

# PORTUGAL

Portugal is a country lying along the Atlantic coast of the Iberian Peninsula in southwestern Europe. It combines all the best bits of Europe, from picturesque beaches to vibrant cities and incredible landscapes. Plus, with one of the lowest costs of living in Europe, it's fast becoming a popular destination for expats and digital nomads. Despite its small population of 10,4 million people, Portugal has a rich history dating back to the Middle Ages and the Age of Discoveries in the 15th and 16th centuries, when Portuguese explorers sailed the world and established a vast colonial empire.

**NATIONAL HOLIDAYS**

The following are the current public holidays in Portugal:

<b>JAN 1</b>	New Year
<b>MAR 29*</b>	Good Friday* <i>(*Date varies)</i>
<b>MAR 31*</b>	Easter Sunday* <i>(*Date varies)</i>
<b>APR 25</b>	Liberation Day
<b>MAY 1</b>	Labor Day
<b>MAY 30**</b>	Corpus Christi** <i>**Date varies, 60 days after Easter Sunday)</i>
<b>JUN 10</b>	National Day
<b>AUG 15</b>	Assumption Day
<b>OCT 5</b>	Republic Day
<b>NOV 1</b>	All Saints' Day
<b>DEC 1</b>	Independence Restoration Day
<b>DEC 8</b>	Immaculate Conception
<b>DEC 25</b>	Christmas

**EMPLOYMENT CONTRACTS**

**PERMANENT CONTRACT:** The general rule in Portuguese labor legislation is to hire permanent employees through **open-ended employment contracts**, in which the parties do not stipulate an end date. These contracts do not depend on

written form and can only be terminated under the reasons specified in the labor law.

**GREEN RECEIPT:** If you're self-employed or a freelancer, you're eligible to issue Green Receipts (Recibo Verde) in Portugal. The criteria are that you aren't employed by the company you're providing service as a freelancer.

If you have a fixed contract with a company and want to work as a freelancer for another company, you can open activity and issue a Green Receipt. Note that you'll also need to check your profession's eligibility to issue green receipts. There are two categories for this:

**a) Personal Income Tax Code (CIRS):** You can check **Finanças Portal** for the list of activities (only available in Portuguese);

**b) Code of Economic Activity (CAE):** Used for self-employed workers who carry out a set of activities provided for by the National Institute of Statistics (INE).

**FREELANCE CONTRACTS:** Employees engaging in an activity not bound by an employment contract (or its legal equivalent) for service provision or commercial/industrial aims fall under this regime's classification.

**BONUS REQUIRED BY LAW**

As an employer, there are mandatory **13th and 14th salary payments** in Portugal, which are paid out in June (for holidays) and December (for





Christmas).

## VACATIONS

Under Portuguese employment law, employers are mandated to grant **22 days** of annual paid leave to employees with **one or more years** of tenure.

During the initial year of employment, employers must accrue **two days** of paid leave per month, eventually providing up to **20 days** of annual paid leave after **six months**.

## SICK LEAVE

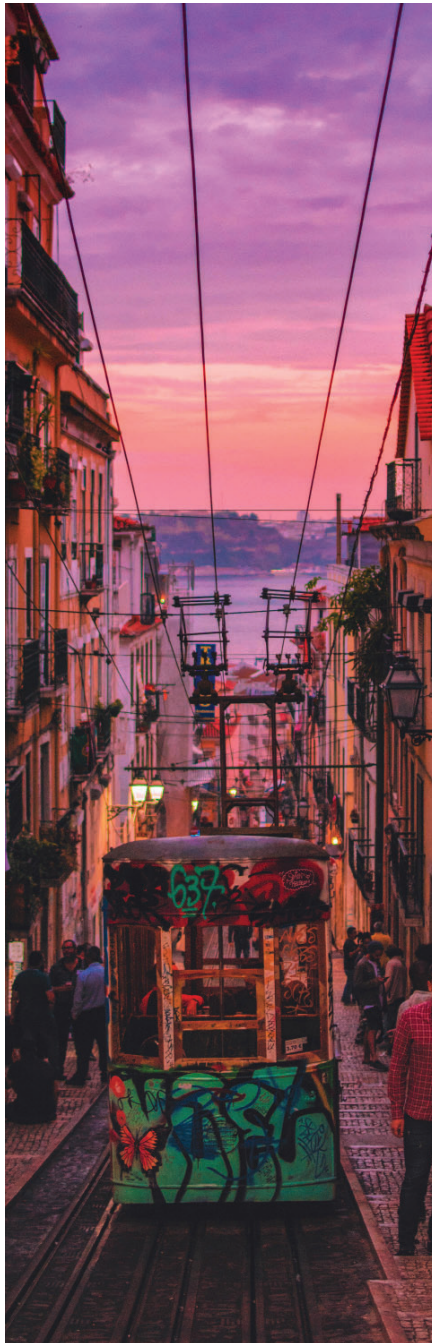
The employer must compensate the employee's salary for the initial **three days** of sick leave. Subsequently, the responsibility for paying the sickness allowance transfers to **Social Security**. Most employees are eligible for **1095 days** of paid sick leave, while **independent workers and research fellows** are entitled to **365 days** of paid sick leave.

The precise amount of the sick leave allowance is contingent upon various factors and typically ranges between **55% and 100%** of the worker's reference remuneration.

## PARENTAL LEAVE

**MATERNITY LEAVE:** Expectant mothers are entitled to **100%** of their usual salary rate excluded from Social Security and tax contributions, paid directly by Social Security for **120 days**.

For an employee to be eligible, they must have



been employed for at least **80 days** of the preceding 12 months before the expected due date.

Parental leave is granted for the birth of a child under Portuguese law. This may be shared between both parents in which case the total parental leave period may be **180 days** and paid at **83% of the usual salary** rate of pay. The mother is entitled to **30 days** of parental leave **before delivery** and a minimum of **six weeks following the birth**.

**PATERNITY LEAVE:** Fathers can take paternity leave of up to **28 working days**. At least 5 consecutive days must be taken within the 42 days following the child's birth.

The leave can be taken as a single period or in a series of days. After taking 28 days, the father is also eligible to take an **additional 7 days leave**, which must be partly used at the same time that the mother is on maternity leave.

## PROBATIONARY PERIOD

Probationary periods typically span **90 days**, though they may be prolonged to **180 days** for roles of significant technical complexity or with substantial responsibility.

## TERMINATION

Termination of employment by the employer unilaterally must be done with just cause, which can be either objective (economic-based) or subjective (disciplinary based). When disciplinary

based, there should be a hearing to which the worker is entitled to reply in writing and may ask for a witness hearing, before being informed of the final decision from the employer.

Notice periods in Portugal are generally stipulated within the Employment Contract/Collective Agreement and are linked to the employee's length of service.

The statutory notice period for both employer termination and workers resignation is:

**a) INDEFINITE TERM/OPEN ENDED**

**EMPLOYMENT CONTRACTS:** 30 days' notice when the contract lasts up to 2 years and 60 days' notice when the contract lasts more than 2 years;

**b) FIXED TERM (CERTAIN OR UNCERTAIN)**

**EMPLOYMENT CONTRACTS:** 5 days' notice when the contract lasts up to 6 months; 30 days' notice when the contract lasts more than 6 months; 8 days' notice should be given when the employment contract approaches its full expiry date.

During the trial/probation period an **employee** can terminate the employment contract without prior notice and without justifying cause just by informing the employer of intention to terminate.

The **employer** can terminate the employment contract without just cause or the right to compensate by providing a notice period of **7 days** where the trial period lasted more than 60 days and a notice period of **30 days** where the trial period lasted more than 120 days.

## SEVERANCE PAY

For both indefinite or fixed term contracts, fair dismissal based on objective grounds (i.e. redundancy) or dismissal due to unsuitability for the job results in a required severance payment.

**Indefinite Term** contracts require a payout of **12-18 days' salary** per year of service, capped at 240 times the national minimum monthly wage.

**Fixed Term** contracts require a payout of **24 days** of base salary and seniority allowances per year of service.

Higher severance payments may be agreed upon and are a typical way to avoid litigation. Severance might also be required for dismissals that occur during the 91st to 180th day of the probation period.

<b>UP TO 7,703.00 EUR ANNUALLY</b>	13.25%
<b>7,703.01 EUR TO 11,623.00 EUR ANNUALLY</b>	18%
<b>11,623.01 EUR TO 16,472.00 EUR ANNUALLY</b>	23%
<b>16,472.01 EUR TO 21,321.00 EUR ANNUALLY</b>	26%
<b>21,321.01 EUR TO 27,146.00 EUR ANNUALLY</b>	32.75%
<b>27,146.01 EUR TO 39,791.00 EUR ANNUALLY</b>	37%
<b>39,791.01 EUR TO 51,997.00 EUR ANNUALLY</b>	43.50%
<b>51,997.01 EUR TO 81,199.00 EUR ANNUALLY</b>	45%
<b>81,199.01 EUR AND ABOVE ANNUALLY</b>	48%

## TAXES

### EMPLOYEE

**Personal Income Tax (IRS)** in Portugal is charged at progressive tax rates varying from 14.5% to 48% (on taxable employment income of EUR 75,009 and above).

Additionally, **solidarity tax** is also charged at a rate of:

- a) **2.5%** with taxable employment income exceeding EUR 80,000 and up to EUR 250,000;
- b) **5%** with taxable employment income exceeding EUR 250,000.

<b>SOLIDARITY SURCHARGE APPLIED ON INCOME EXCEEDING EUR 80,000 ANNUALLY</b>	2.5%
<b>SOLIDARITY SURCHARGE APPLIED ON INCOME EXCEEDING EUR 250,000 ANNUALLY</b>	5%



Employees and employers both make social security contributions. **Employees** contribute **11%** of their salary, while their **employer** contributes **22.3–34.75%**.

Employee contributions cover family, pension, and unemployment benefits, while employers also pay a premium to cover insurance for occupational accidents.

Self-employed contributions are higher.

### EMPLOYERS

<b>SOCIAL SECURITY</b>	23.75%
<b>LABOR ACCIDENT INSURANCE</b>	1.75%
<b>WGF (WAGE GUARANTEE FUND)</b>	1%

### HEALTH INSURANCE

In Portugal, there exist two categories of health insurance: **public** and **private**.

While the public option is provided at no cost, it does not encompass dental care or cosmetic surgeries. Private medical insurance in Portugal can range from €30 to €150 monthly, varying based on coverage and the policyholder's age.

## EMPLOYEE BENEFITS

- a) Pension;
- b) Workers' compensation;
- c) Vacation entitlements;
- d) Statutory holidays;
- e) Employee training;
- f) Meal allowance or meal voucher;
- g) Health, dental, and vision insurance;
- h) Additional paid time off.

## LABOR LAW - NUMBER AND VALID PAGE

The primary source of labor law in Portugal is the **Law No. 7/2009**, specifically the **sections 253, 254, 255 & 256**. Check out the link below to know more:

**LABOR CODE, LAW NO. 7/2009, SEC 253, 254, 255 & 256:** [https://files.dre.pt/diplomastraduzidos/7\\_2009\\_CodigoTrabalho\\_EN\\_publ.pdf](https://files.dre.pt/diplomastraduzidos/7_2009_CodigoTrabalho_EN_publ.pdf)

## HOME OFFICE/HYBRID WORK - LAW - GUIDANCE

The majority of companies operate either in fully remote or hybrid mode. There are scarcely any companies mandating daily office attendance.

## FOREIGN EMPLOYEES: WHICH PAPERS DO THEY NEED TO HAVE TO BE CONTRACTED BY THE LOCAL LAW? MAXIMUM QUOTA ALLOWED.

To travel to Portugal, employees are required to acquire a visa. Upon arrival, they have a **four-**

**month** window to convert this visa into a residence permit and subsequently secure an additional permit for legal employment. Following a minimum of **one year of employment** with a temporary work permit, employees are eligible to apply for a permanent work permit.

Portugal has quotas to limit the number of jobs that go to third-country nationals to improve employment opportunities for EU nationals. Most jobs need to be advertised to Portuguese and EU/EFTA citizens for **30 days** before the Institute for Employment and Vocational Training in Portugal (IEFP) will classify them as jobs that non-EU employees can freely fill.

