

Financing VET in Hungary

MAIN COST-SHARING SCHEMES

Abstract

In Hungary the most important cost-sharing mechanisms relating to VET financing, the **VET contribution** or payroll levy for legal entities, the operation of the **training sub-fund** (within the Labour Market Fund) and the **grant system** are strongly interrelated.

A particularly important source of the **training sub-fund** is the **VET contribution**, a kind of VET tax levied on enterprises amounting to **1.5% of total labour cost**. The amount of VET contribution can be paid by the enterprises in various forms as legally regulated. They can allocate their VET contribution for the following purposes: providing practical training for students (fully deductible); providing training for their own employees; give development subsidy for VET schools or higher education institutions; or pay it into the training sub-fund of the Labour Market Fund. From this training sub-fund are financed the technological and content development of IVET, practical training part of IVET and CVET, training programmes, co-financing of EU supported VET projects, etc.