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Labour Measures in support of Businesses and Employees

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Contents

1# Reduction / Shutdown of Business Activity	3
Simplified <i>Lay Off</i>	3
Self-employed Worker with reduced business activity	4
2# Isolation and Assistance	5
Prophylactic Isolation of the Employee	5
Employee in Isolation under the Teleworking Regime	5
Child Care in Prophylactic Isolation	6
Absenteeism of Employees to care for child due to the closing of schools	6
3# Exceptional regime of justified absences	8
4# Advice to Businesses	9



1# Reduction / Shutdown of Business Activity

1.1# Simplified Lay Off (1/2)

Applicable to companies facing a business crisis situation, which is defined by:

- ✓ The total or partial closure of the company or establishment arising from the duty to close facilities and establishments following the declaration of the state of emergency, in relation to the establishment or company effectively closed and covering the respective employees; or
- ✓ The total or partial halt of activity of the company or establishment resulting from the interruption of the global supply chains, or from the suspension or cancellation of orders which can be proven by documentary evidence; or
- ✓ The abrupt and severe drop of, at least, 40% of invoicing within the thirty days period prior to the application of the request before Social Security, with reference to the monthly average of the two months preceding that period, or in relation with the same period of the previous year; for those who have initiated their activity within less than 12 months ago, with reference to the average of such period.

The exceptional aid for maintaining employment contracts of companies in a business crisis situation consists of a financial aid per employee and must be exclusively used for the payment of remunerations.

Conditions for access to the financial aid: The company must have its tax situation regularized before the Tax Authorities and Social Security Authorities.

Procedure: The employer must communicate, in writing, to the employees the decision of requesting the exceptional aid for maintaining the employees' positions, indicating the foreseeable duration, and shall immediately submit the request before the Social Security Authorities.

The initial duration is one month and may exceptionally be extended on a monthly basis up to a maximum of three months.

1# Reduction / Shutdown of Business Activity

1.1# Simplified Lay Off (2/2)

- ✓ During the period of assistance, the employees shall receive 2/3 of their gross monthly remuneration, with a minimum threshold of € 635,00 and a maximum threshold of € 1.905,00. Regarding such amount, 30% shall be borne by the employer and 70% by Social Security.
- ✓ To support the return of the company's activity, the employer is entitled to an extraordinary financial incentive to be granted by IEFP in the amount of € 635,00 per employee, paid in one lump sum.
- ✓ The employers who benefit from this assistance will be granted total exemption from the payment of Social Security contributions concerning the employees covered and members of the corporate bodies for the duration of the *lay off* period
- ✓ The Companies eligible may have access to an extraordinary support for part-time vocational training, which will last for one month. The extraordinary support to be granted to each covered employee is supported by IEFP and it is granted up to 50% of the gross remuneration, with a maximum limit of € 635,00.

During the period of application of the support measures, as well as for the following 60 days, the employer covered by those measures may not terminate any employment contracts, under neither collective dismissal nor dismissal due to the extinction of the work position.

1.2# Self-employed Worker with reduced business activity

(due to shut-down determined by Health Authorities or by the Government)

- ✓ It is an allowance granted by the Social Security Authorities to self-employed workers.
- ✓ Allowance is equivalent to the amount of remuneration registered as tax base contribution, with a maximum amount of € 438,81.
- ✓ The workers may also file a request concerning the postponement of the payment of the contributions to Social Security until after the period of the allowance.

2# Isolation and Assistance

2.1# Prophylactic Isolation of the Employee

(Risk of contagion of the Covid-19 determined by the Health Authorities)

- ✓ It applies to circumstances where the employee is in quarantine, as determined by the Health Authorities, due to risk of contagion of the COVID-19.
- ✓ The absence of the employee is justified up to a maximum of 14 days and provided the illness has not been confirmed, with payment of 100% of the remuneration by the Social Security Authorities.

Procedure: The employee must deliver to the employer a declaration of prophylactic isolation (issued by the Delegate of Health of the Portuguese Health Authorities), which must be submitted before the Social Security Authorities within a maximum of 5 days.

If the employee contracts the illness during the 14-day period, the sickness allowance regime shall apply, with the payment of 55% of the remuneration during the first month by the Social Security Authorities.

Procedure: The employee must deliver to the employer a copy of the Certificate of Temporary Incapacity ("sick leave") within a maximum period of 5 days, or as soon as possible.

2.2# Employee in Isolation under the Teleworking Regime

(Risk of contagion of the Covid-19 determined by the Health Authorities)

- ✓ If the employee is working from home, the employer must pay the remuneration to the employee in full.
- ✓ The employer should confirm in advance with the respective Insurance Company that the Teleworking regime is covered by the work accidents insurance policy.
- ✓ Under these circumstances, there is no assistance or subsidies from the Social Security Authorities.

2# Isolation and Assistance

2.3# Child Care in Prophylactic Isolation

(Risk of contagion of the Covid-19 determined by the Health Authorities)

- ✓ It applies to circumstances where there is a need to provide assistance to a child in prophylactic isolation, as determined by the Portuguese Health Authorities, due to danger of contagion by COVID-19.
- ✓ In the event of prophylactic isolation of a child under 12 years old or, irrespective of age, a child with a disability or chronic illness, the granting of the allowance is not dependent on a guarantee period.
- ✓ The employee is entitled to an allowance, for a period of 14 days, in an amount equivalent to 65% of his/her reference remuneration.

Procedure: The employee must submit a request through Direct Social Security ("*Segurança Social Direta*"), attaching a copy of the declaration of prophylactic isolation issued by the Health Authorities or the Certificate of Temporary Incapacity issued by a doctor confirming the illness of the child under 12 years old. If the child is 12 years old, the allowance can no longer be granted.

2.4# Absenteeism of Employees to care for child due to the Closing of Schools

(determined by the Health Authorities or by the Government)

- ✓ It applies to circumstances where the employee is unable to work through the Teleworking regime, due to the need to provide assistance to a child under 12 years old or, irrespective of age, a child with disability or chronic illness.
- ✓ The allowance is granted during the period of closing of schools, except in periods during which school is normally in recess.
- ✓ The allowance cannot be granted simultaneously to the two parents of the child and it is only granted once, regardless of the number of children.
- ✓ The monthly allowance, or proportional to the same, is equivalent to two thirds of the employee's base remuneration, and it is paid in equal amounts by the employer and by the Social Security Authorities, with a minimum amount of €635,00 and a maximum of € 1.905,00.

Procedure: The employee must send the declaration (GF88) which is available on the website of the Social Security Authorities to the employer, who must submitted it before the Social Security Authorities.

2# Isolation and Assistance

2.4# Absenteeism of Employee to care for child due to the Closing of Schools – applicable regime to self-employed workers

(determined by the Health Authorities or by the Government)

- ✓ It applies to circumstances where the self-employed worker is unable to work through the Teleworking regime, due to the need to provide assistance to a child under 12 years old or, irrespective of age, a child with disability or chronic illness.
- ✓ The allowance is granted during the period of closing of schools, except within periods of normal school recess.
- ✓ The other parent must not be also under the Teleworking regime or available to provide assistance to the child.
- ✓ The allowance is equivalent to 1/3 of the tax base contribution of the first quarter of 2020 assessed monthly, with a minimum amount of € 438,81 and a maximum of € 1.097,03.

Procedure: The worker must submit a request through Direct Social Security ("*Segurança Social Direta*").

3# Exceptional regime of justified absences

Exceptional and temporary regime of justified absences to provide family support

The following absences are deemed justified:

- ✓ To provide support to a child or other dependent under the age of 12 or, regardless of age, with a disability or chronic illness, as well as to a grandchild whose parent is under the age of 16 and lives in the same household as the employee, on school holidays;
- ✓ To provide support to the husband / spouse or person with whom the employee lives in common economy, or to any first degree ascendant relative dependent of the employee that attends social facilities which activity is suspended by decision of the health authority;
- ✓ To provide rescue and transport services, within the scope of the pandemic COVID-19 diseases, by volunteer firefighters with employment agreement with an employer of the private or social sector.

The justified absences under this exceptional regime do not determine the loss of any rights, except for the retribution.

The absence communication shall be made under the terms foreseen in the Portuguese Labour Code.

In certain cases, the employee may schedule holidays, without needing the employer's agreement. However, the employer is not obliged may be paid the vacation allowance in total until the fourth month following the beginning of the vacations.

4# Advice to Businesses

- ✓ During this period the employers may decide that their employees will telework, in which case those employees shall maintain their respective remunerations. The Teleworking regime may be determined solely by decision of the employer or by request of the employee, without the need of an agreement of the parties, provided telework is compatible with the tasks in question.

For such purpose, we advise that you previously (i) confirm that the work accidents insurance policy covers teleworking circumstances and that (ii) a communication is delivered to the employees, with their rights and duties.

- ✓ Please confirm whether the conditions for granting the allowance concerning the assistance of a child under 12 years old or, irrespective of age, a child with disability or chronic illness, are met.
- ✓ Please confirm whether the conditions for the company to enter the lay off regime are met. In that case, the company shall comply with all the formalities required by sending a communication to its employees and submitting the application to the Social Security Authorities.

Please note that this document is only an overview of some of the measures that can be applied by companies. Should you require further information or any assistance, please do not hesitate to contact the Labour Law Team of CTSU – Sociedade de Advogados.

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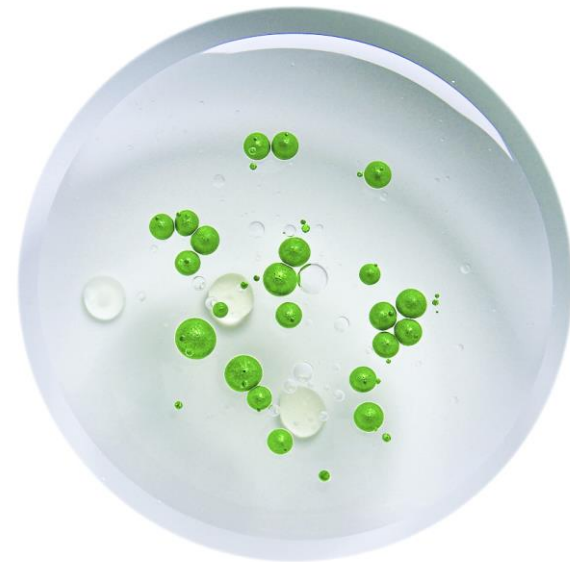
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