

## EQUITABLE TAXATION AND SELF-RELIANCE = WELFARE AND WELL-BEING IN OLD AGE

Summary for the press  
on the analysis titled Pension, healthcare, taxation

**It is necessary to improve the population's knowledge and ability related to self-reliance - this is one of the highlights of the latest analysis of the SAO. The analysts of the SAO point out that self-reliance and equitable taxation are both essential for providing welfare and well-being in old age. They think that a different approach is required at the level of the society to strengthen self-reliance, and this could be facilitated with state incentive tools and the extension of knowledge. The analysts of the SAO conclude that the provision of welfare in old age requires us to build on the good in people, and institutions should get closer to this notion: it is worth being honest and paying contributions and taxes honestly. Welfare can be greatly facilitated by health-centred supports.**

As incorporated into the law, the State Audit Office is responsible for facilitating well-governed state operations. In order to do so, the SAO produces analyses and studies, too, in addition to auditing reports. In its analyses, the SAO makes no statements, but highlights relations and impacts, draws attention to dilemmas and risks in a given area, and presents the results.

Pensions, healthcare and taxation systems are extremely complex in themselves, too. All three topics are questions of sustainability and competitiveness, and they require solidarity, too. The importance of the subject is indicated by the fact that the sustainability of the healthcare, the pension and the tax systems has direct impacts on the whole Hungarian society and its quality of life. Pension is an important but not exclusive element of life in old age, therefore it is not possible to bypass individuals' responsibility for incomes that will be available in the years of retirement. Apart from income, the issue of healthcare and caring expenses that come with old age are also important, therefore the special importance of the preservation of health cannot be ignored, which is facilitated by various taxes and tax benefits.

The analysis of the SAO aims at making the healthcare, the pension and the tax systems more comprehensible and transparent, and evaluates with an auditing office approach. The most important questions are in focus, based on which the relations among the three areas, their impacts on each other, as well as the role of self-reliance become clear.

The analysts of the SAO conclude that the healthcare and the pension systems in Hungary are regulated, i.e. it is defined who, when, how and with how much should contribute to the operation of social insurance, and who is eligible to what services or "income transfer". However, criticism related to the maintainability of the systems is permanent. But a significant part of the factors influencing the operation and the quality of the healthcare and pension systems do not belong to the scope of public tasks, therefore it is necessary to raise the awareness of the population in this respect.

The responsibility of the state covers the establishment of the conditions of social insurance, and the individual is responsible for taking part in this system in a deliberate way. In Hungary, the source of pensions is the payments made by active workers, and the use of healthcare services is based on the payment of contributions. Social insurance pension depends on the length of the service time and - based on earlier wages - the rate of payments to the budget. As a member of the community, it is not possible to avoid taxation by referring to self-reliance, but equitable taxation does not mean that there is no need for self-reliance, with steps taken in time, according to possibilities and abilities. The Fundamental Law also stipulates the importance of equitable taxation and self-reliance, and the fact that they are both required, and do not exclude each other. "Everyone shall be responsible for him- or herself, and shall be obliged to contribute to the performance of state and community tasks according to his or her abilities and possibilities."

Individual responsibility should be expressed in people's intention to join the healthcare and pension systems, and in their ability to care and the utilisation of this ability. This may be in the form of paying the contributions, in various forms of self-reliance, and in individual responsibility for the older generation and the generations of the future, too, explained by the analysts of the SAO.

The ratio of state contribution and self-reliance is determined by the development characteristics of the society. At the same time, the general public opinion is that the state should provide healthcare and pensions, and the state is obliged to provide these at the highest possible level. However, equitable taxation and self-reliance that depends on our own decisions are able to provide safe funds for the future only together, explained the analysts of the SAO.