
AVANÇAR program

Ordinance 187/2023 of July 3 establishes and regulates the AVANÇAR program, creating incentives for employers to enter permanent contracts with young persons.

Portugal - Legal Update

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Key aspects

- > Financial support for employers to enter permanent employment contracts with young unemployed persons.
- > Can be combined with other fiscal and parafiscal incentives.
- > Increased support for the hiring of young people with disabilities, jobs in inland Portugal, persons in a situation of long-term unemployment, the under-represented gender in a given profession, or employers party to a collective bargaining agreement.



AVANÇAR program

The AVANÇAR program is an incentive to encourage the hiring of qualified young people under permanent contracts by offering a combination of **financial support for both hiring** and **paying social security contributions**. This can also be combined with fiscal or parafiscal measures.

> Requirements

Both individuals and private sector profit or non-profit organizations can apply for the program, provided they meet the following requirements:

> **Employer requirements**

To apply for and maintain these incentives, employers must:

1. be properly **incorporated** and **registered**;
2. fulfill all legal requirements for **carrying out their business activity**;
3. ensure their **tax and social security affairs are in order**;
4. not be in **default** for any financial support granted by the Institute for Employment and Vocational Training (the “IEFP”);
5. not be in **default** for any loan received from the European Structural and Investment Funds;
6. have the organized accounting tax regime, according to tax law;
7. have no **overdue** salary payments; and
8. not have been **convicted in a criminal or serious or very serious administrative offense process** for breaching labor legislation.

> **Job-related requirements**

In addition to the above employer requirements, some job-related requirements must be met:

1. the job offer must be **posted** and **registered** on the IEFP portal;
2. the employment contract must be entered with a **young unemployed person registered with the IEFP**;
3. **there must be a net increase in job positions**, and the **employment level** achieved through the support must be maintained for at least 24 months;



4. the employer must provide **special vocational training to the hired employee**; and
5. the employer must comply with the provisions of the **applicable collective bargaining agreement (“CBA”)**, particularly regarding remuneration.

> Eligible contracts

Employment contracts are considered eligible if they are entered with **individuals aged 35 or under** who:

1. hold qualifications at level 5, 6, 7, or 8 of the National Qualifications Framework; and
2. are registered with the IEFP as unemployed.

> Employment contracts

Eligible employment contracts must be (i) permanent (ii) **full-time**, and (iii) have an established base remuneration of at least **€1,330**.

> Operation

> Financial support for hiring

Financial support for hiring is provided under the AVANÇAR program, where employers are entitled to an amount calculated based on the Social Support Index (“IAS,” in its Portuguese acronym). In 2023, this is **€8,647.74**, using the IAS value of €480.43.

This support **can be increased** by up to 4.2 times the IAS amount when:

- (i) the young person being hired is in a situation of long-term unemployment, a person with a disability, or from an under-represented gender in that profession;
- (ii) the job is in inland Portugal; or
- (iii) the employer is a party to a CBA.

> Financial support for paying social security contributions

Under the AVANÇAR program, employers are also entitled to financial support equal to **half of their social security contributions** for the **supported** employment contracts during their **first year**. The maximum support amount is capped at €3,363.01 in 2023.



This financial support is paid in **three installments** after **the acceptance form is submitted to the IEFP**.

These financial support payments **cannot be combined** with other direct employment support payments for the same job position. However, they can be combined with fiscal or parafiscal employment incentive measures.

> **Financial support to help young persons become independent**

Eligible recipients are entitled to a financial support of **€150 per month** during the first year of the supported employment contract. The IEFP will pay this amount monthly through a bank transfer, provided the following additional requirements are met:

1. The agreed base salary **does not exceed four times the guaranteed minimum monthly salary**.
2. The young person is **registered on the IEFP portal** and has subscribed to the IEFP electronic notifications service.
3. He or she has a **bank account** in his or her own name.
4. He or she has not **defaulted** on any financial support provided by the IEFP.

> **Entry into force**

The ordinance establishing the terms and conditions of the AVANÇAR program entered into force on July 4, 2023.

The application period runs from 9 a.m. on July 14, 2023, to 6 p.m. on December 28, 2023, as specified in the 1st Call for Applications, which was approved on July 11.

For additional information on the contents of this document, please contact Cuatrecasas.



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