

BIPO Work Guide

Portugal | October 2023

Advice

By means of this document, BIPO Service Portugal would like to inform all our employees and candidates about the general terms regulating employment and related matters in Portugal, as well as to be able to solve any doubts that may arise at first instance about how the country works.

The aim is that the employee as well as the client is aware of the principles of labor legislation that often and in comparison to many other European countries, provides greater protection to the employee. That entails with a higher risk possible slight financial and operational risk to the company and to the employer employer.

In all host contracts that BIPO Service enters into with foreign companies, the ultimate responsibility for the employment and, therefore, these risks, lies with the foreign employer.

Introduction Into Portugal And His Law

In Portugal, as in any other EU country, outsourcing the hiring of employees is subject, like any other voluntary relationship, to what the parties contractually provide for without prejudice to the entire legal system and, specifically, to commercial, tax and labor regulations.

This implies that any worker must be legally contracted under a contract in accordance with Portuguese law and its regulations, registered with the social security and make regular contributions.

Overview

Portuguese labour law is highly protectionist. Its rules and principles apply both to individual employment relationships and to collective bargaining agreements, which endow trade unions with an important role, particularly in business areas or industries where said agreements are applicable on a broader scale as a result of government extension measures.

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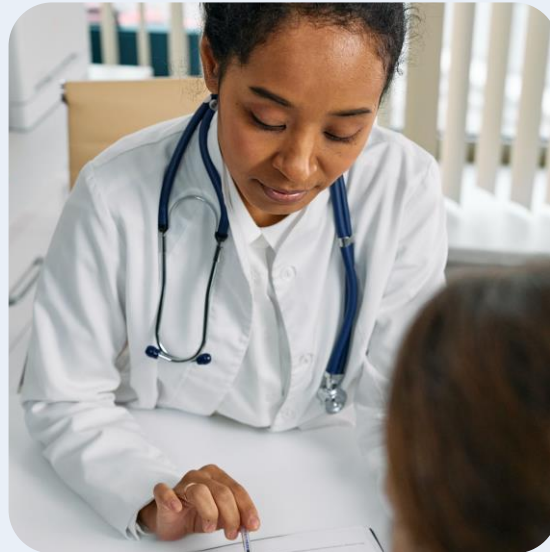
1 | Social Security System

Social Security

Employees are entitled to social security coverage in Portugal. In Portugal, all employees are entitled to social security coverage.

Here, both the employer and the employee are subject to social security contributions, which must be paid monthly. The overall contribution rate is 34.75% of the contribution base. The employer pays 23.75% and the employee 11%.

However, the employer must deduct the employee's contributions from his gross wage and pay the social security contributions.



Public Health Insurance

In Portugal, as you pay your social security contributions individually, you also have access to a public health insurance scheme.

This public service allows anyone with a fixed abode in Portugal to make use of this benefit.

The public health insurance is provided through the national system: Direção-Geral da Saúde (DGS) and operates through the Serviço Nacional de Saúde (SNS).

There is the possibility for employees to additionally contract a private health insurance service for their employees.

Prevention of Labour Risks

The Labor Accident Insurance is paid by the employer and covers all accident-related injury claims for employers.

Workers' compensation insurance is paid by the employer and covers all accident-related injury claims for employers.

1 | Social Security System

- Equal access to care
- A high quality of care
- Mutual aid

The system is publicly funded through social charges and various types of taxes. In this way, health expenses are partially or fully covered. The degree of coverage depends on the type of care, and there are certain requirements. To maximise your coverage, you can sign up for complementary health insurance.



Sick Leave

In Portugal, sick leave, also known as temporary incapacity (TI), is a mechanism that allows workers to be temporarily absent from work due to an illness or accident that prevents them from performing their usual work duties. This leave is intended to protect the worker's health and well-being during the period of convalescence.

During sick leave, the worker may be entitled to receive cash benefits, which are periodic payments that compensate for part of the loss of income due to absence from work. Social Security is the entity responsible for administering these benefits:

Sick leave due to common illness or non-occupational accident:

1. The first three days of sick leave are paid by the worker (nothing is paid).
2. From day 4 to day 20, you will receive 60% of your regulatory base.
3. From the 21st day onwards, you will receive 75% of the regulatory base.

Sick leave due to an accident at work or occupational disease:

1. In the event of an accident at work or an occupational disease, the Social Security will pay 75% of the regulatory base from the first day of sick leave.
2. The remaining 25% is usually supplemented by the employer.

** To evaluate: these are the minimums established by law, the employer usually complements 100% of the sick leave of its employees regardless of the situation of sick leave.*

1 | Social Security System

Maternity And Paternity Leave

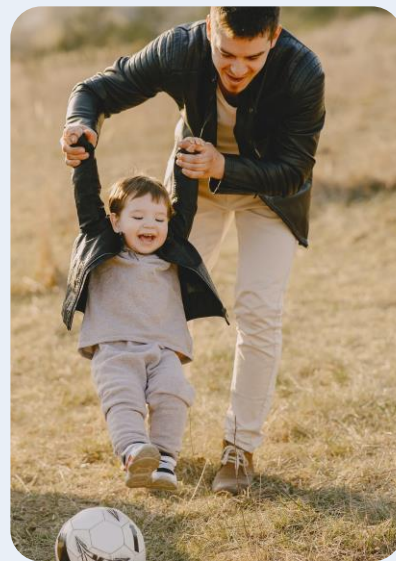
Female employees are eligible for 30 days of maternity leave at full pay by Social Security before a child's birth (optional), and 42 days following the birth (mandatory). If the employee has twins, she's entitled to an additional 30 days.

Since 2023, Paternity leave has been increased in Portugal from, 20 days to 28 consecutive or interspersed days, of at least 7 days, in the 42 days following the birth of the child (simultaneously with the mother's initial leave), 7 of which must be taken consecutively immediately afterwards.

The initial parental allowance is granted to the partner or mother for between 120. The period may be increased by 30 days if: In the event of initial parental leave over 120 days, after enjoying those first 120 days, both parents can now choose to cumulate the remaining period of leave daily with part-time work, corresponding to half the normal period of daily working time, and 150 consecutive days, equally extended to both.

The period can be taken simultaneously by both.

In the case of a lifeless birth, only the 120 days are allowed.



1 | Social Security System



General Labour Law

Minimum Wage

As of 2023, the Minimum Interprofessional Wage (SMI) in Portugal was 760€.

The government is proposing that the minimum salary for 2024, can be increased to 810Eur and another 45€ for the 2025.

Extra Payments

By law, salary in Portugal is paid in 14 instalments, but it can also be distributed in 12 monthly wages plus two additional payments taking place in June and December.

However, this can be adjusted by prorating the two extra payments into 12 payments according to the agreement, or even by adding an extra payment. It will always depend on the collective agreement that applies to the company

Working Hours

In general, the working day is 8 hours a day for a 40-hour working week.

Working hours usually start between 8 and 9 a.m., with a break of 1 to 2 hour for lunch and resume until 6 or 7 p.m. Anything over 40 hours is considered overtime and, by law, must be approved by the head of personnel.

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Annual Leave

In Portugal, in the first year of employment, workers are entitled to 20 days.

The statutory minimum paid holiday entitlement is 22 days, plus public holidays, but this minimum may be increased by the applicable collective agreement.

As a general rule, leave must be taken within the calendar year in which it accrues. If necessary, they may be extended and taken up to 30 April of the following calendar year.

2 | General Labour Law

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The general public holidays are:

In addition to optional holidays, such as Carnival, there are also municipal holidays, which vary according to the municipality.

Date	Public Holiday
1 January	New Year's Day
7 April	Good Friday
9 April	Easter Sunday
10 April	Easter Monday
25 April	Liberty Day
1 May	Workers' Day
8th June	Corpus Christi
10 June	Day of Portugal, Camões and Portuguese Communities
15 August	Assumption Day
5 October	Implantation of the Republic
1 November	All Saints' Day
1 December	Independence Restoration Day
8 December	Feast of the Immaculate Conception
25 December	Christmas Day

2 | General Labour Law



Sick Leave

Portuguese social security pays after the 3rd absent day, employees a sick leave benefit for employees who are absent from work as a result of illness or injury. Employees can receive sick pay for up to 1,095 days. Pay is generally 55% to 75% of the employee's salary.

To be entitled to the support a warranty period of a 6-month deduction in Portugal for social security, must have been paid by the employee, and this has to be registered by the National Health System.

Portuguese Contracts

Generally speaking, the employment contract does not require any special form and may, therefore, be agreed under written form or verbally (in BIPO Service, will always be in the written form).

Regarding the Portuguese law, in Portugal we have different options for the contract topic, such as:

- Permanent employment contract
- Temporary / fixed-term

BIPO will provide a complete contract adapted to the business modality to its collaborators and employees.

2 | General Labour Law

Trial Period

Trial periods (initial probation) for permanent employees are:

- 90 days <-- regular positions
- 180 days <-- for high complexity, trust or responsibility roles
- 240 days <-- for management, directorate and equivalent responsibility roles.

Fixed and unfixed term temporary contracts are subject to shorter probation periods:

- 15 days if agreed for an expected or fixed duration shorter than 6 months
- 30 days for durations equal to or longer than 6 months.

We strongly advise our clients to immediately inform their BIPO operations contact of any conflict or event that may eventually lead to the need to terminate or dismiss a candidate, so that a joint strategy can be developed to achieve this with the least possible detriment to the parties.

Under Portuguese Labor law, the employee is free to resign, subject only to certain prior notice periods:

For Permanent Employees:

- 15 days for contracts with less than 1 year's service
- 30 days for contracts which have been on force for up to 2 years
- 60 days for contracts which have been on force for more than 2 years
- For fixed (or unfixed) term (temporary) employment agreements:
 - 15 days for contracts, which agreed (or expected) duration is less than 6 months
 - 30 days for contracts, which agreed (or expected) duration is equal to (or longer than) 6 months.
- It is not possible to agree on longer probation periods than those legally foreseen, but it is possible to agree on shorter probation periods, as well as to fully exclude probation periods.

2 | General Labour Law

Dismissals Initiated by the Employer Require a Valid Reason.

Employers cannot unilaterally terminate the employment contract without just cause. The notice period must be respected and the employee must also be paid severance pay, which depends on several factors:

- The conditions
- The employment contract
- The employee's position
- The reason for dismissal

In general, employees are entitled to severance pay equal to 20 days' basic salary for each full year of service, subject to certain limits.

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In case of disciplinary dismissal (as gross misconduct), the employer does not have to pay the severance pay and does not have to respect the notice period. However, he is obliged to follow a disciplinary procedure.



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FOR MORE INFORMATION

[Monica Preciado I Alberch](#)

HR Service Delivery Specialist

E: monica.preciado@biposervice.com

Connect with Us

 www.biposervice.com

 [biposvc](#)

 [bipo-svc](#)

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