now applies a dual tax rate:

- If the official international price of oil exceeds 50\$ per barrel, Hungary applies excise duties of 110,350 HUF per 1,000 litres of diesel, plus 3,883 HUF in strategic storage costs. At the official exchange rate for the Hungarian forint on 1 October 2019 (the date chosen by the European Commission for the annual update of its table of excise duties), i.e., 1€ = 334.79 HUF, excise duties amounted to 340.1625€/1,000 litres.
- If the official international price of oil is less than or equal to 50\$ per barrel, Hungary applies excise duties of 120,000 HUF per 1,000 litres of diesel, plus 3,883 HUF in strategic storage costs. At the official exchange rate for the Hungarian forint on 1 October 2019, the amount of excise duty in this case was 371.0774€/1,000 litres.

Partial rebates of excise duty for heavy goods vehicles with a GVWR equal to or greater than 7.5 tonnes have existed since 1 January 2011. They are not capped in terms of volume. The reimbursement amount, which until 2019 was determined on an annual base, is now calculated quarterly. For the last two quarters of 2020, the figure used is 13.50 HUF per litre (0.039€/litre).

### NOTE ON LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT

#### *Pay rates*

In 2019, when the interviews were conducted, the current minimum wage was 149,000 HUF (466€) gross per month. On 1 January 2020, the Hungarian minimum gross monthly salary was significantly increased (+8% compared to 2019) to 161,000 HUF gross per month, i.e., nearly 460€. This sharp increase in the minimum wage in 2020 is not expected to have an immediate effect on drivers' wages, which are estimated at around 200,000 HUF (571€) gross per month.

In the case of part-time work, the figures for 2020 are as follows:

- the weekly minimum wage is 37,020 HUF (106€),
- the minimum daily wage is 7,410 HUF (21€),
- the hourly rate is 926 HUF (2.65€).

This minimum wage applies to job categories that do not require specific qualifications. It thus represents the basic salary of drivers with Hungarian contracts.

A second level of Hungarian minimum wage, called “guaranteed minimum wage”, concerns qualified professions, requiring a graduate degree, vocational training resulting in a credential, or employees with special responsibilities. Since 1 January 2020, this second minimum wage has been 210,600 HUF, i.e. nearly 600€.

As a reminder, despite the professional credential resulting from their training, lorry drivers do not qualify for this level of minimum wage. On the other hand, some business owners pay this same level of salary to their best drivers in a gesture designed to retain them.

Evolution of minimum wage in Hungary				
Year	Monthly gross amount in HUF	Evolution (HUF)	Monthly gross amount in EUR	Evolution (€)
2020	161,000.00 HUF	8%	488.38 €	5%
2019	149,000.00 HUF	8%	465.92 €	4%
2018	138,000.00 HUF	8%	447.31 €	8%
2017	127,500.00 HUF	15%	412.65 €	17%
2016	111,000.00 HUF	6%	352.74 €	6%
2015	105,000.00 HUF	3%	331.75 €	-1%
2014	101,500.00 HUF	4%	335.56 €	1%
2013	98,000.00 HUF	5%	333.32 €	10%
2012	93,000.00 HUF	19%	302.61 €	7%
2011	78,000.00 HUF	6%	283.30 €	4%
2010	73,500.00 HUF	3%	272.80 €	7%
2009	71,500.00 HUF	4%	255.48 €	-5%
2008	69,000.00 HUF	5%	269.50 €	4%
2007	65,500.00 HUF	5%	258.00 €	3%
2006	62,500.00 HUF	10%	249.29 €	8%
2005	57,000.00 HUF	8%	231.33 €	15%
2004	53,000.00 HUF	6%	200.51 €	-4%
2003	50,000.00 HUF	0%	208.00 €	1%
2002	50,000.00 HUF	25%	205.05 €	36%
2001	40,000.00 HUF	57%	151.20 €	51%
2000	25,500.00 HUF		100.24 €	

Source : Ministry of Finance - Hungary

#### *Travel allowances (Külföldi napidíjak)*

Daily travel allowances for employees subject to Hungarian law are set at 40€ for most countries of the European Union, with the exception of Bulgaria and Romania (30€). Since 2016, Hungarian tax regulations have introduced a provision that exists nowhere else, which allows international hauliers to pay a daily allowance of 60€ when a driver's journey is considered as foreign trip including at least a full 8-hour working day in the country concerned.

The domestic travel allowance is set at 3,000 HUF per day, i.e., 8.50€.

Travel allowances are not subject to tax or social security contributions. The amounts of travel allowances are shown in the table below. In practice, road hauliers reckon 60€ per day in allowances for full days of work abroad. For other days (in particular days when a portion of the driving hours takes place in Hungary), the following rates apply.

<b>Travel Allowances for Hungarian drivers in Europe in 2019/2020</b>	
<b>Country</b>	<b>Amount</b>
Germany	40 €
Austria	40 €
Belgium	40 €
Bulgaria	30 €
Cyprus	40 €
Croatia	40 €
Czechia	40 €
Denmark	40 €
Spain	40 €
Estonia	40 €
Finland	40 €
France	40 €
Greece	40 €
Ireland	40 €
Italy	40 €
Latvia	40 €
Lithuania	40 €
Luxemburg	40 €
Malta	40 €
Norway	40 €
Netherlands	40 €
Poland	40 €
Portugal	40 €
Romania	30 €
Slovakia	40 €
Slovenia	40 €
Sweden	40 €
UK	£30
Other - Europe	30 €

Source : International Relations Center



## Social security contributions

### Social Contributions in Hungary - 2019

Social contributions applicable to driving staff in 2019 and 2020	Employer	Employee
Pension contribution	Social Contribution Tax - global rate of 17.5%	10.0%
Health insurance - benefits in kind		4.0%
Health insurance - cash benefits		3.0%
Unemployment		1.5%
Vocational training contribution	1.5%	0.0%
<b>Total</b>	<b>19.0%</b>	<b>18.5%</b>

Source: Cleiss et Ministry of Human Ressources

With regard to health insurance, a benefit in kind refers a total or partial reimbursement, by the social security authorities, of all or part of the health costs incurred during illness or pregnancy, while a cash benefit is a daily allowance that compensates for the loss of income due to sick leave.

Occupational accident protection is included in the employer's "social package". As of 1 July 2020, employees' social security contributions are combined and paid into a central fund; they occupy only a single line (18.5%) on payslips.

### *Eco-friendly Driving Bonus or Fuel Saving Allowance (Üzemanyag megtakarítás)*

Introduced in 2011, this potential source of additional income for lorry drivers is still in effect. As a reminder, this income, which is not included as income for the purposes of calculating social security contributions or income tax, is generated by fuel savings theoretically achieved by the driver compared to average ("standard") consumption, as calculated by the Ministry of *National Development*. In its calculations, the authorities apparently take into account mileage, the stretch of road taken, the load carried by the vehicle, its EURO class, as well as its age and make. Depending on technological developments and the weather conditions during the period in question, the averages calculated by the authorities are constantly subject to change. There are now two versions – summer and winter – for each standard.

The employer is not obliged to pay this additional amount to its drivers, but if it wishes to do so, it must prove that fuel consumption (backed up by fuel purchase invoices) is lower than the average calculated by the Ministry for the corresponding stretch of road and load. Drivers who do not comply with the ministry's consumption standards are required to undergo eco-friendly driving training.

If actual consumption falls below the official average, the driver may receive a bonus of up to 100,000 HUF (285€) per month.

In practice, our surveys of hauliers suggest that the department's "standards" are inflated. This additional income, which is not subject social security contributions, seems to be included on the drivers' payslips as a matter of course, without consumption actually being monitored.

## 2. STUDY OF THE OPERATING CONDITIONS AND COSTS FOR A 40-TONNE HUNGARIAN HGV OPERATING INTERNATIONALLY

This part of the study describes the economic and social conditions prevailing in 2019, at the time this updated study was conducted. In carrying out this study, the CNR has drawn on research focused primarily on the fiscal and social aspects of the RFT sector, as well as on previous CNR studies of the country and feedback from the experts with whom the CNR collaborates. These different sources provide an overview of the Hungarian RFT sector internationally and highlight the main developments observed since the last study. This research and process of dialogue are further backed up by interviews with Hungarian hauliers and lorry drivers.

All the figures eventually adopted by the CNR in order to construct the typical profile represent the best expert appraisal of this set of data sources.

### 2.1. OPERATING CONDITIONS AND COSTS FOR COMPANIES

This section is mainly based on face-to-face interviews with 17 Hungarian road freight transport companies involved in long-distance transport operations, mainly internationally. Of the companies visited, 15 provided satisfactory results. Thus, the 15 companies selected for this study have the following characteristics:

	No of tractors	No of semi-trailers	Main markets	No of drivers	Turnover
Company 1	19	24	RO, IRL, EU, CH, NO	24	2,128,237 €
Company 2	54	48	Scandinavia	58	5,408,456 €
Company 3	31	30	DE, AT	37	3,762,477 €
Company 4	13	14	PL, DE, AT, CH	16	1,559,403 €
Company 5	18	18	D, CH, NL, B, DK, A	25	5,107,942 €
Company 6	40	49	UK, Benelux, FR	45	4,803,013 €
Company 7	22	29	not available	27	2,227,669 €
Company 8	185	230	AT, DE, IT, FR, ES	210	19,500,000 €
Company 9	5	5	AT, DE, Benelux	5	not available
Company 10	8	12	NL, BE, FR	10	767,191 €
Company 11	285	320	All EU	310	42,326,678 €
Company 12	46	50	CH, IT, FR	52	6,528,165 €
Company 13	14	18	All EU	16	1,852,357 €
Company 14	6	6	HU, Ex-Yugoslavia	11	680,000 €
Company 15	18	25	DE, Benelux	17	1,927,215 €

The companies visited for this study are extremely diverse in terms of their size and structure. They are all specialised in international RFT.

Subcontracting is widespread. In Hungary, a small number of internationally known companies account for a large portion of the market and win major contracts abroad. Small companies often act as subcontractors for these larger groups.

To enable a comparison with the data from other CNR country studies, only companies whose main activity is international long-distance freight transport have been selected.

The CNR is hereby reporting the results of these interviews, which have no statistical value. However, they do shed light on figures and information obtained elsewhere. Ultimately, the CNR uses figures based on expert opinion to establish the costs and operating conditions that pertain for a “typical” HGV operating internationally.

## TRANSPORT EQUIPMENT – Operating details

In Hungary, vehicles are operated intensively. The number of days vehicles are operated varies between 250 and 315 days, with a clustering around 280 days per year.

The average annual mileage travelled by the vehicles of the hauliers we met with is between 118,000 km and 162,000 km. According to its calculations (which are consistent with driver mileage) and based on expert opinion, CNR has arrived at an estimated mileage figure of 144,500 km per year per vehicle, an increase of 7.2% compared to 2013.

The length of time vehicles are kept varies by brand, journey type and business strategy. Large companies capable of negotiating advantageous leasing contracts tend to renew their fleets every 3 years, while small companies use vehicles for international trips for nearly 6 years, followed by a further 3 to 4 years for domestic journeys, i.e., a total of 10 years.

As the profile, size and strategies of companies vary widely, determining average length of vehicle ownership can be difficult, especially in the case of tractor units. Thus, to facilitate comparison with other countries, CNR has opted for the most common scenario encountered (i.e., 11 out of 15 companies): a period of ownership of 7 years, i.e., 4 years of leasing and 3 additional years of full ownership.

With regard to semi-trailers, Hungarian companies often prefer to acquire basic, often low-end models and to change them more frequently. Thus, the ownership period of 9 years we observed is below the regional average. The most common method of acquiring trailers is via 4-year leasing.

The tractor/semi-trailer ratio reported in the course of company surveys is in line with the regional average. It stands at 1.15, a figure comparable to that observed in Slovakia and the Czech Republic, but higher than the Polish average.

## TRANSPORT EQUIPMENT – Financing

The average purchase price of a Euro VI tractor established based on interviews with Hungarian hauliers is at the higher end of the European price range, with a clustering around 90,000€. The purchase price of a semi-trailer is estimated at 22,000€.

The financing method used is typically leasing. The duration of contracts varies between 3 and 5 years, but the most common period is 4 years. Leasing contract interest rates are well above those of the other countries in the region. As the Hungarian forint has been traded in a quasi-speculative manner since the beginning of 2019, the rates paid by some hauliers can sometimes exceed 3%. Larger, more powerful companies have managed to secure lower rates of around 2.2%. In most cases, an initial down payment of 10% of the purchase price of the vehicle is required. At the end of the contract, an amount often corresponding to virtually 10% of the vehicle price is paid by the hauliers to exercise the purchase option.

Some large companies interviewed prefer to opt for 3-year leases with minimal down payments (often between 1 and 3%) and with no purchase option. They thus renew their fleet every three years on average and retain a certain flexibility in terms of their ability to modify their offering in response to market developments.

Data on interest rates (estimated at 2.8%) and leasing contract conditions allow the annual cost of owning a 40-tonne articulated rig to be calculated. It is nearly 14,613€, with a ratio of semi-trailer/tractor ownership of 1.15. This cost has changed little since our 2013 study (14,642€ with a semi-trailer/tractor ratio of 1.17).

## FUEL

The average unit cost of fuel for 2019 is 0.955€ per litre in Hungary according to official figures published during the year in the European Commission's Oil Bulletin (allowing for partial reimbursement of excise duties in 2019, i.e. 3.5 HUF, or 0.01€, per litre).

Hungarian companies prefer to buy fuel mainly in Hungary, at a wholesale price of around 0.94€ (nearly 35% of their supply) and 0.955€ per litre at the pump (around 30% of their supply).

To be able to carry out European trips, often 3 weeks in length, hauliers sometimes need to purchase fuel abroad. To do this, they seek out cheap fuel, tending to fill up in Luxembourg (15% of total fuel at a cost of 0.941€), Germany (10% total fuel at a cost of 1.054€) but sometimes also in Spain (10%) at a cost of 0.9540€/litre (allowing for the partial reimbursement of excise duties in 2019).

The average unit price of a Hungarian haulier's fuel shopping basket is thus estimated at 0.9575€.

Average fuel consumption is estimated at 30.3 litres per 100 km, down from an average of 32 litres in 2013.

## MAINTENANCE & REPAIRS

The use of leasing with a maintenance contract has emerged on the Hungarian market but remains marginal and within the reach of only a few companies who are large enough to be able to negotiate the terms of these contracts. According to the managers interviewed, a maintenance contract represents a cost of almost 5,000€ per year per tractor over the period of the lease.

For nearly 30% of the companies surveyed, maintenance and small repairs are carried out in their in-house garage. The cost of this item is estimated by companies at anywhere between 2,500€ and 3,000€ on average for their entire fleet. However, this estimate frequently includes tyre-related services and excludes the purchase of spare parts or complicated repairs at the dealership.

For the others (i.e., for more than half of the companies visited), maintenance and repairs are carried out at the dealership during the first years following the purchase of the equipment, then at a less expensive garage during the last 3 or 4 years of use. In this second scenario, maintenance costs amount to more than 2,000,000 forints per year per vehicle, i.e., just over 5,700€.

The figure used in our 2019 study is 4,800€ per year per vehicle, a sharp increase compared to the estimated cost of 3,909€ in 2013.

## TYRES

Between the tyre contracts offered by the major European brands (at a price per kilometre of between 5 and 7 euro cents), the different purchasing strategies adopted by companies and the price differences between manufacturers (as much as a threefold difference in price), it is often difficult to determine the cost of this item in the Hungarian sector, just as it is often the case in other European sectors

However, one thing is certain: tyres, like insurance, are unquestionably something of an obsession among those running haulage companies. Each one of them has their own vision and strategy, but each one is also perfectly aware of how much it costs to buy tyres for their fleet. Thus, CNR puts its trust on what hauliers have to say on this subject.

As reported by Hungarian hauliers (with all profiles and approaches taken into account), the annual cost of tyres for a 40-tonne articulated rig is estimated at 1,800,000 forints, i.e., nearly 5,140€. The significant increase in this cost item, which was estimated at 2,750€ in 2013, is mainly due to the gradual abandonment of the practice of retreading and a return to the purchase of better-quality tyres produced by major European brands. Low-end tyres, produced in China or locally, reportedly lead to an increase in fuel consumption.

## TOLLS

As regards tolls, the trend is to directly re-invoice this cost item to customers depending on the chosen route and the deadlines involved. As they struggle to cope with the sharp increase in toll costs across Europe, hauliers are thus managing to pass on this risk.

The annual cost of tolls ranges from 12,000€ to more than 30,000€ for companies that drive through Switzerland.

In the end, this cost item is estimated at 8,000,000 forints, i.e. nearly 22,800€, for a 40-tonne articulated rig that covers around 145,000 km per year, 80% of which is on motorways and toll roads. Up by more than 60% compared to 2013, this estimated cost does not include the cost of the Eurovignette, the purchase of which is not widespread among Hungarian hauliers.

## INSURANCE

Hungarian hauliers all report a significant increase in insurance premiums over the last 3 years. The amounts reported by hauliers vary widely, ranging from 2,000€ (per year, per rig) to 5,000€ (per year, per rig). As is the case throughout Europe, vehicle insurance is made up of components that can be purchased separately, i.e., a compulsory third-party insurance policy and a comprehensive or “Casco” insurance policy that can be added to the former.

Among Hungarians, the trend is increasingly to negotiate the two components separately. It is considered to be highly advantageous to take out the mandatory third-party insurance with the dealer at the time of vehicle purchase (or at the beginning of the leasing contract). When it comes to the second component, hauliers compare prices in search of the most competitive offers and do not hesitate to change insurer frequently.

Based on information from those running haulage companies, the figure used by CNR for annual comprehensive insurance in the case of a 40-tonne rig is 3,250€, up 17% compared with the 2013 study.

## AXLE TAX

For a new tractor model that complies with the latest ecological standards, which is the case most often encountered in Hungary, annual axle tax costs 31,089 HUF (nearly 89€). For a semi-trailer, it is 161,500 HUF (461€), i.e. a minimum of 550 euros for a 40-tonne, 5-axle, articulated rig with pneumatic suspension.

## OVERHEAD COSTS

Information on overhead costs is often difficult to collect. The way in which these costs are calculated differs from one company to another. Some include the cost of the in-house garage, which lowers the maintenance cost item. As they are collected by the same body, vehicle registration tax and axle tax are often combined and thus included as part of the overhead costs figure reported by most companies.

The operators we met on-site estimated this cost at between 6.4% and 9% of the total cost of the vehicle.

## 2.2. EMPLOYMENT CONDITIONS AND DRIVER EMPLOYMENT COSTS

Employment conditions and driver pay in Hungary were surveyed during two rounds of interviews: a first phase in companies with employers; and a second phase, involving face-to-face interviews with drivers in car parks and rest stops in Spain. During this second phase, around twenty drivers, employees with Hungarian contracts, volunteered to be interviewed about their working conditions and pay.

Based on an analysis of these sources and a review of the literature, the CNR has produced a typical profile (in terms of employment conditions and pay) of an RFT driver with a Hungarian contract working internationally.

### WORKING CONDITIONS

Permanent contracts are the most common form of employment contract in the sector. As a general rule, new drivers are hired directly on permanent contracts. Some large RFT companies prefer fixed-term contracts offering a more attractive salary than permanent contracts, but with the flexibility of being able to terminate the contract relatively quickly. As a reminder, fixed-term contracts cannot exceed 5 years in Hungary.

Hungarian drivers report working between 200 and 255 hours per month. CNR was unable to establish an average working time based on the data provided. Thus, based on expert opinion, the figure used is 212 hours per month for one month of full-time work, 180 of which are spent driving. The number of working days per year is 238 days, ranging from 210 days to 253 days. The number of working weeks is estimated at 46 weeks.

The number of days of leave reported by the drivers surveyed is 23 days per year for drivers with an average age of 31 years and an average length of service of 4.5 years. As a reminder, Hungarian employees are entitled to a minimum of 20 working days of paid leave per year, in addition to which there is paid leave related to the age of the employee (as stipulated by current legislation: 1 additional

day of leave every three years between the ages of 21 and 30; thereafter, 1 additional day of leave every 2 years, until the maximum of 30 days in total is reached). Children entitle individuals to 2 additional days of paid leave per child, capped at 7 days per year. These rights are cumulative.

In terms of their schedule, Polish drivers assigned to international duties generally spend around 17 nights away from home per month. Nearly half of the drivers interviewed said they had a work schedule that they referred to as “3/1”. This involves a rotation consisting of 3 weeks abroad and one week at home. Almost a quarter of drivers say they have a “4/1” schedule and the final quarter say they do “round trips”, generally between regular customers. This last model involves driving periods of between 4 and 10 days, followed by 1 or 2 days of rest at home.

Finally, the average driver mileage that emerges from company surveys is around 123,800 km per year. Meanwhile, drivers reported driving less: i.e. 132,200 km annually. The average used in this updated study is 128,000 km per year. Almost all drivers assigned solely to international duties reported that they drive the maximum number of hours permitted by law, i.e. 90 hours per fortnight.

When it comes to the driver labour market, companies report intermittent shortages. The Hungarian market has quite specific characteristics. Indeed, Hungarian drivers rarely emigrate abroad. Hungarian cultural and linguistic specificities may be at the root of this phenomenon. However, the existence of Hungarian-speaking minorities in Romania, Slovakia, Ukraine, Croatia and Serbia provides a source of drivers, which often help to supplement the labour market in the event of shortages.

Based on interviews with companies, the driver/tractor ratio is 1.13.

#### NOTE ON DRIVING PERSONNEL COST FORMATION

##### *International driver pay*

Drivers with a Hungarian contract receive a fixed monthly salary of around 200,000 HUF gross (i.e., nearly 570€). This amount is often supplemented by a half month’s salary, often paid at the end of the year as a Christmas bonus.

In addition to their monthly salary, Hungarian drivers receive international travel allowances, which vary depending on the country and the length of the journey, i.e. between 60€ and 40€ per day. For days driven in Hungary, drivers receive 3,000 HUF (or 8.50€) per day.

Thanks to a provision found nowhere else, Hungarian RFT companies have the option of a fuel savings bonus to drivers who meet fuel consumption standards set by the State (see page 17). In practice, this allowance is given virtually as a matter of course to all drivers in order to minimise the portion of their salary that is subject to social security contributions and income tax. This allowance amounts to 100,000 HUF, or nearly 285€ per month.

Another unique feature of the situation in Hungary is that there is no tax-free allowance for single employees without children and a flat income tax of 15% applies to the totality of their gross income.

## TYPICAL PROFILE OF A DRIVER WITH A HUNGARIAN CONTRACT WORKING INTERNATIONALLY AND BREAKDOWN OF THEIR COST

Standard profile of an international driver - Hungary - 2019					
Characteristics		<ul style="list-style-type: none"> <li>- 90% of driver's work realized on international routes.</li> <li>- Medium and long distance international trips (Austria, Germany, Italy, France, Benelux,...)</li> <li>- "3/1" work organisation for a majority of drivers interviewed, meaning they spend 3 weeks abroad, followed by 1 week of rest at home. This organisation concerns over 60 % of drivers.</li> <li>- Paid holidays systematically taken in summer period and during Christmas time.</li> <li>- Income composed of a fixed salary close to the national minimum, completed by a variable part composed of the official ecological driving bonus and travel allowances.</li> <li>- Travel allowances usually reflect the reality and their amounts are respected.</li> <li>- Monthly working time close to 228 hours. Mileage is maximised.</li> </ul>			
Annual mileage achieved		128,000 km			
Number of actual working days per year		236			
Number of working weeks per year		46			
Number of driving hours per year		1,980			
Cost breakdown of a standard Hungarian international driver in 2019					
Presentation of a standard pay slip					
EMPLOYER			EMPLOYEE		
Gross salary	€/month	595.24 €	Salaire Brut	€/mois	595.24 €
Fixed gross salary (200,000 HUF)	€/month	571.43 €	Fixed gross salary (200,000 HUF)	€/month	571.43 €
Other bonuses (on monthly basis) (100,000 HUF)	€/month	23.81 €	Other bonuses (on monthly basis) (100,000 HUF)	€/month	23.81 €
<b>Social contributions</b>	<b>19.00%</b>	<b>113.10 €</b>	<b>Social contributions</b>	<b>18.50%</b>	<b>110.12 €</b>
Social Contribution Tax - global rate	17.50%	104.17 €	Pension contribution	10.00%	59.52 €
			Health insurance - benefits in kind	4.00%	23.81 €
			Health insurance - cash benefits	3.00%	17.86 €
			Unemployment	1.50%	8.93 €
Vocational training contribution	1.50%	8.93 €	Vocational training contribution	0.00%	0.00 €
			<b>Income tax</b>	<b>15.00%</b>	<b>89.29 €</b>
<b>Salaire brut chargé</b>		<b>708.33 €</b>	<b>Net salary after social contributions and income tax</b>		<b>395.83 €</b>
Ecological driving bonus (100,000 HUF) for a full working month (11 months in a year)		285.71 €	Ecological driving bonus (100,000 HUF) for a full working month (11 months in a year)		285.71 €
Travel allowances for a full working month (11 months in a year)		931.43 €	Travel allowances for a full working month (11 months in a year)		931.43 €
<b>Monthly cost of a driver for a month of full activity</b>		<b>1,925.48 €</b>	<b>Net income of a driver for a month of full activity</b>		<b>1,612.98 €</b>
Recomposition du coût annuel d'un conducteur hongrois en 2019					
Fixed gross salary + bonuses * 12 months		7,142.86 €	Fixed gross salary + bonuses * 12 months		7,142.86 €
Employer's social contributions * 12 months		1,357.14 €	Employee's contributions and income tax* 12 mois		2,392.86 €
Salary cost after payment of contributions * 12 months		8,500.00 €	Net fixed income after income tax * 12 mois		4,750.00 €
Ecological driving bonus * 11 months		3,142.86 €	Ecological driving bonus * 11 months		3,142.86 €
Travel allowances * 11 months		10,245.71 €	Travel allowances * 11 months		10,245.71 €
<b>Total annual cost</b>		<b>21,888.57 €</b>	<b>Annual net income</b>		<b>14,995.71 €</b>
Cost of one hour of driving in €		11.05 €	Average monthly net income		1,249.64 €
Cost per kilometre in €		0.17 €			


Source : CNR European Studies

Since the last study on the Hungarian RFT sector in 2013, driver costs have increased by 34.7% (in forint terms) despite a significant reduction in social security contributions (19% in 2019 compared with 28.5% in 2013). As the forint lost a lot of value against the euro over this period, the change in these driver costs was less significant in euros, i.e., around 15.4%. The increase in cost is mainly due to the increase in fixed salary and monthly travel allowances.

Overall, the cost of an hour of driving rose to 11.05€, an increase of more than 15.4% compared to 2013.



## 2.3. OVERVIEW OF THE OPERATING CONDITIONS AND COSTS OF A “TYPICAL” INTERNATIONAL HGV

Operating conditions and costs excluding overhead costs, for a 40-tonne HGV operated on long distance international routes, 2019 values 		
	unit	Hungary <i>Simulation</i>
Yearly mileage of a vehicle	km	144,500
Number of operating days	days/year	267
Semitrailer/tractor ratio		1.15
Cost of one driver	€/year	21,889
Driver/tractor ratio		1.13
Yearly cost of vehicle financing and possession	€/year	14,613
Average consumption per 100 km	litres	30.3
unit fuel price, 2019 average	€/litre	0.9575
Yearly fuel cost	€/year	41,921
Tyres	€/year	5,140
Maintenance-repair	€/year	4,800
Tolls and vignettes	€/year	22,800
Insurance (vehicle)	€/year	3,250
Axle tax and other vehicle taxes	€/year	550
<b>Synthesis - cost price (excluding overhead costs)</b>		<b>117,807</b>
Cost/mileage ratio per annum	€/km	0.82

Source : CNR European Studies

According to CNR calculations, the cost per kilometre of a Hungarian 40-tonne heavy goods vehicle used for international long-distance transport, excluding overhead costs, is 0.82€ compared with 0.80€ in 2013, an increase of more than 5% compared with the last study. This relative lack of change is explained in particular by the fact that a significant increase in mileage (144,500 km in 2019 compared to 134,800 in 2013) has offset the increase in certain costs, such as a higher annual driver cost (+15.4%), tolls (+63%) and tyres (+87%). However, the largest cost item, fuel, fell by 13% and the axle tax was almost halved.

Ultimately, when overhead costs (estimated at around 8% of the total cost) are factored in, cost price in 2019 is estimated at 0.89€ per kilometre. This amount is slightly in excess of the figures provided by hauliers, who estimate their cost price at between 0.82€ to 0.88€/km.



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