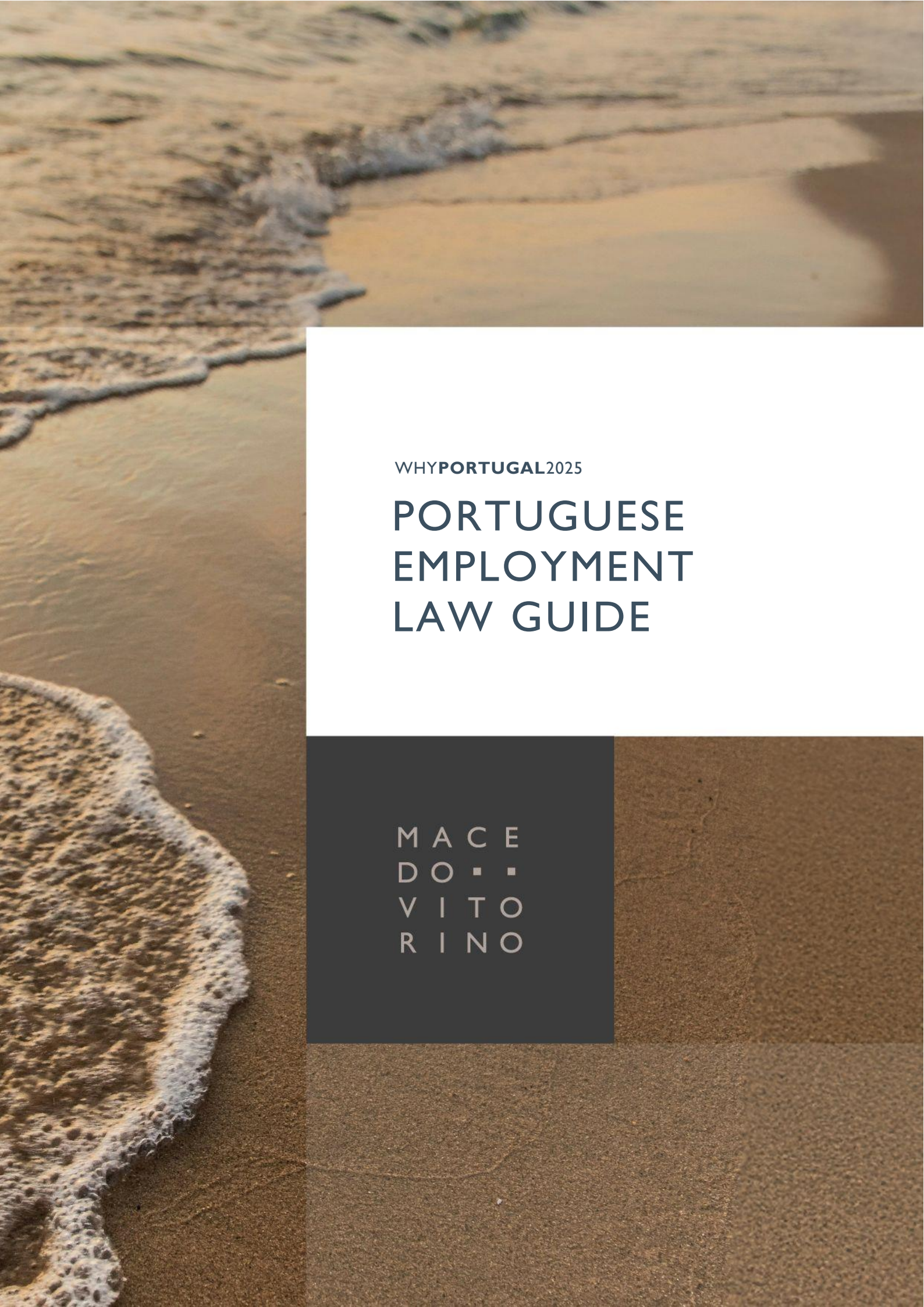

WHY**PORTUGAL**2025

PORTUGUESE EMPLOYMENT LAW GUIDE

MACEDO VITORINO

ABOUT US

MACEDO VITORINO is a leading Portuguese law firm. We advise domestic and foreign clients in a wide range of business sectors, including banking, distribution, industry and projects. We are known for our professional and client-oriented approach to complex and difficult matters.

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INTRODUCTION

Portugal is now on the radar of many international investors wishing to move into Europe, seen as a safe haven in a world facing seismic changes. This is because Portugal offers unique living conditions, a welcoming environment and offers investment opportunities in a wide variety of sectors.

Portugal is a country located in the southwestern Europe, enjoying a prime location and exceptional conditions for doing business. Portugal is a member state of the European Union and enjoys a high level of security compared to most countries worldwide, including those in Western Europe. According to the Global Peace Index, Portugal ranks 7th globally and 5th in Europe.

This briefing describes the main legal and practical aspects concerning Portuguese employment laws, such as hiring and dismissing employees, employee rights and safety nets, rules on health and safety, transfer of business undertakings etc..

Other key information concerning the most relevant aspects about doing business or working in Portugal is available at www.macedovitorino.com/en/Why-Portugal. The «Why Portugal» webpage contains a description of the main aspects that concern businesses and individuals investing in Portugal, including:

- How to set up a business.
- Forms of investment incentives and government grants available and how to apply.
- Getting a Portuguese residence permit or a golden visa.
- Hiring employees, employers' obligations and rules concerning the dismissal of employees.
- Portugal's main taxes, including among others personal and corporate income taxes, VAT and property taxes.
- Intellectual property protection, software, patents, trademarks and technology.
- Real estate, acquisition and lease of property and financing and tax related issues.
- Dispute resolution, the judicial system and of the main steps and costs of lawsuits.

1. THE LABOUR MARKET

1.1. STATE OF THE PORTUGUESE LABOUR MARKET

According to Eurostat, in May 2025, Portugal's unemployment rate (seasonally adjusted) was 6.3 per cent, the same as the Eurozone average. On the topic of working hours, Portugal is the fifth European Union (EU) member state with the highest percentage of employees working long hours (9.0 per cent), with the average in Europe being 7.1 per cent in 2023.

1.2. EMPLOYMENT LEGISLATION

In 2009, a new Labour Code was approved that simplified labour legislation. Shortly after its entry into force reforms were introduced that reduced the compensation due for dismissals grounded on objective reasons.

Since the adoption of the 2009 Labour Code, other aspects of the legislation have been revised to create more employer-friendly legislation as regards the workforce organisation. For instance, working schedules may now be managed with greater flexibility.

In April 2023, further amendments to the Labour Code were introduced, addressing a broad range of issues, including, among others, the employment status of digital platforms employees, parental leave, fixed-term employment contracts, teleworking, outsourcing of services and collective labour instruments.

Employment contracts in Portugal are subject to the mandatory rules set out in the law on several matters, such as remuneration, working hours, vacation rights and duration of contracts.

The contract duration, working hours, remuneration, vacation rights, leave entitlement, absences, and termination of contracts are the most important matters to be agreed upon by the parties, albeit subject to mandatory rules set out in the Portuguese Labour Code.

1.3. EMPLOYEE'S BASIC ENTITLMENTS

The Portuguese labour legislation, like most other EU markets, is relatively rigid when compared with benchmark countries, including several entitlements and protections to workers, such as minimum wage, additional compensations (Christmas and vacation allowances), worktime etc..

Since 1 January 2025, the minimum monthly wage in Portugal (mainland) is €870. Salaries must be paid on a regular and permanent basis.

The salaries may be fixed, variable or mixed (including fixed and variable components). The variable components may be linked to productivity, commission based on sales or other objective and determinable factors.

In addition to their monthly salary, employees are entitled to: (i) a Christmas allowance equivalent to one month's remuneration, payable by 15 December each year and (ii) a holiday allowance, generally equivalent to one month's remuneration, payable before the holiday period. If other payments, either than the basic salary, are made to employees, special rules will apply regarding the amounts to be included or excluded from the holiday allowances.

The maximum regular working period is eight hours per day and 40 hours per week. Employees are entitled to a minimum rest period of 11 consecutive hours between two successive daily work periods, as well as to one day of rest per week.

An additional weekly rest (in all or in certain weeks of the year) may also be given other than the rest day required by law.

Flexible work schedule arrangements can be implemented through an agreement between the employee and employer, provided that all applicable legal requirements and formalities are fulfilled.

Employees are entitled to 22 business days of paid holiday per year. Employees are also entitled to 13 national public holidays. Under the collective labour instruments, employers may be obliged to grant two optional public holidays (this may also be agreed by means of the employment contract).

2. HIRING EMPLOYEES

2.1. FORM OF CONTRACT AND OTHER FORMALITIES

In general, employment contracts do not need to be written. The law only requires a written document for some specific types of contracts, such as term contracts (fixed or unfixed contracts), temporary contracts, part-time contracts, plural employer contracts, telework contracts, commission of services contracts, secondment contracts and contracts with foreign employees.

The employer has the duty to inform employees of the relevant aspects of the employment relationship, including, among others:

- remuneration;
- normal work period (daily and weekly)
- place of work;
- employee's job position;
- brief description of employee's tasks;
- effective date of the employment contract;
- prior termination notice; and
- collective labour instrument (including, collective bargaining agreements), if any.

The employer must provide the employee with written information concerning, among other aspects, the employer's identification, place of work, job title, date of execution of the employment contract, term and estimated duration for fixed-term contracts, normal daily and weekly working hours, amount, method, frequency, and form of payment, duration and conditions of any probation period (if applicable), and the start date of the activity. This information must be delivered to the employee by the seventh day following the start of the contract's execution.

Furthermore, the employer is legally required to supply the employee with additional written details regarding pertinent aspects of the employment relationship, as stipulated by law, within one month from the commencement of the contract's execution..

The terms of the employment relationship are also governed by applicable collective labour instruments, as well as the established practices between the parties.

2.2. TYPES OF EMPLOYMENT CONTRACTS

The most used types of employment contracts are:

- **Open-ended or "permanent" contracts**. The general rule is that contracts without a specified term are deemed permanent, which means that the employer may only terminate the contract in the cases allowed by law.
- **Fixed-term contracts**. Fixed-term contracts are permitted only under specific legal conditions. They must be established for a predetermined period, aligned with the employer's temporary needs and within legal boundaries, both of which must be stated in the contract. The contract automatically terminates at the end of the agreed term unless renewed within the applicable legal limits. Renewals of fixed-term contracts are restricted to a maximum of three times. Additionally, the total duration of all renewals combined must not exceed the initial term of the contract. The overall duration of the contract is subject to legal limits, which vary depending on the justification for the fixed term. For instance, a fixed-term contract based on an exceptional and temporary increase in the employer's activity is limited to a maximum duration of two years.
- **Unfixed term contracts**. Unfixed term contracts expire after the completion of the employer's project or when the reason for which the employee was hired ceases to exist. Unfixed-term contracts have a maximum legal duration of four years. They may only be used to satisfy the employer's temporary needs under specific legal conditions.
- **Temporary employment contracts**. Temporary employment contracts are permitted only under specific legal conditions and must be executed through licensed temporary work agencies. These agencies hire employees who are then assigned to perform their duties at a user company. Such contracts are restricted to addressing the employer's temporary needs and may be renewed within the legal terms and limits, which vary based on the justification for the contract. The nature of this justification determines whether the contract will be fixed-term or unfixed-term, as well as its maximum legal duration.

2.3. PROBATION

Probation periods, during which either party may unilaterally terminate the contract without prior notice and without cause, are allowed. When the probation period exceeds 60 days, the employer must provide seven days of prior notice. When it exceeds 120 days, the prior notice period extends to 30 days.

The length of the probation period depends on the type of contract, with the possibility of reduction by collective labour instrument or by written agreement between the parties.

The maximum legal probation periods are:

- **For open-ended contracts**: (i) 240 days for employees with management or senior positions, (ii) 180 days for employees with job positions of technical complexity, high degree of responsibility or that require special qualifications, and for employees in positions that involve a higher degree of trust and confidence, as well as those seeking first employment and long-term unemployed (the 180-day probation period for first-time jobseekers and long-term unemployed individuals will be shortened or not apply if they previously held a term contract with another employer lasting at least 90 days); and (iii) 90 days for other employees.
- **For fixed and unfixed-term contracts**: (i) 30 days for contracts with a duration equal to or higher than six months and (ii) 15 days for fixed-term contracts with a duration of less than six months or for unfixed term contracts which foreseeable duration does not exceed such limit.

The probationary period is reduced or excluded depending on whether the duration of the professional traineeship with positive evaluation for the same activity and different employer was equal to or greater than 90 days in the last 12 months.

The probationary period provided for in any of the previous points is reduced or excluded, depending on whether the duration of a previous term contract for the same activity, a temporary employment contract performed in the same job, a service contract for the same purpose, or a professional internship for the same activity, was less than or equal to or greater than the duration of that contract, provided that in any case they are concluded by the same employer.

In case of termination of the employment contract during the probation period, employees are not entitled to any compensation unless otherwise agreed in writing by the parties. Notwithstanding, employees are entitled to receive the labour credits due to the termination of the employment contract which are legally foreseen.

3. WORKING TIME

3.1. WORK SCHEDULE

The limits on working hours in Portugal are 40 hours per week and eight hours per day. Directors and other senior employees may not have a defined schedule, while mid-level and lower-level employees usually have defined working hours.

The employer and employee may mutually agree on flexible work schedule arrangements, provided that all applicable legal requirements and formalities are fulfilled. For instance, they may opt for an adaptability regime, allowing employers to increase normal daily working hours by up to two hours provided that the weekly working hours do not exceed 50 in any given week and the average weekly working hours, including overtime, not surpass 48 hours per week over a reference period of four months (this reference period can be extended by collective labour instrument).

3.2. OVERTIME COMPENSATION

According to the Labour Code, overtime work refers to work performed outside an employee's regular schedule. Due to its exceptional nature, overtime work is permitted only under specific circumstances:

- there is a temporary and occasional increase in company activity that does not justify hiring a new employee;
- in cases of force majeure; and
- when it is essential to prevent or repair serious harm to the employer's business or its viability.

Overtime payment is calculated based on the employee's hourly rate, with additional percentages applied depending on the number of hours worked annually and the type of day.

Overtime pay varies based on the number of hours worked per year and the type of day. For up to 100 hours of overtime annually, on business days, the first hour or part thereof gets a 25% increase, and each subsequent hour or part thereof sees a 37.5%

increase. On weekly rest days, whether mandatory or complementary, or public holidays, each hour or part thereof earns a 50% increase.

For overtime exceeding 100 hours per year, the rates rise significantly. On business days, the first hour or part thereof is paid with a 50% increase, while each subsequent hour or part thereof jumps to a 75% increase. On weekly rest days, whether mandatory or complementary, or public holidays, every hour or part thereof is compensated with a 100% increase.

Overtime work in Portugal is governed by strict legal rules, including limits on duration, mandatory payments, compensatory rest periods, and employer recording obligations. For instance, if an employer fails to comply with legally required record-keeping duties, the employee is entitled to remuneration equivalent to two hours of overtime for each day worked outside regular hours, in addition to other applicable penalties.

3.3. WORK SCHEDULE EXEMPTIONS

The Portuguese Labour Code imposes precise legal conditions and formalities regarding the application of exemptions to the employees' work schedules and specifies the categories of employees who may qualify for this regime, which may include administrative or managerial roles, positions that entail trust, supervision, or the assistance to individuals in those roles.

The law establishes three distinct categories of exemption from the work schedule regime, each accompanied by specific compensatory measures stipulated by law:

- exemption from the maximum limits of the normal working period, which compensation is determined by the applicable collective labour instrument and in its absence, the compensation may not be less than the equivalent of one hour of overtime per day;
- permission to extend the normal working period, whether on a daily or weekly basis, within specified limits, which compensation will be determined by the applicable collective labour instrument and in the absence of the same, the compensation may not be less than the equivalent of one hour of overtime per day; or
- adherence to the agreed normal working period, which compensation will be determined by the applicable collective labour instrument and in the absence of the

same, the compensation may not be less than the equivalent of two hours of overtime per week.

Employees in administrative or managerial roles are permitted to renounce the compensation mentioned in the preceding paragraphs.

Notwithstanding other legal limitations, the work schedule exemption regime does not impact the entitlement to mandatory or additional weekly rest days, public holidays, or daily rest periods.

4. SALARY

4.1. MINIMUM WAGE

Employees are entitled to a minimum salary, which is set by the Government and updated annually based on the cost of living, national productivity and the government's prices and incomes policy.

The national minimum wage in Portugal (mainland) for 2025 is set at €870 per month, paid 14 times a year (including the mandatory Christmas and holiday allowances). For specific occupations and professions, minimum wages may be determined through collective labour instruments, provided they do not fall below the legally established minimum wage set by the Government.

4.2. PAYMENT OF SALARY AND CALCULATION OF ALLOWANCES

The remuneration must be paid on a regular and permanent basis and may be fixed, variable or mixed (comprising fixed and variable components).

In each year, employees are entitled to receive twelve monthly remunerations. In addition, employees are also entitled to receive:

- a Christmas allowance equal to one-month remuneration payable until December 15; and
- a holiday allowance generally equivalent to one month's remuneration, payable before the holiday period. If other payments, either than the basic salary, are made to employees, special rules will apply regarding the amounts to be included or excluded from the holiday allowances.

The amount of both Christmas and holiday allowances is proportional to the time of service rendered by the employee in that calendar year (i) in the year of hiring of the employee and (ii) in the year of termination of the employment contract.

In the event of suspension of the employment contract special legal rules apply depending on the duration of the suspension, the underlying reasons, and, where relevant, the date of termination of the employment contract..

4.3. RESTRICTION ON OFFSETTING EMPLOYER'S CREDITS AGAINST THE EMPLOYEE'S SALARY

Employers may not offset credits held over employees against any salary or make any discounts or deductions from employees' salary during the period the employment contract is in force.

There are, however, exceptions to this rule, subject to certain limits, which include:

- deductions in favour of the State, Social Security, or other entities as mandated by law, final court decision without further appeal, or mediation settlement, provided that such decision or settlement has been formally notified to the employer;
- compensation as determined by a final court decision without further appeal or mediation settlement;
- monetary penalties arising from a disciplinary procedure;
- repayment of capital and interest on loans provided by the employer to the employee;
- costs for meals at the workplace, telephone usage, supply of assets, fuel, or materials when requested by the employee, as well as other expenses incurred on behalf of and with the consent of the employee; and
- subsidies or advance payments made on account of the employee's salary.

5. TELEWORK

5.1. DEFINITION AND LEGAL FRAMEWORK

Teleworking refers to the performance of work by an employee under the legal subordination of an employer, conducted at a location not determined by the employer, and facilitated by the use of information and communication technologies.

5.2. MANDATORY WRITTEN AGREEMENT

Teleworking agreements must be made in writing. The telework agreement may be incorporated into the initial employment contract or established as a separate document.

The agreement must include, *inter alia*, the following:

- identification of the parties;
- frequency and method of personal contact;
- normal working period (daily and weekly) and working hours;
- the usual place of work for the employee;
- the employee's salary, along with any additional or complementary benefits; and
- ownership of the work instruments and who is responsible for the respective installation and maintenance.

Any change to the designated place of work set out in the agreement must also be documented in writing.

5.3. COMPENSATION FOR ADDITIONAL

The employment contract or the applicable collective labour instrument must define the compensation owed to the employee for additional expenses incurred due to teleworking. Such expenses must be addressed at the time the teleworking agreement is concluded and must, at a minimum, comply with statutory requirements.

5.4. DURATION OF TELEWORKING AGREEMENTS

A teleworking agreement may be established within any type of employment contract, either open-ended (or "permanent") contracts or term contracts (fixed and unfixed).

A teleworking agreement may be established on either a permanent or temporary basis. For temporary agreements, telework is limited to a maximum duration of six months, automatically renewed for equivalent periods unless either party provides written notice of non-renewal at least 15 days before the expiration date.

In the case of permanent agreements either party may terminate the telework arrangement by providing 60 days' written notice.

In both of the referred cases (temporary or permanent agreements), either party may terminate the agreement during the first 30 days without prior notice.

5.5. RETURN TO IN-PERSON WORK

Upon the conclusion of the agreed teleworking period, whether under a temporary or permanent agreement the employee must resume in-person work.

This transition does not affect the employee's category, seniority, or any other rights equivalent to those of in-person employees with similar duties and working hours.

5.6. EMPLOYER RESPONSIBILITIES FOR EQUIPMENT AND SYSTEMS

The employer is responsible for providing the necessary equipment and systems required for teleworking. The written agreement must state whether the employer will directly supply these resources or if the employee is responsible for acquiring them, with subsequent reimbursement.

5.7. REIMBURSEMENT OF ADDITIONAL EXPENSES

The employer must cover or reimburse all additional expenses incurred by the employee, including costs for computers, equipment, increased energy, communication, and maintenance that are properly demonstrated and documented by the employee.

In the absence of an agreement between the parties, the method for calculating additional expenses involves, *inter alia*, a comparison of the employee's costs in the same month of the previous year, prior to the implementation of the teleworking agreement.

Currently, Ordinance No. 292-A/2023, dated of September 29th, determines the maximum compensation amount excluded from income tax and defines the basis for Social Security contributions related to additional expenses.

6. VACATION AND TIME OFF DAYS

6.1. VACATION

Employees are entitled to 22 business days of paid holiday per year. Employees are also entitled to 13 national public holidays: January 1, Good Friday, Easter Sunday, April 25 (commemorating the 1974 democratic revolution), May 1 (workers' day), Corpus Christi, June 10 (Portugal's national day), August 15, October 5 (commemorating the Portuguese Republic), November 1 (All-saints), December 1 (Portugal's Independence Day), December 8 (Immaculate Conception) and Christmas day.

Under certain collective labour instruments, employers may be obliged to grant two optional public holidays: Carnival/Shrove Tuesday and the local municipal holiday. Additionally, employers and employees can mutually agree to observe these optional holidays as per the terms of the individual employment contract.

In general, the right to holiday leave is mandatory and cannot be substituted by any form of compensation, whether financial or otherwise, even with the employee's consent. However, employees may waive any holiday entitlement exceeding 20 working days.

The right to holiday leave accrues on January 1 of the following year.

Nonetheless, specific exceptions exist to the stated rule, encompassing, among other aspects, the year of admission, the year of termination of the employment relationship, and cases of suspension of the employment contract due to causes attributable to the employee.

Additionally, specific regulations apply when an employment contract is terminated in the calendar year following its start or if its duration is 12 months or less. In these circumstances, the total vacation entitlement or corresponding compensation due to the employee must not exceed the proportional share of the annual vacation period based on the contract's duration.

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6.2. TIME OFF FOR ILLNESS OR INJURY

Employees are entitled to take time off from work due to illness or injury set out in the law. Collective labour instruments may establish specific rules regarding employees' time off entitlements granted by the employers.

In case of illness or injury, employees are entitled to receive sick pay from Social Security, calculated based on their reference remuneration under Social Security criteria.. To claim this benefit, employees must submit, *inter alia*, a specific form along with a statement from a hospital, health centre, or doctor evidencing their condition to Social Security.

Additionally, employees are entitled to time off to care for a sick child or dependent, or to provide support to family members within the legal limits and fulfilled all legal requirements and formalities. In some instances, such absences may result in a loss of remuneration for the employee.

If the absence is unforeseeable, employees must inform their employer as soon as possible. For foreseeable absences, the employee is required to notify the employer at least five days in advance and state the reasons for the absence. The employer has the right to require the employee to provide evidence or documentation to substantiate the absence, within 15 days following the notification of the absence.

6.3. PREGNANT EMPLOYEES' RIGHTS

If an employee's work duties pose clinical risks to a pregnant employee or her unborn child, the employer must take one of the following measures:

- adapt the pregnant employee's working conditions;
- assign alternative duties to the employee that align with her professional role and qualifications if the adaptation mentioned in the previous point is unfeasible, overly time-consuming, or excessively expensive; or
- exempt the employee from work for the required duration if the measures mentioned in the previous points are not feasible.

Pregnant employees are exempt from night shifts, overtime, adaptability, hour banks, and concentrated work schedules. Additionally, they are entitled to leave for prenatal medical appointments, post-birth, and for breastfeeding purposes. This subject to compliance with all legal requirements and formalities within the established legal limits.

6.4. PARENTAL LEAVE

Employees are entitled to parental leave for a child's birth, which may be shared between both parents after the birth of the child.

The initial parental leave is granted for a period of up to 120 or 150 consecutive days, depending on the parent's choice. A bill for increasing parental leave to 180 or 210 days is now under discussion in Parliament.

The initial parental leave can be increased by 30 days if one of the parents takes exclusively one period of 30 consecutive days or two periods of 15 consecutive days after the mother's compulsory period of 42 days of leave following childbirth.

In the case of shared parental leave, employees must also inform, in writing, their employers of the start and end dates of each of their leave periods through a joint written statement up to seven days after the child's birth.

Notwithstanding the rules above, female employees are always entitled to 72 days of leave, of which a maximum of 30 days are taken optionally before the birth, and 42 days are mandatory and taken immediately after the birth.

If the employee opts to take the aforementioned 30 days, she must notify the employer of her intention and submit a medical certificate stating the anticipated date of birth. This notification must be given at least 10 days in advance or, in the event of an emergency as verified by a doctor, as soon as practicable.

The father must take mandatory parental leave of 28 working days (consecutive or not), of which seven consecutive days immediately after the birth of the child and 21 days in the 42 days following the birth of the child, taken in minimum periods of seven days. Fathers are also entitled to an additional and optional period of seven days (consecutive or not), provided that this leave period is enjoyed at the same time as the mother's leave period.

After the 120-day leave period, parents can accumulate the remaining period of the initial parental leave with part-time work.

In addition to the initial parental leave, employees are entitled to further rights associated with parental leave. In Portugal, the parental leave framework is governed by a complex set of rules, legal obligations, and formalities.

Furthermore, to qualify for parental protection benefits from the Portuguese State, employees must be eligible for and take the leave stipulated under the Labor Code, while also complying with all legal obligations and formalities required by Social Security.

7. RESTRICTIVE COVENANTS

7.1. EXCLUSIVITY AND NON-COMPETE COVENANTS

As a general rule, restrictive covenants during employment or following its termination are governed by specific legal requirements and formalities.

Non-compete agreements after termination are allowed if the following requirements are met:

- the non-compete covenant is agreed in writing (for instance, under the employment contract);
- the performance of a competing activity by the employee is likely to cause harm to the employer;
- fair compensation amount must be agreed and paid to the employee; and
- the non-competition covenant may not exceed two years after termination of the contract or, in some exceptional cases, up to three years if the activity performed entails a special relationship of trust or access to sensitive information.

Once established, any modification or elimination of legally binding restrictive covenants generally requires the written consent of both the employer and the employee.

Except for the cases allowed by law, restrictive covenants agreed in employment contracts or those settled in collective labour instruments could be considered null and void insofar they limit employees' freedom of work.

7.2. NON-TERMINATION COVENANTS

In order to compensate the employer for high expenses incurred with the employee's professional training, employees may also agree on non-termination covenants, whereby the employee undertakes not to terminate the contract during a period of no more than three years.

The employee may in any case anticipate the end of this period by reimbursing the employer for the relevant expenses incurred.

To enforce restrictive covenants after termination of the employment contract, the agreement must state either the compensation amount payable to the employee or its calculation criteria.

This compensation could be paid in instalments during the term of the agreement or all at once. The parties may also agree on contractual penalties applicable in case of breach of restrictive covenants.

8. HEALTH AND SAFETY

8.1. OVERVIEW

The Portuguese Labour Code establishes the right of all employees to work in safety and health conditions, which must be ensured by the employer in all aspects related to work, namely by applying all the necessary measures taking into account the general principles of prevention and the organisation of health and safety at work in accordance with the law.

Additionally, the Safety and Health at Work Act defines the essential principles concerning to the promotion of health and safety at work, which must be complied with.

This law defines the general principles of prevention, the employers obligations, the employees representatives election model[1], the protection of particular groups of employees, the compulsory activities of health and safety at work and the organisational modalities.

This applies to:

- all branches of activity in the private or cooperative and social sectors;
- the employee and his employer, including non-profit legal persons governed by private law;
- self-employed person;
- domestic service, whenever compatible with its specificities; and
- work performed without legal subordination, when the provider of work considers himself or herself to be economically dependent on the beneficiary of the activity, when compatible with its specifications.

[1] Article 4 of the Health and Safety at work Act defines the employee representative as "the employee elected to perform employees representation duties in the fields of occupational health and safety".

8.2. GENERAL RULES ON HEALTH AND SAFETY

The employee has the right to work under health and safety conditions, which must be ensured by the employer.

It must also be assured to the employee that economic development of the company aims to promote the humanisation of work in safe and healthy conditions.

To prevent occupational risks and the promotion of the employees' health, the employer must organise the health and safety activities.

The implementation of measures to ensure occupational health and safety is based on the following prevention principles:

- planning and organising the professional risks prevention;
- elimination of risks and accident factors;
- occupational risks assessment and control;
- ensure information, training, consultation and participation of employees and their representatives; and
- promotion and surveillance of the employees' health through an effective surveillance system.

In general, employees are entitled to work in conditions that prioritise health and safety, which the employer is obligated to ensure.

The employer must also guarantee that the company's economic development promotes the humanisation of work within safe and healthy environments.

To prevent occupational risks and safeguard employees' health, the employer is responsible for organising health and safety activities.

The implementation of occupational health and safety measures must adhere to the following prevention principles:

- planning and organising the prevention of professional risks;
- eliminating risk factors and potential causes of accidents;
- assessing and controlling occupational risks;
- providing information, training, consultation, and opportunities for participation to employees and their representatives; and

- promoting and monitoring employees' health through an effective surveillance system.

8.3. EMPLOYERS' GENERAL OBLIGATIONS

Under the Health and Safety at Work Act, employers are required to guarantee suitable occupational health and safety conditions for their employees. This includes the following obligations:

- avoid risks;
- develop prevention as a cohesive system that incorporates technical advancements, work organization, working conditions, social interactions, and the impact of environmental factors;
- identify foreseeable risks across all company activities, establishments, or services, during the design or construction of facilities, workplaces, and procedures, as well as in the selection of equipment, substances, and products, aiming to eliminate these risks or, where elimination is not feasible, to minimize their impact;
- embed risk assessment for employees' health and safety within the company's operations, establishments, or services, implementing suitable protective measures;
- address risks at their source to eliminate or reduce exposure and enhance protection levels;
- ensure that workplace exposure to chemical, physical, and biological agents, as well as psychosocial risk factors, does not pose a threat to employees' health and safety;
- tailor work to the individual, particularly in the design of workplaces, the selection of equipment, and the establishment of work methods, to minimize monotonous and repetitive tasks and reduce psychosocial risks;
- adapt to technological progress and evolving forms of work organization;
- replace hazardous equipment and items used in the workplace for less dangerous or not dangerous at all;
- prioritize collective protective measures over individual ones; and
- prepare and communicate clear instructions that are appropriate to the employees' roles.

These duties equally apply to self-employed individuals.

8.4. INFORMATION AND CONSULTATION OBLIGATIONS

Employers are required to ensure that employees and their representatives have the necessary knowledge to develop the activity safely and with no risks for their health. This includes:

- providing clear safety instructions and procedures;
- providing information and training to employees regarding the risks associated with their professional duties, including the protective and preventive measures in place and their implementation, both in relation to their specific tasks and the wider context of the company, establishment, or service; and

  providing information about safety procedures and best practices to adopt bearing in mind the risks inherent in the activity and potential emergency situations.

Notwithstanding the responsibility to ensure information remains up to date, the employer is obliged to deliver the information to the employee at the stipulated times, as detailed in the following:

- upon commencement of employment with the company;
- in the event of updates to previously disclosed information; and
- at the request of the employee, within a reasonable period.

Additionally, the employer must ensure that employees assigned specific roles in occupational health and safety are informed about pertinent issues.

Employers are required to keep records of the performed training initiatives.

In addition to their obligation to inform, employers must seek the opinion of employees' representatives, or directly the employees if no representatives exist, on health and safety issues at least annually. These consultations must be conducted in writing, in advance, and in a timely manner, addressing the specified topics:

- risk assessments for occupational health and safety, including special risks;
- health and safety measures, to be discussed before implementation or, in emergencies, as soon as possible;
- measures impacting technologies and/or functions that affect occupational health and safety;
- the program and organization of occupational health and safety training;

- appointment of the employer's representative responsible for monitoring health and safety activities;
- appointment and dismissal of employees tasked with specific health and safety duties;
- appointment of employees responsible for first aid, firefighting, and evacuation, including their training and available materials;
- the type of health and safety services to be adopted, both within the company and externally, as well as the engagement of qualified technicians for safety and health activities;
- protection equipment required to be worn;
- risks, protective measures, and preventive actions, along with their application;
- the annual list of fatal occupational accidents and those causing incapacity for work exceeding three working days, to be compiled by the end of march of the following year; and
- reports on occupational accidents.

Compliance with these obligations must be documented in a digital format record maintained by the employer.

8.5. HEALTH AND SAFETY TRAINING

The Health and Safety at Work Act ensures that employees are entitled to adequate training in health and safety matters, tailored to their specific roles and the performance of high-risk activities.

Although the law does not explicitly define "adequate training," it implies that such training must consider the employee's position and the specific high-risk activities associated with it.

Consequently, the nature and scope of training provided by the employer must be determined on a case-by-case basis, reflecting the type of activity and its inherent risks.

There is no prescribed minimum duration for this training. However, employers are obligated to provide ongoing training to employees involved in any health and safety-related activities, whether fully or partially.

Furthermore, training must be extended to a sufficient number of employees, taking into account the size of the company and the specific risks present. This includes training in

first aid, firefighting, and evacuation procedures. Employers must also ensure the availability of appropriate materials and resources to support these safety measures.

8.6. MEDICAL EXAMS

Under the Health and Safety at Work Act, employers must conduct the following medical examinations for their employees:

- **Admission examinations**: to be carried out before the start of employment or, if urgent admission requires a delay, within 15 days the employment commencement date.
- **Periodic examinations**: conducted annually for minors and employees over 50 years of age, and every two years for all other employees.
- **Occasional examinations**: required whenever there are significant changes in work processes or equipment, or upon an employee's return to work after an absence of more than 30 days due to illness or accident.

Based on the employee's health condition and the outcomes of occupational risk prevention measures within the company, the occupational doctor has the authority to adjust the frequency of the examinations outlined in the preceding paragraph, either by increasing or decreasing them as deemed necessary.

The purpose of these medical checkups is to assess the employee's physical and mental fitness for their role and to monitor the impact of working conditions on their health.

9. TRANSFER OF BUSINESS

9.1. LEGAL FRAMEWORK

The Portuguese Labour Code establishes the conditions for the transfer of employees in the event of a transfer of undertakings (TUPE), that is, when an economic unit (a set of organised means) is transferred and maintains its identity and autonomy, with the purpose of pursuing an economic activity.

The concept of transfer for this purpose is broad and may encompass various business deals such as mergers, divisions, goodwill transactions, lease, asset transfers, among others.

9.2. TRASNFEROR AND ACQUIRER OBLIGATIONS

Both the transferor and the acquirer must provide the employees and their representatives (if any) the following information:

- the date and reasons for the transfer;
- the legal, economic, and social implications of the transfer for the employees;
- any planned measures relating to the employees; and
- the content of the agreement between the transferor and the acquirer.

This information must be provided in writing before the transfer, and at least 10 business days prior to the consultation with the employees in order to reach agreement on the measures intended to be applied to the employees following the transfer.

Within five business days of receiving the written TUPE information, employees may, in the absence of existing representatives, appoint a representative committee comprising a maximum of three members if the transfer affects up to five employees, or five members if it affects more than five employees.

A consultation period with employee representatives will only take place if a representative committee has been appointed. If no such committee is appointed, the transfer may only take effect seven business days after the deadline for appointing the committee has expired.

The purpose of the consultation period is to negotiate and reach an agreement regarding the employees' situation following the transfer. In cases where only a small number of employees are affected, it is customary to hold a brief face-to-face or online informative meeting with the employees.

When the consultation period ends, a final TUPE communication must be sent to the affected employees. If a consultation period occurred, the transfer may only take effect seven business days after either an agreement is reached or the consultation with the employees' representatives has ended.

9.3. THE RIGHT OF OPPOSITION TO THE TRANSFER BY THE EMPLOYEE

Employees may object to the transfer to the acquirer by notifying their employer within five business days following either: (i) the end of the period designated for appointing the representative committee, if such a committee has not been established; or (ii) after the agreement or the completion of consultations with the employees' representatives.

The employee may object to the transfer on the following grounds:

- serious harm, such as: (i) evident lack of solvency on the part of the acquirer, or (ii) a challenging financial situation of the acquirer; and
- lack of confidence in the acquirer's work organisation policy.

The employee's right of opposition must be exercised in writing, containing at least:

- the identification of the employee;
- the contracted activity; and
- the grounds for the opposition.

The employee's opposition prevents the transfer of the employer's position in his or her employment agreement, and the employment relationship with the transferring company is maintained.

The transfer of an undertaking constitutes grounds for termination with just cause of the employment agreement by the employee, and the grounds must be the same as those for the right of opposition. In this case, the employee will be entitled to compensation under the terms applicable to collective dismissal.

Thus, the employee has the right to choose one of the following options in the event of opposition to the transfer of the undertaking:

- the employee may terminate the employment agreement, being entitled to compensation; or
- the employee may oppose the transfer of his/her employment agreement and remain with the transferring company.

9.4. LEGAL EFFECTS OF THE TRANSFER

Employment agreements are transferred to the acquirer, as well as the responsibility for the payment of fines imposed for the practice of labour misdemeanours.

Upon the transfer of the undertaking, employees maintain all contractual and acquired rights, namely remuneration, seniority, professional category and functional content, and social benefits.

During the two years following the transfer, the transferor is jointly and severally liable for the employee's claims arising from the employment contract, its breach or termination, as well as the corresponding social charges, accrued up to the date of transfer.

With the transfer, the acquirer becomes vested with all the obligations that the transferor had under the collective labour instruments in force in the company or establishment being transferred, for at least 12 months as of the transfer, regardless of whether or not the acquirer had signed such a collective labour instruments.

10. TERMINATION OF EMPLOYMENT CONTRACTS

10.1. GENERAL ASPECTS

The termination of employment contracts can only happen under the terms and conditions set forth in the Labour Code, and dismissals without just cause are prohibited. Employment contracts may only be terminated in the following cases:

- expiration of term contracts;
- unilateral termination during the probationary period;
- collective dismissal;
- redundancy;
- dismissal for ineptitude; and
- dismissal due to a fact attributable to the employee.

Employers and employees are also free to terminate the employment contract by mutual agreement at any time.

10.2. EXPIRATION OF TERM CONTRACTS

The employment contracts expire when their term expires, upon prior notice, which must be sent:

- in fixed-term contracts, by the employer or the employee, 15 or eight days before the contract expires, respectively;
- in unfixed-term contracts, seven, 30 or 60 days before the contract expires due to the termination of the motive that gave rise to the same.

The duration of this prior notice depends on the length of the employment contract, specifically: seven days if the contract lasted up to six months, 30 days if it lasted between six months and two years, or 60 days if it lasted for a longer period. Upon the termination of the employment contract, the employee is entitled to receive the

outstanding credits, if any, and the compensation calculated in accordance with the law in force at the time.

10.3. TERMINATION OF THE PERMANENT EMPLOYMENT CONTRACT FOR IMPOSSIBILITY

Permanent employment contracts terminate due to the supervening, absolute and definitive impossibility of the employee providing her/his work or of the employer receiving the same..

10.4. REVOCATION BY MUTUAL AGREEMENT

The employer and the employee can terminate the employment contract by agreement setting out the terms and conditions of the termination. The revocation does not include any severance compensation, unless explicitly agreed upon by both parties.

10.5. TERMINATION BY THE EMPLOYEE

The employee can terminate the contract with just cause in the cases specified in the law, in which case she/he will be entitled to receive compensation.

Regardless of the existence of just cause, the employee can terminate the employment contract with prior notice of 30 or 60 days, depending on whether the contract lasted for less than or more than two years, respectively.

For fixed-term contracts, termination notice must be given at least 30 days prior if the contract lasts six months or more, or at least 15 days prior if the contract duration is less than six months.

For unfixed-term contracts, the notice period mentioned above is determined based on the length of time the contract has already been in force.

Collective dismissal

Collective dismissal is possible when the employer intends to dismiss a minimum of two employees (in companies with less than 50 employees) or five employees (in companies with 50 or more employees). A collective dismissal procedure does not necessarily

imply the full and permanent closing of a department or a division of a company and may only involve a reduction of the workforce allocated to specific areas.

The collective dismissal must be based on the following grounds:

- **Market structure reasons** (e.g., the reduction of the company's business activity arising from a predictable decrease in the demand for goods or services).
- **Structural reasons** (e.g., the existence of economic and/or financial operational deficits, changes to the activity or restructuring of the company's productive organisation).
- **Technological reasons**.

The collective dismissal procedure entails the following steps:

- **Initial notice of dismissal**. Serve an initial notice of dismissal to the work council, if any, or to each of the employees affected by redundancy. This notice must include: (i) the reasons given for the collective redundancy; (ii) the workforce, broken down by organisational sector of the company; (iii) the criteria for selecting the employees to be made redundant; (iv) the number of employees to be made redundant and the professional categories covered; (v) the period of time during which the redundancy is to take place; (vi) the method for calculating the compensation to be granted to the redundant employees, which cannot be below the severance compensation specified by law;
- **Employee committee**. Employees may appoint an employee committee within five business days after initial notice is served (optional).
- **Consultation phase**. The employer will set up a consultation meeting between with the affected employees (or the employees' committee, if any) with the purpose of reaching an agreement on the proposed collective dismissal and to decide whether or not any measures should be applied to minimise the dismissal effects; a representative of the Ministry(ies) of Economy and Labour will also attend the consultation meetings; and
- **Final dismissal decision**. At the conclusion of the process and in accordance with the timelines established by the applicable legal framework, the employer must notify the affected employee of the final dismissal decision. The decision must explicitly state the reasons for dismissal, the effective date of contract termination, and detailed information regarding compensation, as well as any pending credits due and payable.

On the date on which the notice is sent to the employees, the employer must send the minutes of the meetings of the information and negotiation phase to the department of the ministry responsible for the labour area with competence for monitoring and promoting collective labour instruments, or, that is not possible, inform the authorities of the reasons that prevented the parties from reaching an agreement and the final positions of each of the parties, as well as a list containing the name of each employee, address, dates of birth and admission to the company, social security status, profession, category, remuneration, the measure decided upon and the date set for its implementation. A copy of this information must also be provided to the employees' representative organisation.

Upon the termination of the employment, the employee is entitled to receive the outstanding credits and severance compensation.

10.6. REDUNDANCY

In case the number of employees is not enough for a collective dismissal, termination due to the extinction of the job post could be an alternative. However, the dismissal must be based on the same justifications legally required for collective dismissal, and it must meet the following requirements:

- the economic, structural or technological reasons for the termination of the employment agreement do not relate to an intentional behaviour of the employee or the employer; and
- the tasks included in the position to be extinct are not being executed by employees hired by the employer under a term employment agreement.

Dismissal for redundancy is allowed only when the following conditions are met: (i) the reasons for dismissal are not attributable to fault on the part of either the employer or the employee; (ii) maintaining the employment relationship is practically unfeasible; (iii) the company has no fixed-term contracts for roles equivalent to the position being terminated; and (iv) the situation does not fall under the scope of collective dismissal.

If more than one employee faced the same justification for dismissal, the employer must comply with specific criteria in the following order:

- lower performance;
- lower academic and profession qualifications;

- higher cost to the company for maintaining the employee's contract;
- lower experience in the position; and
- lower seniority in the company.

The dismissal due to the extinction of the job position entails the following steps:

- **Employers' notice justifying the dismissal**. The employer must issue a written notice to the workers' committee or, in its absence, to the inter-union committee or trade union committee, as well as to the impacted worker and, if the worker is a union representative, to the corresponding trade union association. The notice must detail: (i) the necessity to abolish the position, including the justification and the specific department or equivalent unit affected; (ii) the requirement to dismiss the employee holding the position to be abolished, along with their professional category; and (iii) the standards applied in selecting the employees for dismissal.
- **Employee's response to notice of dismissal**. Within 15 days of this communication, the employee or the employee's representative organisation may send the employer its justified opinion on the reasons for the dismissal.
- **Employee's request to Ministry for Economy and Labour**. Within five business days from the reception of the termination notice, the employee may request the intervention of the Ministry for Economy and Labour for the purposes of verifying compliance with the statutory requirements.
- **Employer's final decision to terminate the employment**. Within five days of the period to challenge the dismissal, the employer may issue a final decision of termination of the employment agreement. This decision must be in writing and state: (i) the basis for terminating the employment; (ii) confirmation of adherence to legal requirements; (iii) proof of the criteria applied in selecting the role for termination, if there has been any opposition; (iv) the details of compensation and any pending payments due from the termination, including the amount, payment method, timing, and location; and (v) the specific date on which the contract termination takes effect.

With the termination of the employment, the employee is entitled to receive the outstanding credits and severance compensation.

The reasons for the termination cannot be related to the intentional behaviour of the parties, and the employer cannot hire another employee to perform the same functions as the dismissed employee.

10.7. DISMISSAL FOR INEPTITUDE

The employer may terminate the employment contract when the employee is no longer suited to perform the duties assigned to him/her for not being able to adapt to technical changes.

Employment ineptitude may be caused by several reasons, such as:

- continued reduction of productivity or work quality;
- repeated breakdowns in the means assigned to the workstation; and
- risk to the health and safety of the employee, other employees or third parties.

Ineptitude can also occur when an employee assigned to a position of technical complexity or management does not meet the goals previously agreed upon in writing as a result of the way in which the employee performs her/his duties, and it is practically impossible for the employment relationship to persist.

Employers seldom use ineptitude as a dismissal ground because its requirements are difficult to prove and must follow a specific legal procedure with multiple steps.

Upon termination of the employment, the employee is entitled to a severance compensation, which takes into account the time of the employment.

10.8. DISMISSAL DUE TO A BREACH OF CONTRACT ATTRIBUTABLE TO THE EMPLOYEE

The employer may dismiss the employee with "just cause", following a disciplinary process, in case of breach of her/his legal or contractual duties, without the obligation to pay any compensation.

The employer may terminate the employment with just cause. The following, among others, constitute just cause for dismissal:

- failure to comply with superior's orders;
- infringement of other employees' rights and guarantees;
- repeatedly provoking conflicts with company employees;
- repeated lack of interest in fulfilling the obligations inherent to the position or job;
- justification of absences with false reasons;

- unjustified absences (five consecutive or ten intermittent days off); or
- intentional failure to comply with safety, health and hygiene labour rules.

Dismissal with just cause may only take place after conducting a disciplinary procedure against the employee, which must be initiated within 60 days after the employer becomes aware of the actions that, in her/his view, constitute a breach of the employee's duties. The proceedings are conducted by a senior person at the company, usually in the human resources department or legal department.

The proceeding starts with a written notice specifying the reasons for the procedure and informing the employee of the employer's intention to dismiss the employee. After receiving this notice, the employee has ten days to submit her/his defence and request probationary actions (*e.g.*, to inquire witnesses) she/he deems necessary.

Upon completion of the procedure, the employer will receive the report of the inquirer describing the evidence gathered and suggesting the dismissal or another disciplinary sanction, if any. The employer has 30 days to issue a final decision of dismissal, which must be notified to the employee. The employee may challenge the dismissal decision within 60 days and request suspension of the dismissal within five business days after receiving the dismissal decision.

The termination of the contract in any of the mentioned conditions must comply with the required legal formalities to be effective.

The employees dismissed with just cause are not entitled to receive any severance compensation.

10.9. GARDEN LEAVE

In cases of resignation or when a prior notice for dismissal (e.g., collective dismissal) has been issued, employers are not allowed to compel the employee to stop performing their work duties until the notice period is completed. In such circumstances, the most suitable course of action for the employer is to direct the employee to utilise any remaining holiday leave.

10.10. SEVERANCE COMPENSATION

Employees dismissed for reasons other than a breach of contract are entitled to receive a severance pay. The amount of this compensation depends on the type of contract, whether permanent or term (fixed or unfixed), and the date the employment started.

The legal framework for severance pay is outlined in the Portuguese Labour Code, as well as by Law 69/2023 of 30 August 2023, establishing the latter special severance rules, calculation methods, and limits for employment contracts entered into before and after 1 November 2011.

Under the current severance pay rules, employees with longer tenures are entitled to higher severance payments compared to those with shorter tenures. Due to the complexity of the severance pay rules that set variable amounts determined by specific employment dates, contract duration, base salary, and seniority, the exact amount of compensation must be determined on case by case basis.

In general, the severance payment for dismissed employees under permanent employment contracts entered into on or after 1 May 2023, is equal to 14 days of the base salary plus a seniority allowance for each year of service (*diuturnidades*) with proportional adjustments for incomplete years (calculated in months).

The calculation of the severance compensation is subject to the following limits:

- the amount of the monthly base salary and seniority payments of the employee to be considered for compensation calculation cannot exceed 20 times the minimum monthly wage (now €870,00 in Portugal mainland, and €915,00 and €913,50 in Autonomous regions of Madeira and the Azores respectively); and
- the total compensation amount cannot exceed 12 times the employee's monthly base salary and seniority payments, or, when the limit referred above is applicable, 240 times the guaranteed minimum monthly salary.

The daily value of the base salary and seniority payments is calculated by dividing the monthly amounts by 30. For fractions of a year of service, the compensation is calculated proportionally.

The severance compensation for the expiry of term employment contracts (not applicable if the employment is terminated by the employee in case of fixed-term contract) or for the termination of a term employment contract based on objective grounds (such as collective dismissal or redundancy) is, as of 1 May 2023, equivalent to

24 days of base salary and seniority pay for each complete year of service. The method for calculating this severance is subject to the rules outlined above.

11. UNEMPLOYMENT BENEFITS

The termination of employment contracts by the employer (collective dismissal, redundancy, ineptitude or expiration) entitles the employee to receive unemployment benefits from the Social Security, which do not entail any costs to the employer.

In case of termination by mutual agreement, the employment benefits may be granted to the employee, without any additional costs to the employer, if the following requirements are met:

- the termination of the employment contract is justified by reasons that would allow the termination under a collective dismissal procedure or dismissal due to job extinction; and
- no more than three employees or 25% of the company's workforce (for companies with up to 250 employees) and no more than 62 employees if the company has more than 250 employees. In companies with more than 250 employees, when 62 employment contracts are terminated, or up to 20% of the workforce, with a maximum limit of 80 employees in each three-year period.

The established limits are determined based on the last three years, starting from the date of contract termination (inclusive), and by the number of employees in the company during the month preceding the start of the three-year period, applying the most favourable criterion.

If those requirements are not met, the employer will be obligated to reimburse the Social Security for all the amounts paid to the employee as unemployment benefits, but the employee will not lose the right to the employment benefits that she/he received.

To access unemployment benefits, the employee must:

- reside in Portugal;
- have had her/his employment terminated;
- be unintentionally unemployed;

- not be employed. If the employee works part-time or as an independent worker, the employee is entitled to partial unemployment benefits when the remuneration for such work is less than the unemployment benefit;
- be registered in the Employment Service;
- have applied for the unemployment benefit within 90 consecutive days from the date of the termination of the employment; and
- have paid the social security contributions during the time required by law.

12. CONCLUSIONS

The following are key points concerning Portuguese employment laws and business environment that should be of primary concern to international investors wishing to start a business in Portugal.

1. **Labour Market and Legal Framework**. The Portuguese labour market is generally viewed as relatively rigid compared to benchmark countries, despite reforms introduced since the 2009 Labour Code. This rigidity affects hiring, dismissal, and workforce flexibility, requiring strict adherence to mandatory rules on remuneration, working hours, vacation rights, and contract durations.
2. **Understanding the different types of contracts**: open-ended (permanent), fixed-term, unfixed-term, and temporary. Each contract has specific legal constraints, such as maximum durations and renewal limits. Probation periods vary by contract type and employee role.
3. **Working Time and Overtime Rules**. The standard working week is 40 hours, with a daily limit of 8 hours. Overtime compensation is mandatory. Flexibility exists but requires fulfilment of legal requirements and formalities. HR must monitor compliance with rest periods (e.g. minimum 11 consecutive hours between workdays) and negotiate any extensions to working hours within the legal limits (see "Working Time"). This impacts scheduling and payroll management.
4. **Salary and Minimum Wage Obligations**. The minimum monthly wage for 2025 is €870 (Portugal mainland), paid 14 times a year (which include Christmas and holiday allowances). Salaries must be regular, and deductions are strictly regulated. HR must ensure timely payment of allowances (Christmas by December 15, holiday before vacation) and adhere to legal limits on salary offsets (see "Salary"). Non-compliance can lead to disputes and/or penalties.
5. **Vacation and Time Off Entitlements**. Employees are entitled to 22 paid vacation days annually, plus 13 national public holidays (with potential additional days under collective agreements). Holiday leave cannot be substituted with compensation, and specific rules apply for accrual and usage, especially in the year of hiring. HR must also manage sick leave, parental leave (120-150 days, potentially increasing to 180-210 days), and other absences (e.g., for pregnant employees or caregiving) with appropriate documentation and Social Security coordination (see "Vacation and Time Off Days").

6. **Telework Regulations**. Teleworking requires a written agreement specifying, among other things, work location, hours, and compensation for additional expenses (e.g., equipment, energy costs). Employers must provide or reimburse necessary resources, and agreements can be terminated with notice (60 days for permanent telework). HR needs to establish clear policies for remote work, ensuring compliance with cost reimbursements and employee rights (see "Telework").

7. **Health and Safety Obligations**. Employers are legally obligated to ensure safe and healthy working conditions, including risk assessments, prevention measures, training, and medical examinations (admission, periodic, and occasional). HR must coordinate with safety representatives, maintain training records, and consult employees annually on health and safety matters. Non-compliance can result in legal liabilities (see "Health and Safety").

8. **Termination and Severance Rules**. Termination of employment contracts is strictly regulated. Permanent contracts may only be terminated by mutual agreement, for breach by the employee or for objective reasons such as following a collective dismissal, redundancy or ineptitude procedure. Severance compensation applies in most cases (e.g., 14 days' base salary per year of service for permanent contracts post-May 2023, with caps), except for just cause dismissals. HR must follow procedural steps (e.g., notice periods, consultations) and ensure compliance to avoid legal challenges (see "Termination of Employment Contracts").

9. **Transfer of Business (TUPE) Rules**. In case of business transfers, employment contracts and rights (remuneration, seniority, benefits) are automatically transferred to the acquirer. Employees can oppose transfers under specific conditions (e.g., financial concerns about the acquirer), potentially leading to termination with compensation. HR must manage communications, consultations, and potential opposition during such transitions (see "Transfer of Business").

10. **Unemployment Benefits and Employer Responsibilities**. Terminated the employment agreements and only in the cases legally foreseen employees may access unemployment benefits from Social Security, with no direct cost to the employer. Human resources departments should understand the legal rules, the applicable thresholds and the eligibility criteria to manage terminations effectively (see "Unemployment Benefits").

ABOUT PORTUGAL

TERRITORY, POPULATION AND LANGUAGE

Portugal is situated on the southwest coast of Europe, bordering only with Spain. With a territory of 92,152 Km2, Portugal has the largest maritime zone in Europe. Its continental platform borders the American platform.

Portugal has an 800-year history, and its European borders have been established for over 500 years.

Portuguese is the sixth most spoken language in the world, spoken by 270 million people in Portugal, Brazil, Angola, Cape Verde, Mozambique, Guinea Bissau, São Tomé and Príncipe and Timor.

POLITICAL SYSTEM

Portugal is a parliamentary republic. The legislative power lies with a national parliament (*Assembleia da República*), with 230 seats. The members of parliament are elected by universal vote for four-year terms. The Government depends on the parliament's support. The Government is led by a Prime Minister.

The President of the Republic has limited powers but has the power to influence the Parliament's and the Government's decisions and dissolve the Parliament in extraordinary circumstances.

INTERNATIONAL RELATIONS

Portugal has been a member of the EU since 1986, a founding member of the Euro and the Portuguese-speaking Countries Community (*Comunidade dos Países de Língua Portuguesa*, CPLP), which groups all Portuguese-speaking countries. Portugal is a member of the United Nations, NATO and the OECD.

CURRENCY AND BANKING SYSTEM

Portugal is one of the founding members of the «Euro», the currency of 20 European countries. The Euro is the second most traded currency in the World after the US Dollar.

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