

MAY 28<sup>TH</sup>, 2021

## COVID 19

### NEW INCENTIVE FOR NORMALIZATION OF CORPORATE ACTIVITY, SIMPLIFIED SUPPORT TO MICRO ENTERPRISES FOR JOB RETENTION AND EXCEPTIONAL MEASURE TO COMPENSATE FOR INCREASE OF GUARANTEED MINIMUM MONTHLY WAGE

On May 14<sup>th</sup>, Ordinance no. 102-A/2021 (hereinafter referred to as “**Ordinance**”) which **regulates the new incentive for normalization of corporate activity**, foreseen on article 5, of Decree-Law no. 23-A/2021, of March 24<sup>th</sup>, and the **simplified support to micro enterprises for job retention**, foreseen in article 14-A, of Decree-Law no. 46-A/2020, of July 30<sup>th</sup> (hereinafter together referred to as “**Supports**”), was published.

The **new incentive for normalization of corporate activity** consists of a financial support per worker who has been included, in the first quarter of 2021 and for a period of at least 30 days, in the extraordinary support to the maintenance of the employment contract (simplified layoff) or in the extraordinary support to gradual resumption of business.

If requested until May 31<sup>st</sup>, 2021, this incentive’s value corresponds to twice the guaranteed minimum monthly wage (hereinafter referred to as “**GMMW**”) and is paid in a phased manner over six months, to which is added the right to a partial waiver of 50% of the payment of social security contributions by the employer, with reference to the workers covered, during the first two months of the support.

If requested after the above-mentioned date and until August 31<sup>st</sup>, 2021, the incentive’s value corresponds to one GMMW and is paid in one sum, amounting to a support period of three months.

The **simplified support to micro enterprises for job retention** is meant for micro enterprises (that is, employers with a maximum of 9 workers) that are in a situation of corporate crisis and which have benefited, only in 2020, from the extraordinary support to the maintenance of the employment contract (simplified layoff) or in the extraordinary support to gradual resumption of business.

It is a financial support granted to the employer in the amount of twice the GMMW per worker covered by that support, to be paid in a phased manner over six months.

In the scope of this simplified support it is also foreseen the payment of an additional support in the amount of one GMMW for companies that remain in a situation of business crisis in the month of June 2021.

The Ordinance regulates the procedures, conditions, and terms of access to the Supports, of which we highlight the following:

- ✓ The Supports apply to employers with registered office in the mainland.
- ✓ The Supports are requested and granted by the Institute of Employment and Professional Formation, I.P. (hereinafter referred to as “**IEFP**”), and thus the applications must be submitted through the website <https://iefponline.iefp.pt/>.
- ✓ Applications open on 9 am of May 19<sup>th</sup>, 2021, and close on **6 pm of May 31<sup>st</sup>, 2021**.
- ✓ The Supports’ granted will only occur after the termination of the application of the preceding support granted by Social Security (extraordinary support for the maintenance of the employment contract and extraordinary support for the progressive resumption of activity).

The required documents are:

### **Incentive for normalization of corporate activity:**

- Declaration of the inexistence of debt or authorisation to consult online the contributory and tax situation before Social Security and the Tax Authority;
- Term of acceptance, indicating the IBAN, according to the model provided by the IEFP.

### **Simplified Support to micro enterprises for job retention:**

- Declaration of the employer and certification by the company's certified accountant attesting to the business crisis situation;
- Declaration of the inexistence of debt or authorisation to consult online the contributory and tax situation before Social Security and the Tax Authority;
- Term of acceptance, indicating the IBAN, according to the model provided by the IEFP.

Ultimately, access to any of the Supports is subject to a set of obligations to be complied with by the employers, namely the prohibition to initiate collective dismissal procedures, due to the extinction of the job position or inadaptation, and the duty to maintain the employment level

within 90 days from the end of the respective support.

On May 21<sup>st</sup>, Decree-Law no. 37/2021, which creates an **exceptional measure to compensate the augmentation of GMMW**, was published.

This measure consists in the attribution of a pecuniary subsidy, paid by IAPMEI – Agency for Competitiveness and Innovation, I. P. or by the Institute of Tourism of Portugal, I. P. (Tourism of Portugal, I. P.), in a lump sum, to employers with registered office in the mainland who, in their remuneration statement for the month of December 2020, have one or more full-time employees with a declared base remuneration equal to or higher than the GMMW for 2020 (€635,00) and lower than the GMMW for 2021 (€665,00).

At the time of payment of the subsidy, employers must have their tax and social security affairs in order before the tax authorities and Social Security respectively.

The pecuniary subsidy's value corresponds to:

- ✓ €84,50 per worker that in the remuneration declaration for the month of December 2020 earned the declared basic remuneration of €635,00;
- ✓ €42,25 per worker that in the remuneration declaration for the month of December 2020 earned a declared basic remuneration from €635,00 to €665,00.

The identification of the employers covered by this support is made exclusively through the Social Security information system, and the identified employers must register in an electronic registration system, for the collection of complementary information, to which they must adhere until June 25<sup>th</sup>, 2021, under penalty of forfeiting their right to this subsidy.

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**PARES | Advogados** is available to provide information regarding these supports, its requirements and effects, in a more adequate and suitable way to the reality of each Client and is able to provide all necessary support in this matter.

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