

SUMMARY

18 September 2025

Employer's obligations in light of the EU Pay Transparency Directive

We hereby draw your attention to the fact that, under Directive (EU) 2023/970 of the European Parliament and of the Council, on equal pay for equal or equivalent work of men and women and on pay transparency (the “**Directive**”), Member States are required to transpose certain obligations for employers into their national laws by no later than 7 June 2026.

Although, the above-mentioned date may appear distant, it should be noted that, under the Directive, certain employers will be obliged to provide specific data relating to the calendar year 2026 by 7 June 2027 at the latest, and there are other obligations which will be imposed on employers. In this respect, it seems advisable to begin preparations and to take the necessary measures and preparatory steps.

We note that no Hungarian legislation transposing the Directive has yet been adopted, and at the time of preparing this summary, there is not even any publicly available information on any draft legislation. Consequently, assumptions regarding the minimum requirements employers will be expected to comply with can only be drawn from the Directive itself; this summary has therefore been prepared exclusively on the basis of the Directive. It should also be underlined that Member States may adopt provisions that are stricter or more favourable to workers (including applicants for employment) than those set forth in the Directive.

Subject to the foregoing, employers can expect to face at least the following obligations under the Directive.

Summary:

On the basis of the Directive, it appears advisable to take the following steps, which will subsequently need to be adjusted in line with the provisions of the Hungarian transposing legislation once adopted:

- a) Preparing how the employer will provide information to applicants for employment in accordance with Clause 1 (i) below;
- b) Developing the criteria applied by the employer for determining workers' pay, pay levels, and pay progression;
- c) Preparing to inform workers annually that they have the right to request information on their individual pay level and on average pay levels, broken down by sex, for categories of

workers performing the same work or work of equal value, to inform workers about how this right may be exercised, and to provide the requested information upon request. Furthermore, establishing by the employer of an obligation for workers who, by exercising this right, obtain information other than their own pay or pay level, not to use such information for any purpose other than the exercise of their right to equal pay;

d) For employers with 150 or more workers:

- Preparing to make available the following information: the gender pay gap; the gender pay gap in respect of complementary or variable components of pay; the median gender pay gap; the median gender pay gap in respect of complementary or variable components of pay; the proportion of female and male workers receiving complementary or variable components of pay; the proportion of female and male workers in each quartile pay band; the gender pay gap by categories of workers, broken down by ordinary basic wage and complementary or variable components;

- Preparing to ensure that workers' representatives have access to the methodologies applied by the employer for calculating the above data;

- Preparing to submit the data to the competent authority and to publish them on the employer's website, in accordance with Section 4 (vii) below;

- Preparing to make available to workers and their representatives the following data: the gender pay gap by categories of workers, broken down by ordinary basic wage and complementary or variable components;

- Where gender pay differences are not justified by objective, gender-neutral criteria, preparing to cooperate with workers' representatives, the labour inspectorate and/or the equality body to remedy the situation;

- Preparing to carry out a joint pay assessment with workers' representatives in accordance with Section 5 (i)–(ii) below, to make the results available to workers, their representatives and the authority, and to remedy any identified pay inequalities;

e) Providing data protection information to the data subjects concerned and, where necessary, carrying out a prior legitimate interest assessment.

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Our summary continues with a more detailed presentation of certain provisions of the Directive.

It should be noted that, pursuant to the Directive, Member States – in consultation with the bodies for the promotion of equal treatment – are required to take the necessary measures to ensure the availability of analytical methodologies providing guidance for the evaluation and comparison of work of equal value on the basis of the criteria laid down in the Directive. Such criteria may not, either directly or indirectly, be based on workers' sex and must include, *inter alia*, skills, effort, responsibility and working conditions, as well as, where relevant, any other factor pertinent to the specific job or position. These criteria must

be applied in an objective and gender-neutral manner, excluding both direct and indirect discrimination on grounds of sex.

Key definitions:

(i) **‘pay’** means the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, which a worker receives directly or indirectly (complementary or variable components) in respect of his or her employment from his or her employer;

(ii) **‘pay level’** means gross annual pay and the corresponding gross hourly pay;

(iii) **‘gender pay gap’** means the difference in average pay levels between female and male workers of an employer expressed as a percentage of the average pay level of male workers;

(iv) **‘median pay level’** means the pay level at which half of the workers of an employer earn more and half of them earn less;

(v) **‘median gender pay gap’** means the difference between the median pay level of female and median pay level of male workers of an employer expressed as a percentage of the median pay level of male workers;

(vi) **‘quartile pay band’** means each of four equal groups of workers into which they are divided according to their pay levels, from the lowest to the highest;

(vii) **‘work of equal value’** means work that is determined to be of equal value in accordance with the non-discriminatory and objective gender-neutral criteria;

(viii) **‘category of workers’** means a group of workers performing the same work or work of equal value, grouped together not arbitrarily but on the basis of non-discriminatory and objective gender-neutral criteria, by the employer, and, where applicable, in cooperation with workers’ representatives in accordance with national law and/or practice.

1. Obligations in relation to applicants for employment:

(i) Applicants for employment have the right to receive, from the prospective employer, information about: (a) the initial pay or its range, based on objective, gender-neutral criteria, to be attributed for the position concerned; and (b) where applicable, the relevant provisions of the collective agreement applied by the employer in relation to the position. Such information must be provided in a manner such as to ensure an informed and transparent negotiation on pay, such as in a published job vacancy notice, prior to the job interview or otherwise.

(ii) An employer may not ask applicants about their pay history during their current or previous employment relationships.

(iii) Employers must ensure that job vacancy notices and job titles are gender-neutral and that recruitment processes are led in a non-discriminatory manner.

2. Information to workers:

(i) Employers are required to make easily accessible to their workers the criteria that are used to determine workers' pay, pay levels and pay progression. Those criteria must be objective and gender neutral.

(ii) Member States may exempt employers with fewer than 50 workers from the obligation related to the pay progression set out in paragraph (i) above. Consequently, the obligation to provide information on the determination of pay and pay levels must apply to all employers, while the obligation to provide information on the determination of pay progression must also apply to all employers unless an exemption has been granted in this respect.

3. Right of workers to information:

(i) Workers have the right to request and receive in writing, in accordance with paragraphs 2 and 4, information on their individual pay level and the average pay levels, broken down by sex, for categories of workers performing the same work as them or work of equal value to theirs,

(ii) Workers must be able to request and receive the information referred to in paragraph (i) also through their workers' representatives,

(iii) Employers must inform all workers, on an annual basis, of their right to receive the information referred to in paragraph (i) and of the steps that the worker is to undertake to exercise that right,

(iv) Employers must provide the information referred to in paragraph (i) within a reasonable period of time but in any event within two months from the date on which the request is made,

(v) Workers may not be prevented from disclosing their pay for the purpose of the enforcement of the principle of equal pay (in particular, Member States will put in place measures to prohibit contractual terms that restrict workers from disclosing information about their pay),

(vi) Employers may require workers who have obtained information as per their right, other than information concerning their own pay or pay level, not to use that information for any purpose other than to exercise their right to equal pay.

4. Reporting on pay gap between female and male workers

(i) Employers must provide the following information relating to their organisation:

- a) the gender pay gap;
- b) the gender pay gap in complementary or variable components;
- c) the median gender pay gap;
- d) the median gender pay gap in complementary or variable components;
- e) the proportion of female and male workers receiving complementary or variable components;

f) the proportion of female and male workers in each quartile pay band;
g) the gender pay gap between workers by categories of workers broken down by ordinary basic wage or salary and complementary or variable components.

(ii) Employers with 250 workers or more must, by 7 June 2027 and every year thereafter, provide the information set out in paragraph (i) relating to the previous calendar year.

(iii) Employers with 150 to 249 workers must, by 7 June 2027 and every three years thereafter, provide the information set out in paragraph (i) relating to the previous calendar year.

(iv) Employers with 100 to 149 workers must, by 7 June 2031 and every three years thereafter, provide the information set out in paragraph (i) relating to the previous calendar year.

(v) Member States may, as a matter of national law, require employers with fewer than 100 workers to provide information on pay.

(vi) The accuracy of the information must be confirmed by the employer's management, after consulting workers' representatives. Workers' representatives must have access to the methodologies applied by the employer.

(vii) The information referred to in paragraph (i), points (a) to (g) above must be communicated to the authority in charge of compiling and publishing such data pursuant to Article 29(3), point (c). The employer may publish the information referred to in paragraph (i) points, (a) to (f) above on its website or make it publicly available in another manner.

(viii) Member States may compile the information set out in paragraph (i), points (a) to (f) above themselves, on the basis of administrative data such as data provided by employers to the tax or social security authorities. The information must be made public pursuant to Article 29(3), point (c).

(ix) Employers must provide the information referred to in paragraph (i), point (g) above to all their workers and to the workers' representatives of their workers. Employers must provide the information to the labour inspectorate and the equality body upon request. The information from the previous four years, if available, must also be provided upon request.

(x) Workers, workers' representatives, labour inspectorates and equality bodies have the right to ask employers for additional clarifications and details regarding any of the data provided, including explanations concerning any gender pay differences. Employers are required to respond to such requests within a reasonable time by providing a reply with reasoning. Where gender pay differences are not justified on the basis of objective, gender-neutral criteria, employers must remedy the situation within a reasonable period of time in close cooperation with workers' representatives, the labour inspectorate and/or the equality body.

5. Joint pay assessment:

(i) Member States must take appropriate measures to ensure that employers who are subject to pay reporting pursuant to Section 4 above conduct, in cooperation with their workers' representatives, a joint pay assessment where all the following conditions are met:

- a) the pay reporting demonstrates a difference in the average pay level between female and male workers of at least 5 % in any category of workers;
- b) the employer has not justified such a difference in the average pay level on the basis of objective, gender-neutral criteria;
- c) the employer has not remedied such an unjustified difference in the average pay level within six months of the date of submission of the pay reporting.

(ii) The joint pay assessment must be carried out in order to identify, remedy and prevent differences in pay between female and male workers which are not justified on the basis of objective, gender-neutral criteria, and must include the following:

- a) an analysis of the proportion of female and male workers in each category of workers;
- b) information on average female and male workers' pay levels and complementary or variable components for each category of workers;
- c) any differences in average pay levels between female and male workers in each category of workers;
- d) the reasons for such differences in average pay levels, on the basis of objective, gender-neutral criteria, if any, as established jointly by the workers' representatives and the employer;
- e) the proportion of female and male workers who benefited from any improvement in pay following their return from maternity or paternity leave, parental leave or carers' leave, if such improvement occurred in the relevant category of workers during the period in which the leave was taken;
- f) measures to address differences in pay if they are not justified on the basis of objective, gender-neutral criteria;
- g) an evaluation of the effectiveness of measures from previous joint pay assessments.

(iii) Employers must make the joint pay assessment available to workers and workers' representatives and communicate it to the monitoring body pursuant to Article 29(3), point (d).

(iv) When implementing the measures arising from the joint pay assessment, the employer is required to remedy the unjustified differences in pay within a reasonable period of time, in close cooperation, in accordance with national law and/or practice, with the workers' representatives.

6. Data protection:

Compliance with the GDPR and with the applicable national data protection laws.

7. Compensation:

Affected workers may claim compensation if their rights relating to the principle of equal

pay have been violated. Compensation or redress must put the worker who has suffered harm in the position they would have been in had they not been subjected to discrimination on the grounds of sex or had their rights relating to the principle of equal pay not been infringed.

8. Fines:

Member States must determine the sanctions applicable in the event of a breach of the rights and obligations relating to the principle of equal pay (*e.g.* the amounts of fines). Under current Hungarian regulations, the maximum fine (for example, for violations of rules relating to the remuneration of work) amounts to HUF 20 million (approx. EUR 51,300) or HUF 25 million (approx. EUR 64,100), depending on the size of the employer. Under the Equal Treatment Act, a fine of up to HUF 6 million (approx. EUR 15,400) may be imposed. It is possible that the amounts of the fines will increase under the prospective transposing legislation.

Should you have any questions regarding the above, we remain at your disposal.

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