

STORMS IN PORTUGAL

SIMPLIFIED LAY-OFF AND OTHER SOCIAL SUPPORT MEASURES

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SUMMARY

As was the case during the COVID-19 pandemic, a scheme of social support and simplified lay-off has now been created for the areas affected by storm "Kristin", which impacted Portugal.

I. FRAMEWORK

On 30 January 2026, a state of calamity was declared following the damage caused by storm "Kristin". Considering the meteorological events that followed, the state of calamity was extended on 1 February 2026.

Following the declaration of a state of calamity, some exceptional measures and support were defined to be granted to the most affected populations, which are divided into:

- (i) Support for families in situations of need or loss of income;
- (ii) Support for private social solidarity institutions and equivalent entities;
- (iii) Exemption from payment of contributions to Social Security;
- (iv) Simplified regime for reduction or suspension of activity in situations of business crisis;
and
- (v) Support in the field of employment and vocational training for dependent and independent employees.

II. Implementation of Support and Other Measures

Regarding the support measures of a labour nature, the following are noted:

A) Exemption from Payment of Social Security Contributions

An exceptional and temporary regime of total or partial exemption from the payment of social security contributions has been established, which cannot be combined with other extraordinary measures that serve the same purpose.

The regime ensures:

- (i) **Total exemption** from social security contributions for a period of up to six months, extendable for an equal period, for activities directly affected by the declaration of the state of calamity; and
- (ii) **Partial exemption** of 50% of the contribution rate borne by the employer for a period of one year for private, cooperative, and social sector employers who hire employees in a situation of unemployment.

The support corresponding to the total exemption applies to employers in the private, cooperative, and social sectors, contributors to the general social security regime, and to self-employed workers who have had their productive capacity reduced, namely due to the loss of facilities, land, vehicles, or other essential work tools necessary for operation.

The support has a duration of six months, extendable for an equal period, with the necessary condition for its granting being that the employer has its contributory and tax situation regularized with the Social Security and the Tax and Customs Authority at the time of the request.

The **partial exemption** applies to employers in the private, cooperative, and social sectors, contributors to the general social security regime, covering employees who are in a situation of unemployment due to reasons directly caused by the state of calamity.

The support has a duration of 12 months, extendable for an equal period.

Similarly to what happens with the granting of total exemption, the partial exemption also depends on the employer having its contributory and tax situation regularized with the Social Security and the Tax and Customs Authority; not being in a situation of delay in the payment of remuneration; having, on the date of submission of the application, a total number of employees exceeding the average number of employees registered in the immediately preceding 12 months.

To benefit from the total or partial exemption, the employer must apply through Social Security Direct, within a period of 30 days from 6 February 2026 for the total exemption, and within 15 days after the start of the employment contract or 15 days from 6 February 2026 for prior contracts, respectively.

B) Simplified Regime for Reduction or Suspension of Activity in a Business Crisis Situation (Lay Off)

An employer who can demonstrate that it is in a business crisis situation may resort to the regime of reduction or suspension of employment contracts ("Lay Off"), as provided for in articles 298 and following of the Portuguese Labour Code, with exemption from the obligations set out in articles 299 and 300 of the same Code.

For this purpose, an application must be submitted through the "gov.pt" website and Social Security.

In the application, the economic, financial, or technical grounds for the measure must be indicated; the staff framework, broken down by sections; the criteria for selecting the employees to be covered; and the number and professional categories of the employees to be included.

The existence of a business crisis situation shall be deemed verified upon submission of the electronic application by the employer.

However, the conditions declared may be subject to subsequent verification.

Employees covered by the simplified lay-off in companies affected by the Storms receive two-thirds of their gross salary, up to three times the national minimum wage (up to €2,760).

The remuneration can never be less than the national minimum wage (€920).

During the first 60 days, Social Security ensures 80% of the remuneration due to the employee, while the employer guarantees the remaining 20%. After this initial period, Social Security ensures 70%, and the employer 30%.

C) Support in the Field of Employment and Vocational Training for Employees and Self-Employed Workers

The Institute for Employment and Vocational Training, I.P. (IEFP, I.P.) may grant the following support measures:

- Extraordinary incentive for the maintenance of jobs

It constitutes an extraordinary financial incentive, granted for a period of three months, with the possibility of extension subject to assessment by IEFP, I.P., to private, cooperative, and social sector employers that demonstrate the need for such support in order to ensure the maintenance of jobs whose economic viability is expected to be affected as a result of the state of calamity, with a view to acting preventively against unemployment.

The incentive is intended solely to support the fulfillment of obligations relating to the payment of remuneration up to the amount of the worker's normal gross remuneration, minus the social security contribution, and it cannot exceed the value of twice the guaranteed minimum monthly remuneration, plus food allowance and transport support.

- Extraordinary Financial Incentive for Self-Employed Workers

This incentive consists of extraordinary financial support granted for a period of up to three months, with the possibility of extension, subject to evaluation by IEFP, I.P., for self-employed workers, to the extent that their income has been directly affected by the declaration of the state of calamity.

The beneficiaries of the support are employees of eligible employers who remain in their service and belong to establishments affected by the declaration of the state of calamity, as well as self-employed workers whose productive capacity or loss of income has been affected under the same terms.

Also covered by the extraordinary incentive are members of the statutory bodies of affected employers who are making contributions to the general regime for employees.

Employers of a private legal nature, whether individuals or legal entities with profit-making purposes, and cooperatives, may apply for the extraordinary incentive.

For the extraordinary incentive to be granted, the following conditions must be met:

- a) Difficulty in maintaining jobs, namely due to the reduction of the employer's productive capacity resulting from the loss of facilities, land, vehicles, or essential work tools necessary for operation;
- b) Compliance with the obligations relating to the payment of remuneration owed to employees and the maintenance of jobs, when applicable;
- c) Not having initiated dismissal processes after the start of the month in which the state of calamity occurred, except for reasons attributable to the worker, or having entered into contract termination agreements based on grounds that allow for collective dismissal or dismissal due to job elimination;
- d) To have reported the loss to the respective insurance undertaking, whenever the employer or the self-employed worker holds an insurance policy whose coverage provides for a benefit arising from the occurrence of Storms serving the same purpose as the support measures provided for in this Decree-Law;
- e) To have its tax and social security situation duly regularized;
- f) Not to be in a situation of default regarding financial support granted by IEFP, I.P.;
- g) To maintain organized accounting records, where applicable.

- Priority in Active Employment Measures

Employees and self-employed workers affected by the Storms, as well as those unemployed due to reasons directly caused by the storm, have priority in the selection and referral for active employment measures that are applicable to them.

- Extraordinary Qualification and Vocational Training Plan aimed at supporting employees covered by the aforementioned support measures

Vocational training initiatives shall be implemented, under the coordination of the member of the Government responsible for the areas of labour, solidarity and social security, designed to promote professional development, enhance vocational skills, and strengthen the employability levels of persons in a situation of unemployment within the territories affected by the state of calamity as a result of the storm.

Regarding this support, an extraordinary training plan must be developed, and the training hours provided for in it shall be considered for the purpose of fulfilling the mandatory annual continuous training hours.

The new measures entered into force on 28 January 2026.

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