



Covid-19 & Employment Support Policy

The simplified lay off grants support of 2/3 of the employee's gross remuneration, 70% of which is covered by social security and 30% by the employer.

The Portuguese Council of Ministers approved a set of extraordinary measures in response to the COVID-19 pandemic, with a view to maintaining jobs.

The **extraordinary support measures** are:

- (i) Extraordinary support for the maintenance of employment contracts in a business crisis situation, with or without training ("*Simplified Lay Off*");
- (ii) The Extraordinary Training Plan;
- (iii) Extraordinary financial incentive to support the normalization of the company's activity;
- (iv) The temporary exemption from the Employer of the Social Security payroll.

It is considered a **situation of corporate crisis**:

- (i) The total stoppage of the company's or establishment's activity that results from the intermittence or interruption of global supply chains; or
- (ii) The abrupt and sharp drop of at least 40% in invoicing, with reference to the same period of 3 months, or, for those who started the activity less than 12 months ago, the average for that period.

The **Simplified Lay-off** follows the following rules:

- (i) The State supports the payment of wages;
- (ii) The support translates into the payment of 2/3 of the employee's illiquid remuneration, 70% of which is ensured by Social Security and 30% by the employer.
- (iii) The support corresponds to an amount equal to 2/3 of the employee's illiquid remuneration, up to a maximum of three guaranteed minimum monthly salaries;
- (iv) The financial support is granted for a period of one month, extendable monthly, up to a maximum limit of six months, only when the company's employees have taken the maximum limit of annual vacation and when the employer has adopted the mechanisms of flexibility of working hours established by law;

Contacts

Guilherme Dray
gdray@macedovitorino.com

Magda Sousa Gomes
mgomes@macedovitorino.com

Joana Fuzeta da Ponte
jfuzetadaponte@macedovitorino.com

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(v) the employer benefiting from this measure may entrust the worker with the temporary performance of duties not included in the employment contract, provided that this does not entail a substantial change in the worker's position, and that they are geared to the viability of the undertaking; and

(vi) In order to have access to these measures, the employer must be proven to have the social security and tax situations regularized before the Tax and Customs Authority.

The new measure requires the obligation to inform, in writing, the employees concerned and the foreseeable duration of the interruption of the activity.

The employer also has the duty to hear the union delegates and workers' commissions when they exist, by immediately sending an application to the Social Security Institute, accompanied by the list with the names of the covered workers and their Social Security identification number.

The circumstances are attested by a declaration of the employer together with a certificate from the company's certified accountant, and are then confirmed by the competent State bodies.

The new mechanism can also be complemented with the vocational training component, by adding a training grant of 30% of the Social Support Index (IAS). Half of the value is attributed to the employee and half to the employer, with the costs being borne by the Institute for Employment and Professional Training (IEFP, I.P.)

The diploma was published today in Diário da República and comes into force on March 16.

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