



EMPLOYMENT & LABOUR LAW

HIRING INCENTIVES

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Decree-Law 72/2017, published on 21.06, regulates the granting of incentives for hiring young people seeking their first job and the long or very long-term unemployed, through a partial dispensation or total exemption from the payment of the Social Security contributions by the employer, as follows:

■ **Partial dispensation of the payment of contributions**, representing a reduction of 50% of the employers' contribution rate:

- i. for a period of 5 years, when hiring a young person seeking their first job;
- ii. for a period of 3 years, when hiring the long-term unemployed.

■ **Total exemption from the payment of contributions**, in the part paid by the employer, when hiring the very long-term unemployed, and for a period of 3 years.

The incentives provided for in this law are intended to support the hiring of employees from the following groups:

■ **Young people seeking their first job** – people aged up to 30, who have never worked under an indefinite employment contract (classification in this category is not affected by the employee having worked as a self-employed person, in an internship or under a fixed-term contract);

■ **Long-term unemployed** – people registered with the IEFP for 12 months or more (classification in this category is not affected by the employee having entered into fixed-term employment contracts for periods of less than 6 months, the total duration of which does not exceed 12 months);

■ **Very long-term unemployed** – people registered with the IEFP for 25 months or more and who are at least 45 years old (classification in this category is not affected by the employee having entered into fixed-term employment contracts for periods of less than 6 months, the total duration of which does not exceed 12 months).

It is to be noted that the support is only granted if the employee is hired with an employment contract of indefinite duration, therefore excluding situations of fixed-term employment contracts.

Also significant is the fact that the support is also applicable in situations in which employees who fall into the above categories have already worked for the company through fixed-term employment contracts, it being sufficient for their contract to be converted into a contract of indefinite duration.

Employment contracts that, although entered into for an indeterminate period, terminate during the trial period or those entered into after a vocational internship, are also eligible for the support.

The granting of the hiring incentives provided for in this decree-law requires the following – cumulative – conditions to be met:

- Employment contract of indefinite duration;
- The employer must register, in the month of the application, a total number of employees greater than average number of employees registered in the preceding 12 months;
- The employer must i) be lawfully established and registered; ii) have fulfilled their social security and tax obligations; and iii) not be in a situation of late payment of salaries.

To benefit from the hiring incentives described above, the employer must submit an application through the Social Security website, within 10 days from the start date of the employment contract.

As a final note, the concept of portability has been introduced, which means that, if the employment contract covered by the support is terminated before the end of this support, the (remaining) benefit accompanies the employee to their next indefinite duration contracts with new employers.

This decree-law takes effect on 1 August 2017.



 FUNDACÃO
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ANA CARDOSO

S/ título, 2001 (detail)

Oleo s/ tela
115 x 225 cm

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