

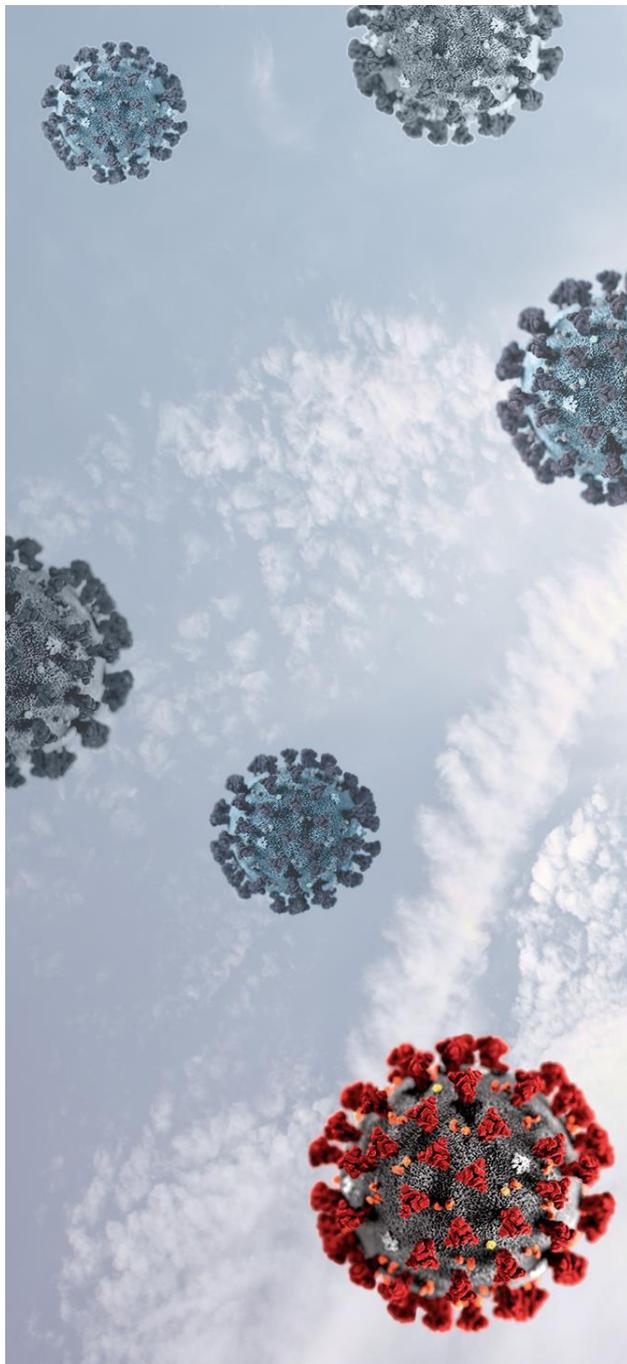
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# COVID-19: Employment Support

Newsletter | Portugal

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## I. Support for companies

### Extraordinary financial support to maintain employment contracts – simplified layoff measure

Further to the Resolution of the Council of Ministers 10-C/2020, of March 13, Ordinance 71-A/2020, of March 15, established several extraordinary measures to support companies, one of which is the commonly known simplified layoff measure. However, this measure was superseded by Decree-Law 10-G/2020, of March 26, amended by Amendment Ordinance 14/2020, of March 28. Although this amendment ordinance maintained the essential features of the simplified layoff measure, it changed some of its legal requirements.

Under the simplified layoff measure, companies can suspend employment contracts or reduce normal working periods. The measure is available for companies that, because of the COVID-19 outbreak, are in a business crisis, i.e., when:

- a company or establishment is forced to close its facilities partially or fully;
- a company or establishment partially or fully stops its activity because global supply chains are interrupted or orders are suspended or canceled, which the company must prove by providing the order or reservation cancellation documents; and
- a company has a sudden loss of at least 40% of its turnover within 30 days before the request from the competent social security services compared to the monthly average of the two months before that period, or compared to the same period in the previous year or, for companies that started their activity less than 12 months ago, to the average of that period.

The simplified layoff measure provides financial support to companies, calculated under the layoff regime established in the Labor Code. During the period of suspension or reduction of activity, employees will receive the higher of (i) two-thirds of their normal remuneration; or (ii) the value of the minimum monthly remuneration (Continental Portugal, €635; Azores, €666.75; Madeira, €650.88). However, this is limited to three monthly payments (Continental Portugal, €1,905; Azores, €1,998; Madeira, €1,952.64), 70% of which is paid by social security and 30% by the company. The employer, which receives the 70% contribution from social security, is responsible for paying the employees' remuneration.

To implement the simplified layoff measure, the company, after consulting the workers' representatives (if any), must inform its employees and immediately submit the application online to the social security authorities. This support lasts for one month and can be renewed monthly, with a three-month limit.



### Extraordinary training plan

To prevent unemployment, companies in a business crisis that have not implemented the simplified layoff measure can benefit from an extraordinary support plan for part-time professional training. To benefit from the plan, companies must design a training plan aimed at maintaining jobs and enhancing employees' skills.

Lasting for one month, the extraordinary training plan is designed to implement the training strategy, is supported by the IEFP, I.P. and is granted based on the employees' hours of training, capped at 50% of the gross remuneration, with the maximum limit of guaranteed minimum monthly remuneration (Continental Portugal, €635; Azores, €666.75; Madeira, €650.88)..

To implement this extraordinary plan, the employer must notify its employees, in writing, of its decision to start a training plan and its expected duration and immediately send the required information to the IEFP, I. P.

### Extraordinary financial support

Employers that benefit from the measures established in Decree-Law 10-G/2020 (such as the simplified layoff measure and the extraordinary training plan) are entitled to an extraordinary financial incentive to restart the company's activity.

This support, granted by IEFP, I.P. and paid in one lump sum, corresponds to a minimum monthly remuneration (Continental Portugal, €635; Azores, €666.75; Madeira, €650.88) for each employee covered.

### Exemption from social security contributions

While the measures established in Decree-Law 10-G/2020 are in force (such as the simplified layoff measure and the extraordinary training plan), companies are exempt from social security contributions for the employees and the members of corporate bodies covered.

### Dismissal restrictions

Employers benefitting from the measures established in Decree-Law 10-G/2020 cannot terminate employment contracts by collective or redundancy dismissal while the measures are in force and for 60 days after the date the measures are retracted.



## Social security contributions deferral

Decree-Law 10-F/2020, of March 26, amended by Amendment Ordinance 13/2020, of March 28, establishes a deferral regime for employers' social security contributions.

This regime covers employers from both the private and public sectors with:

- fewer than 50 employees;
- between 50 and 249 employees, provided they show a decrease of at least 20% of the invoicing notified through the *e-factura* in the months of March, April and May 2020 compared to the same period in the previous year or, for companies that started their activity less than 12 months ago, to the average of the elapsed activity period; and
- 250 or more employees, provided they show a decrease of at least 20% of the invoicing communicated through the *e-factura* in the months of March, April and May 2020, compared to the same period in the previous year or, for companies that started their activity less than 12 months ago, to the average of the elapsed activity period, provided they fall into one of the following categories:
  - i) Private social solidarity (or equivalent) institution;
  - ii) Closed sector under Decree 2-A/2020, or airline and tourism sectors; or
  - iii) The company's activity was suspended for legal or administrative reasons.

Employers' contributions due in March, April and May 2020 can be paid as follows:

- One-third of the value of contributions is paid in the month it is due; and
- The remaining two-thirds are paid in equal and successive installments in July, August and September 2020, or between July and December 2020 without interest.

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## II. Support for employees

### Illness

If an employee becomes ill because of COVID-19, the illness allowance is not subject to a waiting period.



### Prophylactic isolation

Decree-Law 10-A/2020, of March 13, establishes that the 14-day period of prophylactic isolation ordered by the health authorities because of the serious threat to public health is considered an illness for legal purposes.

In these situations, employees are entitled, from the first day of isolation, to a sick leave allowance equal to 100% of their remuneration. Also, this payment does not depend on the verification of the granting period, the professional index or the certification of the employee's temporary inability to work.

### Taking care of children or dependent relatives during prophylactic isolation

Under Decree-Law 10-A/2020, during the 14-day period of prophylactic isolation, caring for a child or other dependent relatives in the employee's care because of serious situations or ordered by the health authorities is justified.

Regarding the prophylactic isolation of a child under 12 years of age or with a disability or chronic illness, the childcare allowance will not depend on a granting period.

### Taking care of children or dependent relatives during school closure

Under Decree-Law 10-A/2020, absences from work are justified with no limitation of rights except for remuneration when caring for a child or other dependent relatives under 12 years of age or with a disability or chronic illness is necessary because of the school calendar is suspended or social support institutions for early childhood education or for people with a disability are closed.

In these situations, employees are entitled to receive an exceptional monthly payment or prorated financial support equal to two-thirds of their basic remuneration, shared in equal parts by the employer and social security. This support is limited to the national minimum monthly remuneration (Continental Portugal, €635; Azores, €666.75; Madeira, €650.88) and is limited to three national minimum monthly remuneration payments (Continental Portugal, € 1,905; Azores, €1,998; Madeira, €1,952.64).

### Taking care of children or dependent relatives beyond school closure

Decree-Law 10-K/2020, of March 26, reinforces the family support measures already established in Decree-Law 10-A / 2020. In addition to the justified absences for child care because of the suspension of school activities, absences are justified for:

- taking care of a child or other dependent relatives under 12 years of age or with a disability or chronic illness, or a grandchild, son of a minor under 16 years old,



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living in the employee's household during periods of school closure or those determined by each school; and

- caring for a spouse or person living in a *de facto* union or domestic partnership with the employee or any ascending relative who is in the employee's care because a social institution that the health authorities or the government have closed, provided that relative cannot be supported through an alternative social mechanism.

In all these cases, absences do not result in the loss of any rights, except remuneration.

### Vacation

Decree-Law 10-K/2020, of March 26, establishes that employees can schedule their vacation, without the employer's consent, by sending a written communication with two days' notice, provided the employee is taking the time off to:

- take care of a child or other dependent relatives under 12 years of age or with a disability or chronic illness, or a grandchild, son of a minor under 16 years old, living in the employee's household during periods of school closure or those determined by each school; and
- take care for a spouse or person living in a *de facto* union or domestic partnership with the employee or any ascending relative who is in the employee's care because a social institution that the health authorities or the government have closed, provided that relative cannot be supported through an alternative social mechanism.

During the vacation period, remuneration will be the same as what the employee would receive during regular service, but the holiday pay can be paid in full up to the fourth month following the start of the vacation period.



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Cuatrecasas has set up a Coronavirus Task Force, a multidisciplinary team that constantly analyses the situation emerging from the COVID-19 pandemic. For additional information, please contact our taskforce by email [TFcoronavirusPT@cuatrecasas.com](mailto:TFcoronavirusPT@cuatrecasas.com) or through your usual contact at Cuatrecasas. You can read our publications or attend our webinars on our [website](#).

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