

MdME

LEGAL UPDATE

*Key Things to Know about
Portuguese Employment Law*



MdME

1. Hiring in Portugal.

The minimum age for admission is, general rule, 16 years old if the minor complies with the other legal requirements.

The general rule in Portuguese labor legislation is to hire permanent employees **through open-ended employment contracts**, in which the parties do not stipulate an end date. These contracts do not depend on written form and can only be terminated under the reasons specified in the labor law.

To fulfill the employer's exceptional, temporary, and objective needs, the parties can enter into **uncertain or fixed term employment contracts**, which must be put down in writing and comply with other legal requirements to avoid being considered open-ended contracts.

Uncertain-term employment contracts termination depends on a non-predictable event and have a maximum duration of 4 years. Fixed-term employment contracts are celebrated with a fixed end date that can be renewed up to three times, as long as:

- a) The total duration of the renewals does not exceed the duration of the initial contract;
- b) The sum of the initial contract and the renewals do not exceed two years.

Part-time employment contracts, intermittent work contracts, employment contracts with foreign workers, teleworking agreements, temporary agency work, are also subject to written form.

The employer must inform employees about relevant aspects of the employment contract, namely, regarding work abroad.

MdME

2. Probation Period.

Probation Period is the initial period of the employment contract during which employer or employee may unilaterally cease the contract without a cause.

For open-ended employment contracts the maximum probation period is 90 days. However, the law provides for situations in which it may be increased.

Regarding uncertain or fixed-term employment contracts, the probation period is 15 days for contracts with a duration of less than six months or 30 days for contracts with the duration equal to or higher than six months.

During the probationary period, each part can terminate the contract without prior notice nor compensation required. Termination during the trial period by the employer may be subject to prior notice, depending on the length of the trial period that has already elapsed.

Failure to comply with the notice period results in payment of the salary corresponding to the missing notice period.

MdME

3. Foreigners workers.

The principle of free movement of workers covers citizens of European Union member states, European Economic Area countries (Iceland, Liechtenstein and Norway) and Switzerland.

Apart from these cases, generally, foreigners may work legally in Portugal with a work visa or a residence permit granted for:

- Subordinate work;
- Self-employment or entrepreneurs;
- Highly qualified activity;
- Digital Nomad.

A work visa can be requested for seasonal work, a temporary stay or to look for work and is requested before entering Portuguese territory. The Job Seeker Visa allows entry into Portuguese territory for a period of 120 days, extendable for 60 days, to look for work and to carry out a subordinated work activity, until the visa expires or until a residence permit is granted.

The residence permit is valid for an initial period of 2 years and renewable for successive periods of three years. After 5 years of holding a Portuguese residence permit, the applicants can request a permanent residence, valid for periods of 5 years, if all the legal requirements are fulfilled.

4. Salary

In Portugal, employees are entitled to a fixed, variable, or mixed salary to be paid on a regular and permanent basis. Usually, it is paid monthly.

MdME

No worker can receive less than the minimum monthly wage set by the Portuguese Government. However collective bargaining agreements can set different minimum wages for certain careers as long as it is higher than the national minimum wage.

In addition to a monthly salary, employees are entitled to receive a vacation allowance and a Christmas bonus.

Apart from the basic salary, employees may have the right to meal allowances, payment for overtime work, payment for night/shifts work, special remuneration for exemption from working hours, etc.

Employers are responsible for deducting employees' contributions from their gross salary and to contribute, in general, 23.75% of the employee's gross income. Portuguese withholding tax rates are progressive and vary according to the worker's personal situation.

5. Working Hours

As a rule, the normal working period cannot exceed 8 hours a day, 40 hours a week.

The employer defines the work schedule providing the employees the right to:

- a) a rest period of at least one hour and no longer than two hours during the working day, to prevent working for more than five hours in a row.
- b) eleven consecutive hours of rest between two sequential working days;
- c) at least, one day off per week, which usually corresponds to Sunday.

The mandatory weekly rest must be taken in continuity with an eleven-hour daily period of rest or by a complementary weekly rest.

MdME

Some of these rules might be modified through collective bargaining agreements or by individual agreements with the employees.

6. Holidays

On January 1st the employee is entitled to 22 working days of vacation, 10 of which must be taken consecutively. There are, however, exceptions to this rule in the year in which the employee is hired, in the case of an employment agreement of up to six months and when the contract ends in the year following the hiring.

Vacations are usually scheduled by agreement between parties or established between May 1st and October 31st by the employer.

Vacation time must be taken in the year in which it falls due, although in some cases and by agreement it can be taken in the following year until April 31.

There's a 30-day limit to the vacation period in the same working year, except if agreed differently by collective bargaining agreement.

The vacation entitlement is mandatory, not replaceable for any payment. Its violation constitutes a serious regulatory offence and can result in the payment of compensation to employees.

7. Employees with Additional Protection

Portuguese labor legislation provides special protection for minors, parenthood and informal caregivers.

As a rule, minors cannot work overtime, perform night work and there are also some limitations regarding consecutive working hours.

In terms of parental rights, in addition to work leave and parental leave, special protection is granted on working conditions and dismissal. Some of which are also established for informal caregivers.

MdME

Dismissal of a puerperal, pregnant, nursing woman, workers on parental leave or informal caregivers demands a prior decision of the Portuguese Commission for Employment Equality (Comissão para a Igualdade no Trabalho e Emprego). This committee must also be informed of the reason for non-renewal of an uncertain or a fixed-term employment contract at least five working days before the date of notice.

8. Safety & Health

The employer must guarantee health, hygiene, and safety conditions at work, provide information and training on these matters, and organize the occupational safety and health service, either internal, joint, or external.

9. Work Accidents

In addition to the employer's obligation to respect and apply the general principles of Safety and Health at Work, it is mandatory to take out a work accident insurance policy.

Work accidents must be reported to the insurance company within 24 hours of their occurrence. In the same period, if the accident results in death or serious physical injury the report must also be done to the Authority for Work Conditions (Autoridade para as Condições no Trabalho).

MdME

10. Termination

Under the Portuguese labor laws, the employer cannot terminate employment contracts without a cause. To dismiss an employee it is necessary a valid reason (objective or subjective), a legal procedure and the payment of compensation, except in the case of termination with just cause.

The employment contract can cease by expiration of the term; collective dismissal; redundancy; employee's ineptitude; rescission with just cause by the employer or by the employee; rescission without just cause by the employee and mutual agreement.

In the event of **rescission without just cause by the employee**, a 30 or 60 days notice must be given, depending on whether the employment contract lasted up to two years or more.

To end a fixed-term employment contract, a notice of opposition to renewal must be sent 15 or 8 days before the end of the contract, depending on whether it is the employer or the employee ending it.

For an uncertain term employment contract, the notice must be sent:

- By the employer with 7 days notice if the contract lasted up to six months; 30 days notice if the contract lasted from six months to two years; or 60 days' notice if the contract lasted more than two years;
- By the employee with 30 days notice if the contract lasted less than two years or 60 days notice if the contract lasted more than two years.

The compensation due at the end of a fixed-term or uncertain-term employment contract corresponds to 24 days of basic salary plus seniority for each full year of contract or the proportional amount in the case of fractions of a year.

In the **event of collective dismissal, redundancy, and employee's ineptitude**, in addition to complying with other legal requirements and

MdME

procedures, the compensation and all employment credits must be made available to the employee at the end of the notice period. The method of calculating this compensation depends on the applicable transitional regime.

Compensation and all employment credits must be made available to the employee by the end of the notice period. The method to calculate this compensation depends on the transitory regime applicable.

If the legal requirements and procedures are not met, the dismissal initiated by the employer can be considered illicit and the employee acquires the right to compensation for the damage caused, all salaries (and allowances) calculated since the dismissal date and up to the date of the final court decision and to choose between reinstatement or compensation to be fixed by the court.

Our Contributors:



Ana Santos Paiva
Senior Associate
ana.paiva@mdme.com
[Visit Profile](#)