



Guide to Hiring in Portugal

Portugal experienced an economic slump shortly after the country joined the Eurozone in the early 2000s, but Portugal has been enjoying a notable economic recovery since then — its gross domestic product (GDP) [increased by 2.7 percent in 2017](#). One of the factors that likely contributed to the economy's recovery was adopting business-friendly practices. For example, Portugal made changes to its [labor code](#) that increased the flexibility of the law and the system as a whole.

If you're interested in expanding your business and want to understand its labor system better, our guide to hiring employees in Portugal can help you understand the country's rules and requirements and provide insight into hiring expectations and processes.

What to Know Before Hiring in Portugal

Before hiring new employees in Portugal, research the rules and requirements for taxes, wages, and creating employment contracts.

1. Population of Portugal

As of 2020, [10.2 million people live in Portugal](#), and the median age is 46.2 years. The country is unique among those in the European Union (EU) because its population is shrinking due to a low birth rate of just 1.29 babies per woman. To boost its population and prevent further decline, the country is actively seeking ways to encourage immigration or entice Portuguese citizens who left the country to return.

Several [programs exist to stimulate population growth](#), including [financial incentives to move back home](#) and reduced tax obligations. The government has also created programs to encourage foreign investors and job creators to move to the country.

2. Payroll and wages

Portugal has the lowest minimum wage out of all western European countries. As of 2020, the minimum monthly wage is [635 euros per month](#), based on 14 payments a year. The government raises the minimum wage each year based on increases in the cost of living and the country's productivity. Under the current government, the plan is to increase the [minimum monthly wage to 750 euros by 2023](#).

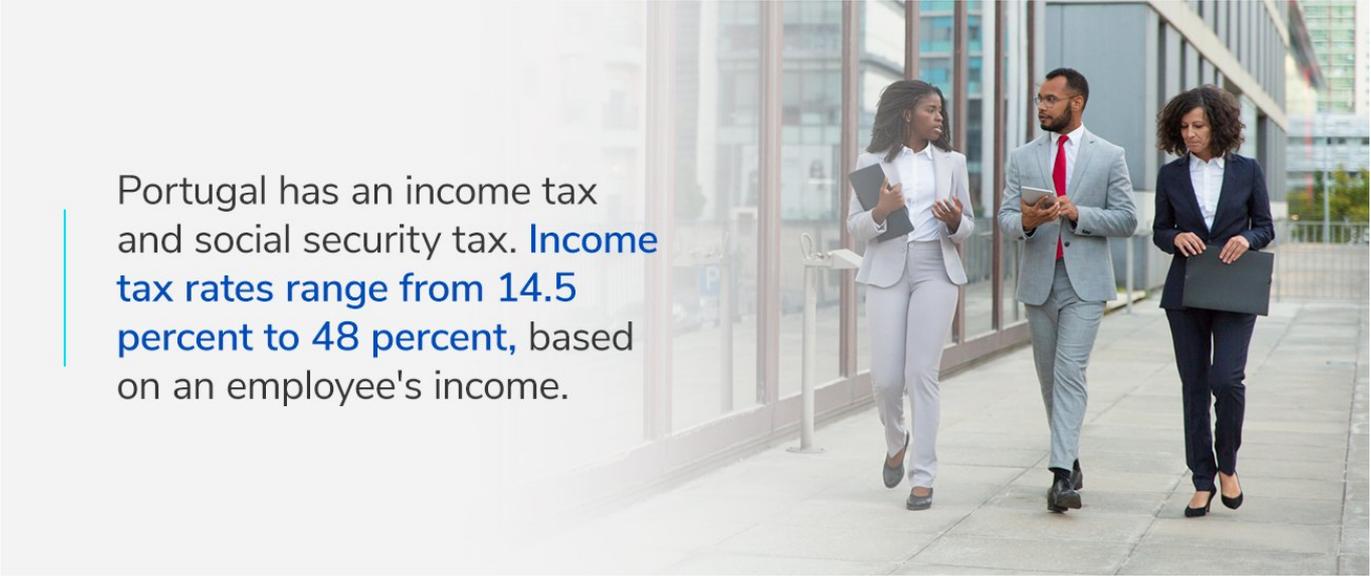
3. Working hours and time off

The “normal working hours” in Portugal are [eight hours per day](#) for a total of 40 hours per week, with some exceptions. The contract between your company and your employees should explain the specific length of the working day. If employees work more than 40 hours per week, they are entitled to have that time compensated as rest time or paid as overtime. During the first hour of overtime, they should receive their regular hourly pay plus [25 percent more](#). During subsequent overtime hours on working days, employees are entitled to receive 37.5 percent more than their regular pay rate.

If an employee has to work on a day that would usually be a day off, such as a holiday or weekend day, they receive 50 percent more than their usual pay.

Employees in Portugal receive at least [22 days of paid vacation each year](#) or two days per

month of employment if they are working on a contract that lasts for six or fewer months. Collective Bargaining Agreements (CBAs) may require more vacation time. The labor code requires employees to take their vacation days — they can't trade them for additional compensation. An employer does have the right to cancel vacation days, for example, if employees are scheduled to take time off during the company's busiest period of the year. But the employees who had their vacation days canceled will need to be indemnified.



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Both employer and employee need to pay social security tax. For employees, **the tax rate is 11 percent**. The tax rate for employers is 23.75 percent. Contributions to social security help cover the cost of pensions, family benefits, and unemployment compensation.

5. Contract types

Typically, when hiring someone in Portugal, you hire them for an indefinite period. As long as things work out between the employer and employee, the employee can continue to work for

the company for as long as necessary.

If the employment isn't of indefinite duration, a contract is usually needed. Types of employment contracts include:

- Fixed-term
- Unfixed-term
- Intermittent
- Part-time
- Telecommuting
- Temporary work

The beginning period of the contract is typically a trial period that lasts from 90 to 180 days, depending on the type of work a person is hired to do and the required skill level. The trial period can be 15 to 30 days for fixed-term contracts. The purpose of a trial period is to let an employee and employer see if the arrangement is appropriate and that both parties would like to continue.

Considering that fixed-term contracts are strongly regulated by the employment regulations, it's important to know why the position is being offered as a temporary position and not an indefinite one.

6. Languages

Portuguese is the country's official language and the most common. English is another popular language in the country due to Portugal's relationship with the UK and the popularity of tourism in Portugal. Many students learn English as a second language in school. English speakers in Portugal have been rated among the [top 10 most proficient in the world](#). Spanish and French are also common.

Cost of Hiring an Employee in Portugal

Some of the expenses associated with making a new hire include:

- Advertising costs: Although free job boards exist, you'll most likely want to pay to list your job posting on relevant boards.
- Travel costs: You might need to travel to Portugal to meet with candidates and make your hiring decisions. You might also decide to cover travel expenses for candidates.
- Human resources costs: If you don't have a dedicated HR team on staff, someone will have to set aside time from their schedule to review applications and interview candidates. Even if you have an HR department, they'll need to carve out time to complete the hiring process.
- Onboarding costs: Onboarding a new employee requires time and money. In Portugal, you need to provide new team members with a certain number of training hours, which can cost you in terms of lost productivity.

Working with an [Employer of Record \(EOR\)](#) can help to reduce your onboarding and other hiring-related costs. The EOR sets up payroll and ensures that all aspects of the hiring process, such as the employment contract, comply with Portugal's labor code. Instead of dealing with the fine details of hiring and human resources, you can focus on building your new employees' skills and growing your business.



Although in-person interviews are common, [phone or video conferencing interviews can be appropriate](#) if you can't travel to the country to meet applicants face to face.

Hiring Practices in Portugal

The steps to hire in Portugal are likely similar to the process in your home country. Generally

speaking, candidates submit a curriculum vitae (CV) and cover letter when applying for a position. The CV is usually a couple of pages long and lists a person's studies, work experience, and hobbies. Some also include a photograph of the applicant. The cover letter, or carta de apresentação, should be no longer than one side of standard letter or A4 paper.

After reviewing the CVs and cover letters, you can invite qualified candidates to interview with your company. The interviews can be in person, over the phone, or via video conference. Although in-person interviews are common, phone or video conferencing interviews can be appropriate if you can't travel to the country to meet applicants face to face.

It's not uncommon for companies in Portugal to ask candidates to complete assessments that explain how the applicants might act during a typical workday or how well they can handle challenges. Depending on the assessment results, a candidate might be invited in for a second interview before the company makes its hiring decision.

It's also important to understand that applicants need to comply with a current notice period so your company can organize the starting date, business projects, and plans accordingly. The notice period will vary depending on the candidate's seniority with their current employer.

What Does a Company Need to Hire in Portugal?

In response to the global economic crisis in the early 21st century, Portugal implemented business-friendly practices designed to welcome international companies with open arms. As a result, major companies, [such as Google and Mercedes-Benz](#), have opened subsidiaries in the country in recent years. Among the policies to encourage international companies to come to Portugal are streamlined setup processes that reduce red tape and funding to encourage international investment.

Even with these simplified processes, setting up a [subsidiary in Portugal](#) can take months. A faster way to start hiring in the country is to work with an EOR, which takes on managing payroll compliantly and handling legal requirements involved in hiring your employees. We keep your company compliant with the labor code while ensuring that the people you hire

receive compensation and benefits that are competitive for the country and area they work in. Working with an EOR means you can expand to multiple countries and hire employees worldwide without setting up separate entities.

Hiring Remote Employees in Portugal

If you're hiring remote employees or conducting remote interviews, there are some important steps to keep in mind during the process.

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- Remember the time difference
- Introduce everyone on the call
- Verify that candidates can use the tech
- Avoid discussing prohibited topics
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- **Test your technology before every interview:** Whatever video conferencing program you use, you should test the software before every interview. Allow plenty of time for testing and troubleshooting so you don't end up having to delay or reschedule the candidate's interview if there is an issue.
- **Remember the time difference:** Depending on where you're based, there might be a considerable time difference between you and the applicant. For example, when it is 1:30 p.m. on the East Coast in the U.S., it's 6:30 p.m. in Lisbon. Recommend interview times in the candidate's time zone to avoid any confusion.
- **Introduce everyone on the call:** If you were interviewing the candidate in person, you'd most likely introduce everyone in the room before the interview got underway. It's important to do that on a conference call, too, so the candidate knows who to address and who the people are who are interviewing them. If some people are sitting in the call but not participating in the interview, let the candidate know of their presence, too.
- **Verify that candidates can use the tech:** It can be helpful to send candidates an email before the start of the interview to make sure they are comfortable with the technology. You might want to outline what they'll need for the interview to succeed, such as a quiet space where people or pets aren't likely to intrude, headphones and microphone, and a strong internet connection. Ask candidates to test the video conferencing platform before the interview to make sure their audio and camera work.
- **Avoid discussing prohibited topics:** Portugal employment laws prohibit discrimination in several categories, including age, gender identity, religion, and ethnic heritage. Some protected categories may come up as you get to know your candidates, so be sure you don't let information they volunteer affect your hiring decisions.
- **Let the candidate know of the next steps:** At the end of the interview, let candidates know what the next steps will be. Give a timeline for when they can expect to hear back from you or let them know if there will be additional assessments or interviews to schedule.

When searching for suitable candidates in Portugal, keeping the following in mind can help you find and hire the best.

- Look for growth mindsets: A candidate who is interested in growth and recognizes that they can learn from mistakes can be a great asset to your team. They're more likely to take steps to improve and look for ways to keep getting better at what they do.
- Consider language skills: International expansion means that your company can't be monolingual. A candidate who's fluent in Portuguese might help you better navigate the country's culture and expectations, particularly if your native language isn't Portuguese. Still, you may need to hire a translator.
- Don't rush the process: Hiring the right person takes time. It might take even longer if you are hiring across oceans or borders. Give your company plenty of time, at least several months, to find the right candidate. When you work with an EOR, the onboarding process moves quickly, so you can rest assured that once you find the most qualified people for the job, you can get them set up and working for you right away.