

# TAX NEWSLETTER

## Exceptional and temporary job protection measures in the context of the COVID-19 pandemic – *Lay-off*

Decree-Law 10-G / 2020, of March 26, 2020, consolidated a set of extraordinary and urgent measures to respond to the epidemiological situation of the new Coronavirus - COVID 19, within the scope of exceptional and temporary measures for the protection of jobs, which we now describe:

### Simplified *lay-off* measures

#### *1. What are they?*

These are exceptional and temporary job protection measures, establishing a simplified lay-off regime, and financial support, for employers in the social sector, and workers at their service, affected by the outbreak of the COVID-19 virus, which in consequently find themselves in a situation of business crisis.

#### *2. When do they apply?*

It should be noted that, in order to access the measures provided for in this decree-law, the employer must, evidently, have the contributory and tax situations regularized before the Social Security and the Tax and Customs Authority.

The main requirement for applying the simplified lay-off measures is that companies / establishments are in a situation of business crisis.

The following situations are considered a **business crisis**:

Situation	Necessary documentation	Documentation that may be requested
Total or partial closure of the company / establishment, due to the legislation issued under the State of Emergency	✘	✘
Total or partial stoppage of the activity of the company / establishment that results from the interruption of global supply chains, or the suspension or cancellation of orders, which may be proven with evidence	Declaration by the employer and certificate from the Certified Accountant of the company attesting that the relevant circumstances are verified	<p><b>i.</b> Accounting balance sheet for the month of support and the corresponding month from the previous year or previous months (when applicable);</p> <p><b>ii.</b> VAT Return for the month of support, as well as for the immediately preceding 2 months / or VAT Return of the 4<sup>th</sup> Q 2019 and the 1<sup>st</sup> Q 2020, which show the intermittency or interruption of supply chains or the suspension or cancellation of orders;</p> <p><b>iii. Only for the 2nd situation:</b> Documents demonstrating the cancellation of orders or reservations, which shows that the company's use will be reduced by more than 40% of its production or occupancy capacity in the month following the request for support; and</p> <p><b>iv.</b> Additional supporting elements to be fixed.</p>
The abrupt and sharp drop of at least 40% of the billing in the period of 30 days prior to the request, with reference to the monthly average of the 2 months prior to that period, or compared to the same period of the previous year or, still, for whom started the activity less than 12 months ago, the average of that period		

### 3. What are the support measures?

The measures envisaged are as follows:

#### I. Extraordinary support for maintaining employment contracts in a business crisis

**PROVIDED SUPPORT** – Workers receive 2/3 of the normal gross remuneration, or the amount of the minimum guaranteed monthly wage corresponding to their normal working period, whichever is higher, ensuring Social Security pays 70% of that amount, with the remainder being borne by the employer.

**DURATION** – This support lasts for one month and can, exceptionally, be extended monthly, up to a maximum of 3 months.

**APPLICATION PROCESS** – The employer informs the workers in writing of the respective decision, indicating the foreseeable duration, after hearing the union delegates and workers' committees, when they exist, and immediately sending an electronic application to the competent social security department, with the nominative list of employees, covered workers and their social security number.

In case the business crisis situation falls in scenarios 2 and 3 of the table above, it will also be necessary to present the declaration of the employer and the certificate of the Certified Accountant of the company attesting that the relevant circumstances are verified.



The electronic application can be found on the Social Security website, in the following link: [http://www.seg-social.pt/documents/10152/16889112/RC\\_3056.pdf/61b7f4b0-bf25-4913-a063-e510800a0141](http://www.seg-social.pt/documents/10152/16889112/RC_3056.pdf/61b7f4b0-bf25-4913-a063-e510800a0141)

## II. Extraordinary training plan

**PROVIDED SUPPORT** – Companies that have not resorted to the support for maintaining employment contracts in a business crisis, can access extraordinary support for part-time professional training, supported by IEFEP, I. P, in order to maintain the respective jobs and the strengthening of the skills of its workers, in order to act preventively on unemployment.

Support is granted according to the hours of training attended, up to the limit of 50% of the gross remuneration, with the maximum limit of a guaranteed minimum monthly remuneration.

The training entities are the employment and vocational training centers of IEFEP, I. P.

**DURATION** – The extraordinary support lasts for one month.

**APPLICATION PROCESS** – The employer informs the workers, in writing, of the decision to initiate a training plan and the expected duration of the measure, immediately sending information to the IEFEP, I. P..

In case the business crisis situation falls in scenarios 2 and 3 of the table above, it will also be necessary to present the declaration of the employer and the certificate of the Certified Accountant of the company attesting that the relevant circumstances are verified.

### III. Extraordinary financial incentive to ensure the normalization phase of the activity

**PROVIDED SUPPORT** – Financial incentive, to be granted by IEFP, I. P., with the value of a guaranteed minimum monthly remuneration per worker.

**DURATION** – Paid only once

**APPLICATION PROCESS** – To access the incentive, the employer submits an application to the IEFP, I. P., accompanied by the following documents:

- i. Accounting balance sheet for the month of support and the corresponding month from the previous year or previous months (when applicable);
- ii. VAT Return for the month of support, as well as for the immediately preceding 2 months / or VAT Return of the 4th Q 2019 and the 1st Q 2020, which show the intermittency or interruption of supply chains or the suspension or cancellation of orders;
- iii. Only for the 2nd situation: Documents demonstrating the cancellation of orders or reservations, which shows that the company's use will be reduced by more than 40% of its production or occupancy capacity in the month following the request for support; and
- iv. Additional supporting elements to be fixed.

### IV. Exceptional and temporary exemption from payment of Social Security contributions

**PROVIDED SUPPORT** – Employers and self-employed workers who are employers, and their spouses, beneficiaries of the measures, are entitled to total exemption from the payment of Social Security contributions paid by the employer (23.75%), in relation to the workers covered and members of the statutory bodies.

This exemption refers to contributions related to remuneration for the months in which the company is a beneficiary of the referred support measures.

**DURATION** – This support is valid for one month and can, exceptionally, be extended monthly, up to a maximum of 3 months.

**APPLICATION PROCESS** – Employers submit autonomous remuneration declarations for the workers covered and pay the respective contributions (11%).



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