

STATE BUDGET FOR 2018 - EMPLOYMENT AND SOCIAL SECURITY MATTERS

The State Budget for 2018 was published today, and it will enter into force on January 1, 2018.

Please find below the major changes on employment and Social Security matters:

1. EMPLOYMENT

The employers' obligation to pay vacation and Christmas subsidies in twelfths is discontinued.

Therefore, from January 1, 2018, onwards, except if otherwise provided in the applicable collective bargaining agreement or in the employment agreement:

- (a) The Christmas subsidy shall be paid by December 15 each year;
- (b) The vacation subsidy shall be paid before the vacation period, or pro rata if the annual vacation days are enjoyed separately.

2. SOCIAL SECURITY

2.1 Increase of exemption limits to Social Security contributions regarding meal allowances

The exemption limits on Social Security contributions regarding meal allowances paid to employees are increased as follows:

- (a) Meal allowance paid in money: € 4,77;
- (b) Meal allowance paid in vouchers: € 7,63.

2.2 New regime for youngsters working on school holidays

A new Social Security regime is created, with reduced social protection scope, applicable to youngsters attending official or authorized schools that offer work during school holidays.

This new Social Security regime is subject to the general rules applicable to dependent workers, with the following particularities:

- **Reduced social protection scope:** guarantees social protection in event of disablement, old age and death.
- **Taxable base:** calculated according to the number of hours worked and the applicable hourly retribution. The hourly retribution is calculated according to the "Índice de Apoios Sociais" (IAS) as the following formula shows:

$$\frac{\text{IAS} \times 12}{52 \times 40}$$

- **Contribution rate:** 26,1%, to be paid by the employer.

2.3 Changes to the regime of retired persons working

Persons retired because of disability or old age rendering public duties increase their social protection in the event of illness.

As a result, the following rates are introduced:

- (a) Person retired because of for disability rendering public duties: 20,4% to be paid by the employer and 9,2% to be paid by the employee;
- (b) Person retired because of old age rendering public duties: 17,5% to be paid by the employer and 7,8% to be paid by the employee;

2.4 Increase of unemployment subsidy

The 10% increase of the daily amount of the unemployment subsidy is maintained during 2018:

- (a) When both parents from the same household are receiving unemployment subsidy and have dependent children, allowing both parents to benefit from the 10% increase of the unemployment subsidy;
- (b) When a single household parent is receiving unemployment subsidy.

2.5 Term of unemployment reduction after 180 days

The unemployment reduction of 10% after receiving benefits for 180 days is terminated.

Siga-nos:



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