



# **Payroll Accounting and Dematerialisation**

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# THE TREASURY IN A NUTSHELL

- The Treasury system dates back to over 1000 years in Hungary.
- The current Hungarian State Treasury (Treasury) has been operating in the building of one of its intellectual predecessors, the Hungarian Royal Postal Savings Bank, since 2005.
- The Treasury was established on 1 January 1996, in the spirit of the revival of the treasury concept, for the completion and standardisation of central budget duties.
- Being the embodiment of budgetary culture, the Treasury has become one of the biggest and most important public institutions in Hungary by now.



# THE TREASURY IN A NUTSHELL

## **The Treasury performs over 200 different public tasks.**

The Treasury is present in each county through its 19 Directorates. The Payroll Offices, the State Treasury Offices, the Financial and Coordination Offices, and the Public Finance Offices operate within the Directorates.

The Treasury's responsibilities include – but are not limited to – the following:

- fulfilment of the duties prescribed by law regarding the centralised payroll accounting of remunerations and the relating settlement of taxes and contributions,
- the administration of money circulation and accounting during the implementation of the state budget,
- forecasting the budgetary position, and managing liquidity,
- summarising budgetary reports,
- the disbursement of EU and domestic supports, distribution of government securities, and management of Start and securities accounts also belong to the Treasury's scope of responsibilities.

# A PRIORITY DUTY OF THE TREASURY CENTRALISED PAYROLL ACCOUNTING

In the frameworks of its principal activities as defined in Act CXCV of 2011 on Public Finance (hereinafter referred to as: Public Finance Act) it carries out its duties relating to the implementation of the central budget and its tasks prescribed by other laws.

The Treasury's duties in relation to the payroll accounting of remunerations:

- it fulfils duties prescribed by law regarding the centralised payroll accounting of remunerations and the relating settlement of taxes and contributions;
- it fulfils the data reporting duties relating to the payroll accounting of remunerations towards the associated bodies (National Tax and Customs Administration, National Health Insurance Fund, Central Statistical Office, Ministry of National Economy);
- it supplies salary and headcount data to the preparation of central budget institutions' reports,
- it supports budget planning and the analysis of budget implementation.

# THE ACTIVITY OF CENTRALISED PAYROLL ACCOUNTING

The Hungarian State Treasury operates a centralised **payroll accounting of remunerations**.

It provides for the accounting of

- the personal benefits (remuneration and other benefits due on basis of employment) and
- health insurance benefits (sick pay, child care fee (GYED), infant care fee (CSED), pregnancy and confinement benefit, accident sick pay) of those employed by governmental or municipal budgetary institutions, as well as
- the public charges payable by employers.

# CENTRALISED PAYROLL ACCOUNTING

## Subjects of the centralised payroll accounting

- Public administration (ministries and their background institutions)
- The judicial system (judges, public prosecutors, constitutional judges, commissioner for fundamental rights)
- Healthcare
- Education
- Social system
- Community culture, culture
- Law enforcement
- Municipalities and national minority self-governments

# CENTRALISED PAYROLL ACCOUNTING

## Centralised payroll accounting in figures:

- Over twelve thousand institutions,
- Accounting of nearly one million people,
- Less than 1,300 Treasury employees.

# CENTRALISED PAYROLL ACCOUNTING

**Payroll accounting in the Treasury dates back to more than 50 years**

- From 1961, establishment of Remuneration Offices,
- From 2002, centralised payroll accounting but in several separate databases,
- From 2015, centralised payroll accounting in a nationwide database.



# PAYROLL ACCOUNTING IN THE PAST

- The institutions prepared paper-based documents,
- Sent them by post to the payroll accounting places,
- At such places they were processed,
- Processed data were printed,
- And were sent to the institutions.



# PAYROLL ACCOUNTING AT PRESENT (KIRA PROGRAMME)

- The Treasury IT system has been operating since 1 November 2015 on a nationwide level.
- It is a consistent, closed and transparent system extending to all institutions in the public sector.
- A payroll accounting system that is available on-line and is built on a central (national) database.
- Real-time data processing with a wide scope of controls.
- Payroll accounting for the current period.
- Interface connection with other systems.
- Paper-saving operation.
- Electronic payroll.

# COST-EFFECTIVE OPERATION OF KIRA

In the new system, it has become simpler, faster and more cost-effective for the institutions. Duties to be performed by the institutions:

## In the old system

- Data recording
- Paper-based submission
- Receipt by payroll accounting place
- Manual control of the materials submitted and recorded
- Processing

## In the new system (KIRA)

- Data recording, electronic transfer (through an interface)
- Verification, transfer for accounting

Legal  
change

# PAYROLL ACCOUNTING AT PRESENT DEMATERIALIZATION

With the development of computer technology, the age of documents existing also in a physical form will soon be over.

Dematerialised documents:

- The aggregate of data created, recorded, transferred and registered electronically, which contains the content elements of remuneration payroll files and documents in an identifiable manner (the document is not printed).

Its advantage:

- It makes remuneration accounting records simpler, as they exist almost exclusively in electronic form now, and only to a minimum extent in hardcopy.
- Reduces/eliminates costs resulting from paper storage.

# THE FUTURE OF PAYROLL ACCOUNTING

- Electronic administration
- Nationwide extension of the electronic payroll for employers



# INTERFACE CONNECTION IN PRACTICE

KIRA supports electronic communication between the systems supplying data to it and those using its data, and ensures the necessary data supply and analysis functions.

It provides the option of interface connection:

- with human policy systems,
- with accounting (bookkeeping) systems.

# INTERFACE CONNECTION IN PRACTICE

