



The Portuguese Government and Social Partners reached an agreement which enables relevant changes in the labour law.

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Labour Agreement

The Portuguese Government and the majority of the Social Partners reached an agreement in areas as economic growth, competitiveness and employment. Among the measures to promote the economic growth, significant changes in the labour law area are included, as follows:

- (1) Possibility of establishing an individual bank of hours (2 hours per day with a 150 hours limit per year);
- (2) Extinction of the compensatory rest as result of overtime;
- (3) Reduction, in 50%, of the amounts to be paid as result of overtime (25% in the first hour, 37,50% in the following hours, and 50% when the work is performed in a mandatory rest day or public holidays);
- (4) Closure of the establishments/stores in business days between public holidays and the weekend and consideration of those days as holidays;
- (5) Elimination of the extra annual holidays (3 days) for non-absenteeism;
- (6) Simplification of the procedures and the grounds to dismiss as a result of the redundancy due to job extinction and by ineptitude;
- (7) Review of the compensation schemes in the event of the termination of the employment contract by setting a maximum amount and elimination of a minimum amount;
- (8) Setting up a compensation fund; and
- (9) Elimination of the obligation to comply with some formalities before the Portuguese Authority for Labour Conditions in connection with work conditions (internal regulations, working hours, agreement of exemption of working hours, among others).

New rules on unemployment benefit will also be implemented, namely the reduction of its maximum value and respective duration, the possibility to accumulate the unemployment benefit with the salary, as well as its enlargement to the independent workers.

This information is provided for general purposes only and does not constitute professional advice. If you have any question on a matter of Portuguese law you should contact a lawyer licensed to practice law in Portugal. If you are a client of Macedo Vitorino & Associados please contact your usual contact partner or any of the lawyers listed in the contacts section.

Pursuant to the document made available, the majority of the measures agreed will be proposed by the Government to the Portuguese Parliament in order to approve the necessary amendments to the Portuguese Labour Code. It is expectable that the new rules will come into force on the second semester of 2012.

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