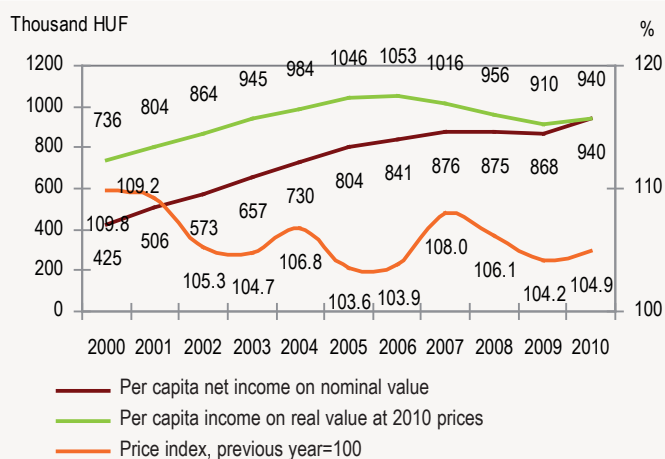


Income situation, 2010*

In Hungary, the increasing trend of per capita net incomes lasting until 2005 turned in the middle of the decade, and the average income of the population fell in 2007 only on real value and since 2008 it has decreased on nominal value as well. This unfavourable situation improved somewhat in 2010 due to the tax changes; households had more than HUF 72 thousand higher net annual nominal income than in 2009, which meant, along with the 4.9% rise of consumer prices, an increase of 3.2% in real income. (Nevertheless, the real value of net incomes in 2010 was only nine tenths of that in 2006 which was the highest value of the decade.) Thus, in 2010, per capita gross income amounted to HUF 1,145,614, while net income to HUF 939,396.

Figure 1

Per capita net income of the population, thousand HUF/year/capita*



*Between 2000 and 2007, the classification of incomes was based on the Hungarian practice, since 2008 it has been made according to the methodology of EU-SILC.

In the observed period, the ratio of net income to gross income was the highest in 2001 (83.2%), then, the net income position deteriorated almost year by year. In 2010, due to tax changes – introduction of the super gross system, decreasing tax rates and raising the lower tax bracket, as well as more advantageous tax credits – a significant improvement occurred, and net income accounted for 82% of the total revenue. At the same time, these measures affected differently people belonging to the different income deciles: though the income of the majority of tax-payers increased year-on-year, first of all people with higher income came off well.

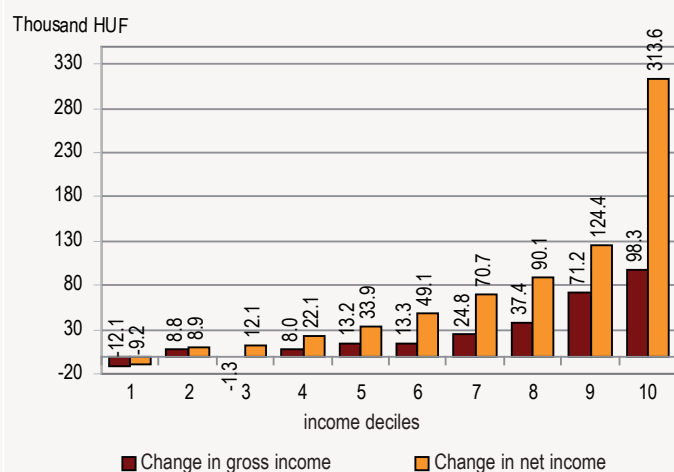
The income position of people living in the lower (1st) income decile deteriorated in 2010, their annual per capita net income was by nearly HUF 9 thousand less than in the previous year. At the same time, the position of those in the upper categories improved spectacularly, and the net income of people in the tenth decile rose the most (by HUF 314 thousand). According to the indicator S10/S¹¹ reflecting the income inequalities of the population, the difference between incomes in the 1st and the 10th deciles was 7.2-fold in 2010, slightly more than in the previous years.

*Source of analysis is the Household Budget and Living Conditions Survey.

¹It shows the quotient of the shares of those in the lower and in the upper income decile in the total income.

Figure 2

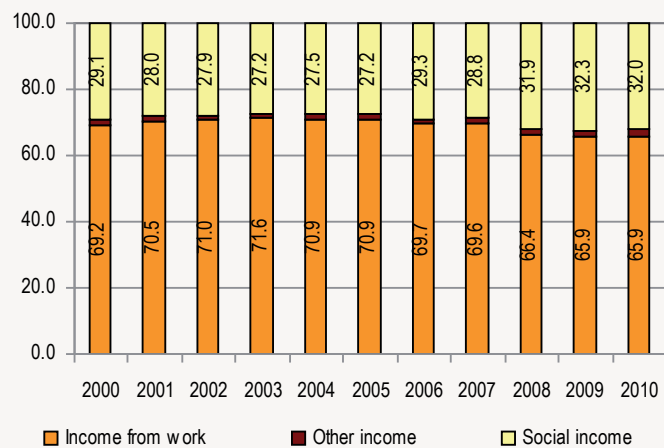
Per capita gross and net income compared to the previous year by income deciles, 2010



In the structure of gross incomes, income from work accounts for the largest proportion followed by social income. The share of income from work decreased continuously from 2005 (70.9%) to 2010 (65.9%), while in the same period, the share of other income grew by 1 percentage point and that of social income by nearly 3 percentage points. In this latter increase, in addition to the growing number of pensioners, the higher unemployment generated by the economic crisis played a role. As an effect of the crisis, income connected to work fell not only in case of people living in the lower income categories, but among those belonging to the middle and upper deciles as well.

Figure 3

Distribution of per capita gross income



Regional inequalities are invariably significant: the proportion of unemployment benefits and regular allowances within other social income is still the highest in the regions of Northern Great Plain and Northern Hungary, where the primary reason of poverty is invariably the low employment and the closely connected low educational level.

In 2010, the largest item of social incomes which has an increasing proportion year by year, i.e. pensions and pension-related allowances accounted to one fourth of household incomes; their per capita amount exceeded by about 2.9% the one a year earlier. Because of the uncertainty connected to the economic crisis, the income position of pensioners is invariably the most stable due to the permanence and predictability of pensions.

The rules of paying out sickness benefit were modified on 1st August 2009 (both its amount and the duration of the so-called passive sick-pay decreased), which resulted in a significant fall (27%) of the per capita amount of sickness benefit from 2009 to 2010.

Table 1

Per capita social income of households

Denomination	Per capita amount, HUF		As a percentage of per capita gross income	
	2009	2010	2009	2010
Social income, total	361 802	366 995	32.3	32.0
Of which:				
pension, pension-related allowances	278 382	286 316	24.9	25.0
unemployment benefits	14 794	14 852	1.3	1.3
family, children related allowances	55 568	54 734	5.0	4.8
Other social income	13 058	11 092	1.8	1.0
Of which: sickness benefit	5 162	3 786	0.5	0.3

In 2010, the average annual per capita net income of households with children amounted to HUF 752 thousand, which was four fifths of the national average. Along with the increase in the number of children, the per capita net income diminished; families consisting of two adults and two children, that can be considered typical, managed on 82.7% of the average income. The net income of households consisting of two adults and three or more children hardly exceeded the half of the national average. Within total gross income, the proportion of income from work was the highest (82.3%) in households with two adults and two children, while that of social income was the largest (30.8%) in families with three or more children.

Table 2

Per capita net income of households with* and without children

Household type	2009	2010
Households without children, total	1 089 670	1 170 705
Households with children, total	698 185	752 096
Of which:		
Single parent with child(ren)	661 577	720 060
Two adults with one child	830 228	915 907
Two adults with two children	695 544	777 437
Two adults with three or more children	496 615	515 978
Other households with children	716 736	745 434

*Having dependent child under 25 years of age.

Further information, data (links):

[Tables](#)

[Methodology](#)

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