



# Covid-19: Procedure, conditions and access to the extraordinary financial incentive to normalize the activity

*The new support is intended to support the employer in the return of their employees to normal work and the normalization of business activity.*

Following the set of measures adopted within the scope of the COVID-19 pandemic, the Government approved a new law that regulates the procedures, conditions and terms of access of the extraordinary financial incentive to normalize the activity.

The extraordinary financial incentive to normalize the activity applies to companies that are in a position to resume theirs, provided that they have benefited from the simplified lay-off regime or the extraordinary training plan provided for in Decree-Law nr. 10-G/2020 of 26 March.

The new incentive is provided after the application of the simplified lay-off or extraordinary training plan has ceased.

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The employer may opt for one of two modalities:

- a) Support in the amount of a national minimum wage (€635.00), paid at once, for each employee who has been covered by the simplified lay-off; or
- b) Support in the amount of two minimum wages (€1,270), paid in two instalments over six months, for each employee who has been covered by the simplified lay-off.

Opting for the measure in point b) (€1,270), the employer also has direct exemption from payment of 50% of the Social Security contribution, for employees who were covered by the lay-off in the last month of the support. However, when the last month of application of the simplified lay-off is July, the number of employees to be taken into consideration for the purpose of the said exemption will be that of the lay-off application for the month of June.

In this case, the employer may also benefit from the right of total exemption from the payment of Social Security contributions in the three months following the end of the support. For this to be possible he has to have at his service, on average, more employees on open ended contract, than he did in the three homologous months. The exemption refers only to new employees hired, and the employer is subject to the duty to maintain the employment level for a period of 180 days.

For the purposes of determining the amount provided for in paragraphs a) and b), the employer, depending on the situation applicable to it, will have to consider one of the following criteria:

- (i) When the period of application of the simplified lay-off or extraordinary training plan is longer than one month, the amount of support shall be determined according to the average number of employees covered for each month of its application;
- (ii) When the period of application of the simplified lay-off or extraordinary training plan is less than one month, the amount of support as revised in point a) (€635.00) shall be reduced proportionally; or
- (iii) Since the simplified lay-off scheme or the extraordinary training plan has been implemented for a period of less than three months, the amount of support provided for in point b) (€1 270,00) shall be reduced proportionally.

The proportionality rule set out in the previous points shall be applied according to the number of days of the simplified lay-off or extraordinary training plan.

The new aid must be requested by an application on the IEFP website, and accompanied by certain documentation, namely a declaration by the employer in which he certifies, on his honor, that he has not submitted an application for access to the phase-in support ("New Simplified Lay-Off", to start on August 1st).

The IEFP will issue a decision within 10 working days from the date of submission of the application. This period can be suspended when clarification or additional information is requested.

Once the application is approved, this decision will be communicated to the employer. The payment of the modality referred to in point a) (635,00 euros) will be executed within 10 working days from the date of the said communication. For the support referred to in point b) (€1270,00), being the payment made in two instalments, the first will be paid within 30 working days from the date of communication of the approval of the application, and the second within 180 days from the same fact.

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In the scope of the new law, some rules regarding the possibility/impossibility of accumulation of supports are also clarified, namely the impossibility to access the support for the progressive resumption of the activity, if the employer has previously resorted to the extraordinary incentive to normalize the activity.

Furthermore, the possibility of the extraordinary financial incentive for the normalization of the activity being granted only once by each employer, and only in one of the modalities referred to (€635.00 or € 1270,00), is also established.

In conclusion: through the new measures, the Government hopes that the companies can resume their activity gradually, giving them the possibility of adopting the modality that best suits their situation. The date of opening and closing of the application for the new incentive will be defined by IEFP, IP.