



TAX ♦ SOLUTIONS

COVID-19 Pandemic Support Payment

- The exceptional measures required to encourage social distancing has an immediate impact on many employers. Although these measures are temporary, they have, and will lead, to temporary business closures.

There is an important role for employers in helping the country to respond.

- Following discussions with some industry groups today the Government is asking employers, if possible, to continue to pay workers during this period
- Where employers, who must cease trading because of the impact of social distancing, continue to pay workers they will be able to claim refunds from the Department of Employment Affairs and Social Protection. A temporary refund scheme is being established for this purpose.
- This means that workers retain their link with employers and there is no need for them personally to submit a job seeker claim.
- The refund scheme will take some time to set up but in the meantime the Banks have been requested to provide working capital finance in the form of overdrafts or short-term loans to cover costs.

For those people whose employer can't continue to pay them

- For those workers whose employers do lay them off without pay the Department is introducing a new support payment specifically designed to enable large numbers of people receive a payment as quickly as possible.

Mindful of social distancing concerns, there is no need to social security offices to make an application. One must apply social distancing recommendations so queues will be long and people who call may have to wait a long time.

All payments will be backdated to date of entitlement

Current measures implemented by the Portuguese Government as a result of the COVID 19 DL 10-A/2020 of 13 March

The scenarios enable employees to immediately claim social welfare benefits

Closing of Schools

Who can benefit:

Only one parent can stay home with their children,

The children must be under 12 years old.

Who and what periods are excluded from this benefit:

If one parent is at home, for example on teleworking, there is no right to have this benefit.

During the holiday period (30th March up to 13th April) this benefit is not paid, if the employee is absent of the work to stay at home with the children, this absence is considered as justified absences unpaid.

How to claim the benefit:

The employee should fill in the form Model GF 88-DGSS (Annex I) and hand it over to the employer,

The employer sends it to the accounting department, and we will submit this information on the Social Security website.

What support is given and who makes the payments:

The employee receives 66% of his salary, (minimum amount to receive is € 635 and maximum amount he/she can receive is €1.905);

The company initially pays the employee the full 66%. However, 33% of the salary is the responsibility of the Company and the remaining 33% is the responsibility of the Social Security. The Social Security will refund the 33% to the employer.

The company will pay to the Social Security, the 11% that are retained in the employee's salary, plus 23.75% of the 33% of the salary that is the responsibility of the company.

Value	Payment Maturity	social security
The employee receives 66% of his/her salary.		11% of Social Security is withheld from employee's salary
	33% is the responsibility of the company The company pays the full 66%, and Security refunds the 33% to the company	The cost of the company is 23.75%, which refers only to the 33% it pays
	33% is the responsibility of Seg Social	
The minimum receivable of €635 and the maximum of €1905		

Quarantine imposed by Health Services

To whom it applies:

To employees and self-employed workers identified by the Health Services, who are required to be in quarantine for 14 days.

How to justify the absences and request remuneration:

The Health Authority fills in the form GIT 70 (Annex II), which it delivers to the Employer,

The Employer delivers it to the accounts, so that we can submit it on the Social Security website.

What support is provided:

The employee receives 100% of the reference salary, which is paid by Social Security.

Isolation/hospital stay due to COVID 19

To whom it applies:

To employees and self-employed workers identified by the Health Services, who have been tested positive by COVID 19.

How to justify the absences and request remuneration:

The Health Authority issues the Temporary Disability Certificate (sick leave).

This certificate shall be given to the Employer, who shall deliver it in the accounts department.

What is the support given?

The employee receives sick leave benefit in accordance with the normal rules for sickness benefit.

Documents with expired validation period

In order to avoid public services, documents which needed to be renewed, have expired or will expire within 15 days before or after this legal act shall be accepted by the authorities.

The citizen's card, driving licence, registration certificates and visas for stay in the country, which expire after 14/03/2020, will be accepted until 30/06/2020.

Portaria nº71-A/2020 & Portaria nº76B/2020

Lay-off - Extra support for maintaining employment contracts in times of crisis

Each business needs to carry out an immediate assessment of the business and cashflow impact of COVID-19 and **consider the following:**

Wage costs- what measures are required to protect the business



The below is a summary of information:

1 Payroll options

- Short time
- Temporary lay offs
- Redundancies

1.2 Illness benefit

- Government has announced enhancements to State Illness Benefit for those impacted by self-isolation or indeed diagnosed with COVID-19.
- In summary the benefit for two weeks if a person has been confined to their home or in medical facility for self-isolation on the instruction of a doctor
- There is no requirement to visit the doctor – they must be contacted by telephone.
- In the event of diagnosis of COVID-19, the illness benefit will be paid for the duration of a person's absence from work.

Who can qualify:

Entities that **do not have debts** with the Tax Office and Social Security.

The companies that are in **business crisis**, due to COVID 19, which is:

Total shutdown of the company's or establishment's activity resulting from the interruption of global supply chains or the suspension or cancellation of orders.

An abrupt and severe drop of at least 40% in invoicing, referred to the same period of 60 days (or the average of the period of activity, if the company started less than 12 months ago).

EXAMPLE: on May 1, 2020, a company finds that the invoicing for the last 60 days (i.e. the period between March 2, 2020 and April 30, 2020) is 40% below the invoicing for the same period (i.e. the period between March 2, 2019 and April 30, 2019)

In this example, the company would be able to apply for this benefit in May 2020.

Proof of business crisis is through the Employer's Declaration and written confirmation from the company's Certified Accountant, plus trial balance and VAT statements.

Procedures to benefit from this Benefit:

- Employers inform workers in writing that he/she will request this extraordinary support,
- The company should listen to unions and works committees, if existed.
- Indicate the foreseeable duration of the measure,
- This period may be extended on a monthly basis, *exceptionally*, up to a maximum of six months.
- Send the application via the website of the Social Security, with the following documents:
 - Declaration of the employer and certificate of the Certified Accountant,
 - List in the name of the workers concerned, indicating their NISS,

Trial Balance and VAT statements.

Payroll Options:

During the period of the support measure, workers are entitled to 2/3 of the gross monthly salary, with the minimum wage limit (635 euros) and the maximum limit of 3 minimum wage (1,905 euros),

This amount is 30% supported by the employer and 70% by the Social Security, The support (70% of 2/3 of the salary, never less than 445.50 euros) is allocated to the salary of each employee, but it is granted to the employer, who will have to pay the 2/3 of the salary (never less than 635 euros), bearing 30% of that amount (never less than 190.50 euros),

During the period of the support, the employee may be entrusted with other duties, which do not imply their professional activity, if they are geared to the continuance of the company.

Support combined with a vocational training plan

This support can be combined with a training plan approved by the IEFP. In this case, a training grant of € 131.64 per employee is added, being ½ for the employee and ½ for the employer (€65.82 + € 65.82).

Extraordinary support for training

Companies which do not benefit from the above-mentioned extraordinary support (lay off) may have recourse to extraordinary support for part-time vocational training, Through a training plan implemented in conjunction with the IEFP, It can be developed from a distance, Its duration must not exceed ½ of the normal working period - This extraordinary support has the duration of one month.

Temporary exemption from social security contributions

Who may request:

Employers benefiting from the extraordinary support of lay-off) are entitled to: Total exemption from social security contributions (23.75%) for employees and managers remunerated during the period of the support.

Procedures to benefit from this support

The employer delivers the autonomous remuneration statements for the workers covered by this benefit.

And only pay the contributions (11%), which is withheld in the salary.

Extraordinary support for the company's resumption of activity

Who can request:



Employers who have benefited from the support measures referred to in this Portaria may also benefit from an extraordinary financial incentive to support the resumption of business activity.

What's the benefit:

The IEFP (Centro de Emprego) pays in one lump sum the value of one SMN (635 euros) for each employee.

Procedures:

Submission of application to IEFP,

Accompanied by a declaration from the employer and the Certified Accountant, proving the company's crisis.

Additional Information:

All these benefits can be inspected by the Portuguese Authorities, on which the balance sheets for the months in question and for the corresponding months will be requested, VAT declarations, as well as other additional elements still to be fixed by the Government.

The noncompliance by the employer of his obligations relating to the aid granted shall result in its cessation, with the obligation to refund all the benefits received.

Terms for Noncompliance:

- Dismissal, unless attributable to the employee,
- Occasional failure to comply with wages due to employees (2/3 of wages, with a minimum of one SMN),
- Failure to comply with legal, tax or contributory obligations,
- Profit distribution, or withdrawals on account, during the period of the benefits,
- Failure to meet the obligations assumed,
- Providing false statements,
- These extraordinary supports will also be subject to internal regulations of the Services.

Loans and overdrafts for Trading

The Government made available funds for loans and overdrafts with the intention of supporting the companies/business. Please contact your banks for further information.

Insurance

Review your insurance policies with your insurance company/broker to and ascertain if there is any provision to make a claim on the policy for Business Interruption losses.

Tax Solutions

