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Factsheet for case PT-2020-13/297

Exceptional and temporary measure on 'lay-off' to protect jobs in the context of the COVID-19 pandemic

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Country	Portugal, applies nationwide
Time period	Temporary, 27 March 2020 - 30 June 2020
Type	Legislation or other statutory regulation
Category	Employment protection and retention – Income support for people in employment (e.g. short-time work)
Case created	06 April 2020 (updated 05 May 2020)

Background information

This exceptional and temporary measure, set by Decree-Law No. 10-G / 2020 of 26 March 2020, simplifies the operationalisation and sets new conditions to the temporary measure provided for in the Ordinance No. 71-A / 2020 of 15 March to respond to the COVID-19 pandemic, which introduced exceptional changes to the 'Lay-off' regime defined by Labour Code (Law No. 7/2009). The measure aims at protecting jobs and maintaining labour contracts in companies by supporting 2/3 of workers' wages. This measure adds the following main provisions: it forbids the companies that are entitled to the support to eliminate jobs (collective and individual redundancies); and establishes that the state budget will cover the financing of the part of wages provided by social security

Content of measure

Decree-Law No. 10-G / 2020 of 26 March 2020 establishes that companies in a crisis situation as a result of: i) a complete halt in the activity or ii) or abrupt and sharp decrease of activity of at least 40% of invoicing have access to extraordinary support to help pay the wages of their workers for a maximum period of 6 months.

While with the provisions set by Ordinance No. 71-A / 2020 of 15 March it was necessary to prove an abrupt

and sharp drop in invoicing, quantified at least at 40 percent, with reference to the same three-month period (2019); the Decree-Law No. 10-G / 2020 of 26 March 2020 simplified the process insofar it is enough to demonstrate this break in the thirty days prior to the date of the order, with reference to the monthly average of the two months prior to that period.

During the reduction or suspension of activity period, as well as in the 60 days following the application of the extraordinary support, the employer cannot fire the workers encompassed by these measures on the grounds of collective dismissals or individual dismissals with basis on job extinction (article 13).

The financial support - (as provided for in paragraph 4 of article 305 of the Labor Code) - corresponds to an amount equal to 2/3 of the gross remuneration up to a maximum of 3 minimum wages (€ 1905), 70% of which is guaranteed by Security Social and 30% guaranteed by the employer, with a duration of one month, which can be extended monthly, up to a maximum of 6 months.

The amount guaranteed by social security is financed by the State Budget; and the support provided is eligible for EU financing (article 16).

Use of measure

Information released by the Ministry of Labour, Solidarity and Social Security (MTSS) - April 2020
'COVID-19 | Informação relativa a famílias e empresas no âmbito do MTSSS'

Information at 7 April:

Required until that date Lay-off around 40,000 companies/ encompassing around 642,000 workers. In terms of sectors 24.2% are companies in the Accommodation and Food Services, 19.9% in Wholesale and Retail, 9.3% in Manufacturing Industry and 8.9% in Human Health and Social Support Activities.

Actors, target groups and funding

Actors	Target groups	Funding
National government Trade unions Employers' organisations Public employment service Social insurance	Employees All companies	Employer European Funds National funds

Social partners

Role of social partners	Consulted
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Form of involvement	Bi-or tripartite social dialogue bodies
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Social partners were consulted at the tripartite social dialogue - Standing Committee for Social Concertation (Comissão Permanente de Concertação Social – CPCS).

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 26 March 2020: Decreto-Lei n.º 10-G/2020 - Diário da República n.º 61/2020, 1º Suplemento, Série I de 2020-03-26 (dre.pt)