



## Brazil Labour Law & Employment Regulations

### Overview

#### Brazil

With a gross domestic product (GDP) of USD 1.83 trillion, Brazil's is the tenth largest economy in the world, and the largest economy in Latin America. Contributing to 65% of the country's GDP, the services sector is Brazil's largest sector. The country, however, do have advanced industries in the fields of petroleum processing, automotive, cement, and aerospace amongst other industries.



**Capital**  
Brasilia



**Population**  
214 million



**Currency**  
Brazil Real (R\$)



**GDP Per Capita**  
USD 6,796.84  
(as of 2020)

### 1. Brazil Labour Law

Federal Constitution and Brazilian Consolidation of Labour Laws (Consolidação das Leis do Trabalho – CLT) are the principles of rules governing the employment and work relationship in Brazil.

Additionally, the labour legislation is supplemented by,

1. Other federal laws
2. Occupational Safety & Health Regulatory Standards
3. Social security norms
4. Court decision
5. Administrative regulations
6. Collective agreements

### 2. Employment Contract

Although a written employment agreement is not mandatory by law, it is extremely advisable to engage employees under a comprehensive written employment agreement. There are several terms and conditions that are only valid if provided in a written employment agreement.

## Contract Content

### Mandatory

- Employer and employee identification (name, address, tax identification etc.)
- Work location
- Scope of work
- Hiring date
- Type of contract
- Salary
- Benefits package

### Optional

- Compliance and anti-corruption rules
- Intellectual property, inventions, and breakthroughs
- Confidentiality
- Non-solicitation and non-compete
- Privilege information
- Data privacy

Type of Contract	Specifications
Fixed Term Contract	<ul style="list-style-type: none"> <li>• Contract duration is prefixed, i.e., the employee is previously aware of the contract termination date.</li> <li>• Contract shall not exceed 2 years and it is valid for: <ul style="list-style-type: none"> <li>• Contracting of a service whose nature justifies the predetermination of the term of the contract</li> <li>• Hiring of business activities of a transitory nature</li> <li>• Hiring a collaborator in a probationary period <ul style="list-style-type: none"> <li>• Probation cannot exceed 90 days and can only be exceeded once</li> <li>• Contract is automatically transitioned into an indefinite contract once probation period ends</li> </ul> </li> </ul> </li> </ul>
Indefinite Term Contract	<ul style="list-style-type: none"> <li>• Most common type of employment contract</li> <li>• No pre-established term/expiration date</li> </ul>
Temporary Contract	<ul style="list-style-type: none"> <li>• Usually used if a business requires seasonal help or need to fill up a temporarily vacant position <ul style="list-style-type: none"> <li>• Shall not exceed 180 days, consecutive or not; may be terminated early or extended for another 90 days</li> <li>• Subsequent to the extension, the company will only be able to hire the same employee after 90 days. Employee should be hired by a temporary work agency.</li> </ul> </li> </ul>
Internship	<p>Term of commitment must be signed by the contracting manager, the intern, and the university where the intern studies</p> <ul style="list-style-type: none"> <li>• Has no clear duration provision under the Labour Law, but is six months on average</li> <li>• Employment of Trainees (Private sector) Act No. 8 of 1978 states that employers and workers may enter a contract of training for a maximum of one year</li> </ul>
Intermittent Contract	<ul style="list-style-type: none"> <li>• For non-continuous employment – there is an alternating periods of service provision and inactivity</li> </ul>

### 3. Minimum Wage

The Brazil minimum wage rate is 1,212 reais per month (around USD300), effective 1st of January 2022, paid 13 times a year.

#### Christmas Bonus

- A mandatory “Christmas Bonus”, also known in Brazil as the Thirteenth Salary, is a legally mandated year-end bonus and needs to be paid as follows:
- **50% until November 30th without any deduction, and the other 50% until December 20th.** This pro-rated 13th-month salary is also due upon termination.
- **Employees are also granted a vacation bonus equivalent to 1/3 of the monthly salary.**

#### Transport Subsidy

- Transport subsidy for workers is mandatory for all employers. Companies must provide their employees with transport to and from work or subsidise their public transport expenses by paying all **such costs exceeding 6 percent of an employee’s gross salary.**
- Although the system varies per location, industrial firms normally deduct 6 percent from payroll and use the funds to purchase transport vouchers accepted by public transport companies. Expenditure incurred by employers is deductible for income tax purposes.

### 4. Working Hours

Regular working hours are limited to 8 hours daily and 44 hours weekly. Certain occupations may have shorter working hours. Some job positions, also known as “exempt positions”, are not subjected to working hours control and therefore, not entitled to overtime payment.

#### Examples of Exempt Positions

Provided by clauses I, II and III of Article 62 of the CLT

- Fiduciary positions (managers, directors, and officers with autonomy and decision-making power)
- External employees (employees working outside of the company’s premises where it is impossible to track their working hours e.g., sales)
- Remote working employees (usually from home)

#### Hours of Rest

	Duration
Daily	<b>Working more than 4 but less than 6 hours:</b> Entitled to a 15-minute break  <b>Working more than 6 hours:</b> Entitled to a 1-hour lunch break
Weekly	Every employee is entitled to a weekly rest of 24 consecutive hours, preferably on Sunday.

## 5. Overtime

Overtime must not exceed 2 hours daily. Employees with a 44-hour weekly contract cannot work more than 56 hours weekly. Employees with 36-hours weekly contract cannot work more than 48 hours weekly.

In the case of work that cannot be postponed, the employee may work up to 4 hours of overtime. However, the employer must notify the Ministry of Labour to avoid potential legal issues.

### Overtime Pay

Paid by adding the percentage stated below, to the employee's regular work hour value. The percentage can change according to the rules of the respective collective agreement.

- **Daily Overtime**  
5am to 10pm, to be paid a rate of 50%
- **Night Overtime**  
10pm to 5am, to be paid at least 50%, plus 20% of night payment
- **Overtime during Sundays or Holidays**  
To be paid at the rate of 100%. If they work at night – 10pm to 5am, additional 20% for night payment must be added

## 6. Types of Leave

Types of Leave	Length of Leave
Annual Leave, Vacation	30 calendar days of paid leave after one year of service Divided into 3 periods, and to be taken as such: <ul style="list-style-type: none"> <li>• 1 period more than 14 days</li> <li>• 2 periods more than 5 days</li> </ul>
Sick Leave	<ul style="list-style-type: none"> <li>• Employers are obliged to pay up to 15 days of sick leave if the employee has received a registered doctor's authorisation</li> <li>• National Institute for Social Security (INSS) will pay for up to 2 years after the initial 15 days</li> </ul>
Mourning Leave	<ul style="list-style-type: none"> <li>• 2 days of leave for the death of an immediate family member</li> </ul>
Burial Leave	<ul style="list-style-type: none"> <li>• Employers obliged to grant leave as necessary for employees to help with the burial of their co-worker</li> </ul>
Marriage Leave	<ul style="list-style-type: none"> <li>• 5 days of leave in the event of their marriage</li> </ul>
Blood Leave	<ul style="list-style-type: none"> <li>• 1 day every 12 months, employee to provide proof of blood donation</li> </ul>

Types of Leave	Length of Leave
Maternity and Paternity Leave	<p><b>Maternity</b></p> <ul style="list-style-type: none"> <li>• 120 days, can be extended to 180 days</li> <li>• Paid by the INSS</li> </ul> <p><b>Paternity</b></p> <ul style="list-style-type: none"> <li>• 5 days, can be extended to 20 days</li> <li>• Paid by the INSS</li> </ul>
Voting Leave	<ul style="list-style-type: none"> <li>• Half day leave to vote on public elections</li> <li>• 1 day paid leave for mandatory jury duty</li> </ul>
Military License	<p>Mandatory for every male who has turned 18 years old, but they are not forced to serve against their will.</p> <p>Duration of 12 months</p>
Trade Union Leave	<p>Leave to allow union members/employees to carry out activities related to the organisation and realisation of union interests</p> <ul style="list-style-type: none"> <li>• Days of leave depends on the collective agreement</li> </ul>
Employment Contract Suspension	<p>A scheme used by employers to grant employees unpaid leave due to personal reasons</p>

## Public Holidays

There are 12 National Public Holidays in Brazil. Rio de Janeiro and Sao Paulo have their own regional holidays.

Date	Public Holiday
January 1	New Year's Day
February 28	Carnival
March 1 & 2	
April 15	Good Friday
April 21	Tiradentes Day
May 1	Labour Day

Date	Public Holiday
June 16	Corpus Christi
September 7	Independence Day
October 12	Lady of Aparecida
October 18	Civil Servants Day
November 2	All Souls`Day
November 15	Republic Day
December 25	Christmas Day

## 7. Statutory Contributions

The INSS is responsible for collecting contributions to maintain the Brazilian Social Security regime operations – paying retirements, pensions due to death, illness, disability, aids, others benefits foreseen by law.

Sickness allowance is an INSS benefit paid to workers who have fallen ill for more than 15 consecutive days. The first 15 days of “sick leave” (doctor’s note must be presented by the employee) are paid by the company and from the 16th day onwards by the INSS.

### Contribution Rate

Contribution by Employee	Contribution by Employer
7.5% for income up to 1,212 BRL 9% for income between 1,212 and 2,427.35 BRL 12% for income between 2,427.36 and 3,641.03 BRL 14% for income between 3,641.04 and 7,087.22 BRL	20 – 25% Depending on the industry’s sector

### Unemployment Insurance

The Unemployment Insurance is one of the social security benefits and aims to guarantee temporary financial assistance to the worker dismissed involuntarily (without just cause).

The worker receives between 3 to 5 instalments, depending on the time worked:

- 3 instalments if at least 6 months of employment is proven
- 4 instalments if at least 12 months of employment is proven
- 5 instalments if more than 24 months of employment is proven

Table for calculation of the 2022 Unemployment Insurance—based on the average of the last 3 drawn salaries:

Average Salary	Installment Calculation
Up to BRL 1,858.17	Multiply the average salary by 0.8
From BRL 1,858.18 to BRL 3,097.26	The average salary is multiplied by 0.5 and adds up to BRL 1,486.53
Above BRL 3,097.26	The installment amount will be BRL 2,106.08

## 8. Termination and Severance

### Notice Period

Notice Period is provided when the employment contract under the CLT regime is terminated, either on the initiative of the company or by the employee and can be worked or paid. The duration varies according to the time worked in the company. The minimum is 30 days for contracts of up to one year, and the maximum in case of dismissal could be 90 days.

Type of Termination	Petitioner	Justification	Severance Pay
<b>Termination without cause</b>	Employer	Obligation to disclose the reason	Salary balance, prior notice, accrued vacation plus one-third bonus, proportional vacation plus one-third bonus, proportional 13th salary, 40% severance fund (FGTS) fine over the balance of the employee's individual account
<b>Resignation by the employee</b>	Employee	No obligation to disclose the reason	Salary balance, proportional 13th salary, accrued vacation plus one-third bonus and proportional vacation plus one-third bonus
<b>Indirect Termination</b>	Employee	Labor claim against the company	A serious misconduct that the employer commits with the employee, and it triggers the same payments due in a termination without cause

Type of Termination	Petitioner	Justification	Severance Pay
<b>Termination by mutual consent</b>	Both parties agree	Documented mutual consent	Half of the prior notice and the FGTS fine (employee's part) and, in full, other labour allowances due in a termination without cause. (Employee will be able to withdraw up to 80% of the FGTS balance and will not be entitled to receive the unemployment insurance)
<b>Termination with cause</b>	Employer	One of the situations provided by law (steal; sexual harassment etc.)	Salary balance and accrued vacation plus one-third

## 9. Expatriation to Brazil

### Mandatory Requirements for Expatriate Employees in Brazil

Migratory processes usually become excessively bureaucratic, especially in expatriation cases. Thus, their success depends on a good advisory service. Such advisory is often provided by a specialised company, which acts like an attorney-in-fact, mediating the relationship between the solicitor and the Brazilian government.

### Work Visa

To determine the type of visa, it is necessary to assess employee's job position and role (e.g., function in the company's administration, management position, a specific technical function etc.), and depending on the type of visa, the remuneration structure is composed differently.

### Residence Permit with Employment Contract

The residence permit with employment contract is one of the main work visas/residence permit in Brazil. This type of residence permit is designed for companies wishing to locally contract immigrant professionals to work at their facilities and it may be issued for the period of up to 2 years.

Considering that the immigrant shall have an employment contract in Brazil, they shall be subjected to the labour and social security legislations of Brazil, having the same rights and obligations as a Brazilian employee, e.g.: to have Brazilian Tax Id (CPF) and Work and Social Security Card (CTPS) – some of the documents required to maintain professional activities in Brazil.

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## About BIPO

Established in 2010 and headquartered in Singapore, BIPO is a global payroll and people solutions provider.

Our enterprise-ready HR Management System automates HR processes, simplifies workflows, and delivers actionable insights. Complemented by our payroll outsourcing and global PEO services, we support your global workforce needs through a network of 30+ offices, four R&D centres, and business partners in 100+ countries.

Connect with our experts today: [hello@biposervice.com](mailto:hello@biposervice.com)

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