

STATE BUDGET PROPOSAL 2024: LABOUR MEASURES

Under the terms of the 2024 State Budget Proposal, employees' pay rises depend on the existence of a plan defined by the companies or, if applicable, a legal provision laid down in the collective bargaining instrument (IRCT) or other contractual instrument in force.

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The Portuguese Government has presented the draft State Budget Law for 2024 (SBL 2024).

Below is a summary of the key changes impacting employment and labour law:

(A) Provisions concerning the Public Administration and the Public Business Sector

- (i) Mobility situations existing as of the entry into force of SBL 2024, with a maximum duration limit occurring in 2024, may exceptionally be extended until 31 December 2024, by mutual agreement. This extension also applies to mobility situations whose end occurs before the entry into force of SBL 2024.
- (ii) The subsistence allowance, overtime, and night work schemes, as provided in Decree-Law 106/98 of 24 April, as amended, and in the Portuguese General Law on Public Employment, shall apply to employees of public foundations governed by public law, public foundations governed by private law and public establishments, without prejudice to the provisions of collective bargaining instruments.
- (iii) Public entities with employees under individual employment contracts may contract health and personal accident insurance, provided it is intended for the majority of employees, as well as other insurances required by law or provided for in a collective bargaining instrument.
- (iv) Public legal persons, even if they enjoy administrative autonomy or statutory independence, must recruit employees for open-ended or

fixed-term employment contracts, in accordance with the provisions of the budget implementation decree-law, otherwise the recruitment will be null and void.

- (v) Public business sector companies shall recruit employees for open-ended or fixed-term employment contracts, following the terms of the budget implementation Decree-law, otherwise the contracts shall be deemed null and void.
- (vi) Public bodies or services are responsible for presenting a plan for the development of their employees, under the terms defined in the budget implementation Decree-law, applying, as a rule, the collective bargaining instruments and other legal or contractual instruments in force or, in their absence, the provisions of the budget implementation Decree-law.
- (vii) Retired persons with relevant experience in the areas of railway maintenance or as train drivers may work for public companies in the railway sector that provide public passenger transport while maintaining their retirement pension, along with up to 75% of the remuneration corresponding to their category and, as applicable, level or salary position held at the time of retirement, as well as their working regime.

(B) Specific Provisions for Public Companies

- (i) Public companies pursue a policy of optimizing operating expenses that promote operational balance, pursuant to the provisions of the budget implementation Decree-law, without prejudice to ensuring the necessary administrative and financial autonomy, particularly, for the execution of budget items relating to the hiring of employees.
- (ii) Public companies are limited in their indebtedness to 2%, which must be calculated in accordance with the terms to be defined in the budget implementation Decree-law, without prejudice to their necessary administrative and financial autonomy to implement the budget items relating to investment programs provided for in the SBL.

(C) Amendment to the Tax Benefits Statute

The costs corresponding to the salary increase for employees with open-ended employment contracts, for purposes of determining the taxable profit of IRC taxpayers and IRS taxpayers with organised accounting, are considered at 150 % of the respective amount, accounted for as a cost for the year.

The final text of the 2024 State Budget is now awaited to be approved and published.

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