

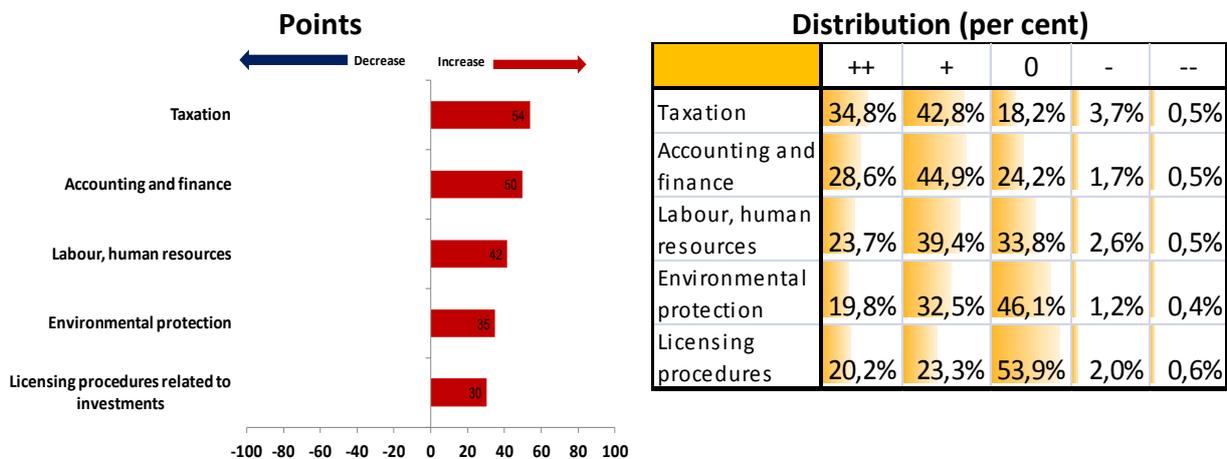
SINCE 2010 THE ADMINISTRATIVE BURDENS ON COMPANIES HAVE INCREASED SIGNIFICANTLY

The government, in power since 2010, has adopted a lot of measures (in words) to reduce the administrative burdens for entrepreneurs, and government sources say they have cut expenses of businesses by HUF500bn.

In **August 2013** GKI Economic Research Co. conducted a representative survey among Hungarian companies. 978 CEOs have responded. They were asked, among other things, how their administrative burdens had changed compared to 2010 in the following areas: taxation, accounting and finance, labour, human resources, environmental protection, and permission procedures related to investments. For the sake of easier comparison, answers were plotted on a scale ranging from -100 to +100, where -100 means that everyone thinks administrative burdens decreased significantly, whereas +100 means that everyone thinks they increased significantly.

Companies experienced a substantial growth of administrative burdens in all areas compared to 2010, particularly in taxation (54 points) and accounting and finance (50 points). Nearly 78 per cent of companies felt that their administrative burdens in taxation increased, and around 74 per cent felt the same in the fields of accounting and finance. Moreover, during the three years **administrative burdens in connection with labour and environmental regulations and investment related permission procedures increased significantly.**

Changes in administrative burdens compared to 2010



Source: GKI

Considering the number of people employed, companies with 21-50 and 51-150 employees were affected especially by tax bureaucracy. However, many large companies

were also complaining about this. The increase in administrative burdens in accounting and finance affected companies nearly equally. Changes in labour regulations caused moderate growth of administrative burdens for companies with 11-20 employees, whereas other companies considered these burdens seriously increasing. Administrative burdens of permission procedures increased least; however, even these were considered significant as well.

Changes in administrative burdens by headcount categories (points)

	<10	11-20	21-50	51-150	151-250	>250
Taxation	46	49	62	56	48	53
Accounting and finance	46	43	55	54	47	51
Labour, human resources	41	31	46	52	41	43
Environmental protection	32	28	37	42	38	39
Licensing procedures	42	24	33	32	23	28

Source: GKI

By sectors, construction industry respondents considered the increase of administrative burdens in connection with environmental regulations **moderate**, whereas those in industry thought the same about permission procedures. According to all respondents other administrative burdens increased **enormously**. Trading companies perceived the increase of administrative burdens of permission procedures low, that of labour safety and environmental protection moderate, whereas that of taxation, accounting and finance extra high. Service companies see the situation similarly; however, they require significantly more resources to meet the extra administrative burdens of labour regulations.

Changes in administrative burdens by sectors (points)

	Industry	Construction	Trade	Services
Taxation	56	49	56	52
Accounting and finance	53	47	48	52
Labour, human resources	49	40	33	47
Environmental protection	47	34	30	30
Licensing procedures	36	47	16	32

Source: GKI

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