

Portugal: simplified short-time working scheme and other business support measures adopted to tackle the coronavirus crisis

Planet Labor, 16 March 2020, n°11721 - www.planetlabor.com

The new simplified regime enters into force on 16 March 2020 in order to deal with the coronavirus epidemic. The package of extraordinary measures adopted on 13 March also includes social protection measures for workers that have to stay at home to look after children as well as to protect the self-employed (using the so-called green receipts system) who are experiencing a drop in business volumes.

Simplified short-time working regime (*lay off simplificado*). The implementing decree for the new short-time working scheme that entered into force on Monday 16 March in Portugal is simplified. It presents a major change compared to what is provided for in the country's labour code: the measure is treated as a reduction of working time to 0% and no longer as a termination of the employment contract. This concerns companies that cease their activity due to a break in the supply chain as well as those whose business records a 40% drop in turnover compared to the same period in 2019. Companies that commenced business less than a year ago will be eligible for exceptional financial support for a maximum of six months. Workers can be taken off work for one month, which can be renewed six times, for a maximum of six months.

The procedure provides for a reduction in salary. Workers will receive 66% of their salary up to a limit of €1,905. 70% of this reduced salary will be covered by social security, and the remaining 30% by the employer. Employers must inform their employees and workers in writing. A declaration must also be sent to the administrative services.

Specific measures. Companies may opt to organise training during the quarantine and the period of short-time working. A supplement of €131.64 per month will then be allocated to the worker. Similarly, companies whose activity is suspended following a decision by the health authorities (Covid-19 detected or suspected) will be eligible for training aid. If necessary, the state will support the payment of wages during the phase when activities are being resumed after closure by the health authority or at the end of the period of short-time working by paying €635 for one month to each worker. Finally, the last measure to support the production sector is the suspension of employers' social security contributions during the period of crisis.

Specific cases of 'green receipts'. Green receipts cover work on a task or assignment and correspond to a link of subordination that is not formalised through a contract. The drop in activity, particularly in tourism, and the cancellation or postponement of cultural, sporting and social events affects these workers, who predominantly operate as self-employed. The state has decided to grant aid of up to €438.81 per month to such workers who apply for it. This amount corresponds to the index that determines the ceiling for social aid in Portugal (IAS).

Special measures for childcare. Due to the closure of schools, parents of children under 12 years old will be allowed to stay at home. They will then receive 66% of their gross salary, as if they were on short-time work. The 'green receipts' will in this case be able to receive 1/3 of their average income calculated on the total received during the 12 months prior to the suspension of their work.

Finally, two lines of credit have been created, one to the tune of €200 million to support the cash flow of businesses and the other, €60 million in size, for micro-enterprises in the tourism sector.

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