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Covid-19

26th August 2020



**Extraordinary support for the
progressive return to activity in
companies in a business crisis
situation, with
reduction of normal working hours**

(Decree-Law n.º 46-A/2020, from July, 30th)

Support for the progressive return to activity

| Decree-Law n.º 46-A/2020, from July, 30 th | |
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| New Measures | |
| Definition of “Company in a business crisis situation” | <p>Billing breakdown equal or greater than 40% in the immediately prior complete calendar month to the calendar month in which the initial request for support or its extension was requested;</p> <p>Compared to:</p> <ul style="list-style-type: none"> - the same month of the previous year or - the monthly average of the two months prior to that period. |
| Applicability | Private employers, including the social sector. |
| Support access conditions | <p>Reduction of the normal working period (NWP) – applicable to all or some employees;</p> <p>Updated Social Security and Fiscal Authority tax and contributory situations.</p> |
| Procedures | <p>Written communication to the employees to be covered by the reduction of the NWP- Union representatives and employees' commissions, if any, should be heard. A minimum period of three working days for reply (which is not binding) can be set;</p> <p>Communicate the percentage of NWP reduction to each employee;</p> <p>Communicate the expected duration of the measure</p> |

Note: The information contained in this document is merely informative. The legislation in force should be read for further details.

Support for the progressive return to activity

| (Decree-Law n.º 46-A/2020, from July, 30 th) | | |
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| NWP Duration | Obligations | New hires or contract changes |
| <ul style="list-style-type: none"> One calendar month, which can be monthly extended, until December 31st, 2020; Can be applicable an interruption in the NWP reduction. In this case the support will be suspended during this period. However, there is a possibility of resuming it the subsequent months, if applicable. | <ul style="list-style-type: none"> The employee who carries out or will carry out paid activity outside the company must inform the employer of this fact, within five days from the beginning of that activity, for the purpose of any reduction of the compensation, under the penalty of losing the right to it, constitution of the duty to refund the amounts received and, also, of serious disciplinary infraction; The employer must inform the social security of the situation referred in the previous point, within two days from the date on which the employer became aware of it. | <ul style="list-style-type: none"> During the reduction of the NWP, the employer can: <ul style="list-style-type: none"> - Hire new employees, except for functions that can be performed by employees with reduced NWT; - Renew fixed-term contracts; - Convert fixed-term contracts into permanent contracts. |

| Maximum limits for the temporary reduction of the NWP, per employee, in companies with a billing breakdown $\geq 40\%$ | Maximum limits for the temporary reduction of the NWP, per employee, in companies with a billing breakdown $\geq 60\%$ | Verification of NWP reduction |
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| <ul style="list-style-type: none"> August and September/2020 – 50%; October, November and December/2020 – 40% | <ul style="list-style-type: none"> August and September/2020 – 70%; October, November and December/2020 – 60% | <ul style="list-style-type: none"> The reduction in the WTP is measured in average terms, per employee, at the end of each month, regarding the maximum limits of the daily and weekly NWP provided for in the Labor Code. |

Support for the progressive return to activity

| Decree-Law n.º 46-A/2020, from July, 30 th | | |
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| Remuneration | Retributive Compensation | Retributive Compensation Calculation |
| <ul style="list-style-type: none"> The employee is entitled to the amount corresponding to the worked hours, calculated by the hourly rate amount (Art. 271 of the Labor Code). | <ul style="list-style-type: none"> The employee is entitled to a monthly retributive compensation, regarding the hours not worked, paid by the employer, with a maximum limit of 3 National Minimum Wages (NMW), with the following values: <ul style="list-style-type: none"> - 2/3 of the normal gross remuneration in August and September/2020 - 4/5 of the normal gross remuneration in October, November and December/2020 - In case, the sum of the remuneration and retributive compensation is less than the value of the NMW, the retributive compensation must be complemented to make up that amount (635 €). | <ul style="list-style-type: none"> When calculating the compensation (<u>hours not worked</u>), only the following concepts are considered: <ul style="list-style-type: none"> - Base Salary - Code P - Monthly Allowances – Code B - Regular monthly allowances, including shift work – Code M - Meal allowance, when it integrates the concept of retribution – Code R - Night shift work – Code T The benefits related to codes “B”, “M” and “T” are considered regular when the employee has received them in at least 10 months in the period between March 2019 and February 2020, or in an identical proportion if the employee has been hire and has not reached 12 months of contract |

Support for the progressive return to activity

| Decree-Law n.º 46-A/2020, from July, 30 th | | | |
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| Financial Support | Additional Support | Total and partial exemption of Social Security contributions | Training Plan |
| <ul style="list-style-type: none"> 70% of the retributive compensation, for hours not worked, will be paid by Social Security; This support is intended exclusively for the payment of the retributive compensation. The employer has to pay the remaining 30% of the hours not worked, and also the remuneration for the worked hours. | <ul style="list-style-type: none"> In case of a serious business crisis, with a billing breakdown of 75% or more, the company is also entitled to 35% of the gross remuneration to be paid to the employee for the worked hours; The sum of the retributive compensation with additional support is limited to 3 MNW. | <ul style="list-style-type: none"> Micro, small and medium-sized enterprises that benefit from extraordinary support for the progressive return of activity are entitled to: <ul style="list-style-type: none"> - in August and September/2020 - total exemption from contributions regarding the covered employees (does not include board members or managers); - in October, November and December/2020 - partial exemption of 50% of the contributions regarding the covered employees; Large enterprises, during the support period, are entitled to: <ul style="list-style-type: none"> - Partial exemption – 50% from the payment of contributions regarding to the covered employees; - The employer can benefit the total or partial exemption only during the support time; - The total or partial exemption are unofficial by the Social Security services. | <ul style="list-style-type: none"> This support can be combined with a training plan, approved by the IEFP, which grants the right to an allowance corresponding to 30% of the Social Support Index (IAS), financed by the IEFP, in equal parts to the employee and the employer. |

Support for the progressive return to activity

| Decree-Law n.° 46-A/2020, from July, 30th | | | |
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| Business crisis situation, Responsibility and Support Termination | Employer duties during the reduction period | Effects of NWP reduction on holidays and Holidays and Christmas allowances | Non – compliance and Support Cumulation |
| <ul style="list-style-type: none"> • Social security sends the company information to the Tax Authorities and the percentage of billing break considered, in the month following the payment of support; • If the employer initiates the application of the reduction of NWP, before the decision of the competent social security service, assumes the effects resulting from its eventual rejection; • The employer could terminate the support, any time, using a specific social security form. | <ul style="list-style-type: none"> • Comply with obligations from employment contract, Labor Code and the applicable Collective Labor Agreement; • Maintain regularized contributory situation; • Punctual payment of compensation and, if there is a training plan, the training allowance as well as punctual payment of contributions due to the Social Security; • Do not increase the remuneration or other benefits to board members (managers and administrators) as long as there is a social security contribution to the employees' remuneration compensation; • Do not terminate employment contracts by collective dismissal, job extinction or unsuitability for the job, nor initiate the respective procedures, during the period of support and in the following 60 days; • Do not distribute dividends in any form, even as a withdrawal on account; • The employer can not request the employee covered by the measures, to do extra hours, out of the reduced NWP. | <ul style="list-style-type: none"> • The NWP reduction, does not affect the holidays; • Nor with scheduling holidays; • The employee is entitled to the holidays period and holidays allowance, under the same terms that would be due under normal working conditions, without Social Security participation; • The employee is entitled to a full Christmas allowance, with social security reimbursing the amount corresponding to one-twelfth of the remuneration compensation regarding the number of months support. The employer does the remaining payment if the payment coincides with the period of application of this support. | <ul style="list-style-type: none"> • If the employer does not comply with any duty or makes false statements, implies: <ul style="list-style-type: none"> - Immediate termination of support and refund of amounts already received by Social Security; - Payment of contributions that company have benefited, being either total or partial exemptions. • This support can be combined with a training plan approved by the IEFP; • It cannot be combined with the incentive to normalize business activity provided in Decree-Law No. 27-B / 2020 • It is also not cumulative with the simplified lay-off regime in progress. |



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