

Portugal

1. Government requirements

Registration requirements

Companies and employees should be registered at the Portuguese Tax Office in order to obtain the taxpayer number.

Social Security (SS)

The registration must always be made online and by 24 hours before the start of the labor contract. The form Mod. RV1009/2005 is only used if the new employee does not have a social security number assigned, where usually this applies to foreign workers (not Portuguese or those who have never worked before in Portugal). Additionally, in this particular case, the form Mod. RV1006/2015 should also be completed.

In Portugal, the information/obligations needed for new joiners are as follows:

- For local employees: identification card (cartão de cidadão);
- For foreign workers:
- Obtain his or her Portuguese tax number, in the event that the individual is outside the European Union
- Have a tax representative
- Full address of the residence (home country)
- Full name
- Passport
- A statement signed by the individual duly authenticated and passport (this authentication can be carried out in home country)
- If the joiner is from the European Union, it is only necessary to have his or her identification card to obtain the fiscal number.

Companies' managers must also be registered at Social Security, following specific requirements.

The majority of the interactions with Social Security Authority is made through internet.

Compensation funds

In accordance with Law No. 70/2013 of 30 August under the Management Institute of Social Security Capitalization Funds (IGFCSS, I.P.), registration is done by the employer online via the compensation funds website (www.fundoscompensacao.pt) for employment contracts entered into after 1 October 2013.

There is no registration fee applicable.

Ongoing compliance requirements

Personal Income Tax (PIT) and social security monthly obligations

On a monthly basis, companies are required to withhold and pay the PIT due on salaries to the tax authorities by the 20th of the following month. PIT withholdings are computed on the basis of progressive tax rates. The payment of social security contributions is also due by the 20th of the following month.

Remuneration Monthly Statement — Social Security (Portuguese DMR)

- The total percentage is 34.75% (in most situations), with 23.75% paid by the employer and 11% paid by the employee.
- The tax must be paid between the 10th and the 20th of the following month.
- The submission of this report must be made by the 10th of the following month.

Remuneration Monthly Statement — Tax authority (Portuguese DMR)

- The tax must be paid as per the PIT code (CIRS).
- The deadline for payment of withholding tax is the 20th of the following month.
- Registration is made by the employer.

Compensation funds

- The payments to be made by employers to the Work Compensation Fund (FCT) is 1% of the basic and daily payments for each employee covered.
- The payments should be made between the 10th and 20th of each month.

Year-end activities

- Annual Company social activity statistic report (Relatório Único), that includes information from the payroll as well as data about training report, hygiene, safety and health report, freelancers, and strikes.
- Annual preparation of the individual income and withholding tax summary, for tax purposes.

2. Pension requirements

Registration requirements

Companies are required to register employees at the Portuguese Social Security Authority, in order to subsequently make social security contributions on monthly salaries.

Ongoing compliance requirements

On a monthly basis, companies are required to deliver the Social Security and Tax Authority the detail of the remunerations (gross salary and additional remuneration components) on a monthly basis until the 10th day of the following month.

3. Employment obligations

In addition to workplace accident insurance, it is also mandatory for companies to manage health and safety in the workplace. Employees should also be given a medical examination upon admission to the company and at regular intervals during their employment.

Employer's accident insurance (mandatory)

In accordance with the Labor Code and managed by Working Conditions Authority (ACT), employer's workplace accident insurance is mandatory. It is important to note that this insurance must be active from the first day of each employee's contract.

Leave days or working holidays

In accordance with the Labor Code and governed by the ACT, employees are entitled to a minimum annual leave entitlement of 22 days.

In their first year of employment, employees are entitled to two working days for each complete working month, up to a maximum of 20 days. In the following years, employees are entitled to 22 days of leave, however this could change if there is a specific collective agreement.

There is also minimum wage and rest hours in Portugal, applicable in a standard way and with specific conditions for each type of company activity.

4. Payroll requirements

The Labor Law regulates contractual relations between the employer and the employee. Accordingly, leave days, rest hours and reasons for dismissal, among others, are defined by this law.

Payment frequency

In general, the remuneration must be available to the employee until the last business day of each month. The employee is entitled to 12 months of salary, one month of holiday allowance and one month of Christmas allowance.

Payslips

On a monthly basis, employers are required to prepare and issue payslips to employees, detailing the remuneration paid (and type of remuneration) and corresponding withholding tax and other deductions.

5. Banking requirements related to payroll

Usually, payments are made using the Single Euro Payments Area (SEPA) protocol.