

Globalization Partners provides employer of record services for customers that want to hire employees and run payroll without first establishing a branch office or subsidiary in Portugal. Your candidate is hired via Globalization Partners' Portugal [Professional Employer Organization](#) in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

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Our comprehensive solution and Global PEO service enable customers to run payroll in Portugal while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in Portugal.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness

the talent of the brightest people in more than 185 countries around the world, quickly and painlessly.

## **Hiring, Negotiating and Doing Business in Portugal**

When negotiating terms of an employment contract and offer letter with an employee in Portugal, it may be useful to keep the following standard benefits in mind:

### **Employment Contracts in Portugal**

Best practice is to put a strong, written employment contract in place in Portugal which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Portugal should always state the salary and any compensation amounts in Euros rather than a foreign currency.

### **Bonus Payments in Portugal**

Generally, employees receive a bonus equal to one month's salary in June and in December. This is known as the 13th and 14th month bonus.

### **Portugal Working Hours**

The work day is 8 hours per day for a 40 hour work week. Anything beyond 40 hours is considered overtime. Typical work days start at 9 am, break at 1 pm for two hours, resume at 3 pm, and end at 7 pm.

### **Vacation Benefits in Portugal**

Statutory minimum is 22 work days (20 in the first year of employment with the company). At least 15 days of annual leave must be taken in the year accrued; the remainder can only be taken until April of the following year. Portugal has provisions specifically forbidding

employers from offering employees additional pay for forfeiting paid-leave days.

## **Sick Leave in Portugal**

Portuguese social security pays employees a sick leave benefit for employees who are absent from work as a result of illness or injury. Employees can receive sick pay for up to 1,095 days. Pay is generally 55% to 75% of the employee's salary.

In some cases, collective labor agreements provide specific rules covering employee illness or injury.

## **Maternity and Paternity Leave in Portugal**

Female employees are eligible for 30 days of maternity leave at full pay before a child's birth, and 6 weeks following. Maternity leave in Portugal can be taken all at once or in two separate leaves of 30 days prior to the birth and 90 days after. If the employee has twins she's entitled to an additional 30 days.

Alternatively, the employee can choose to take 150 days of leave at 80% of her salary.

Fathers in Portugal are entitled to 10 days of paid paternity leave to be taken within 30 days of the birth of the child. 5 of these days must be taken consecutively.

## **Termination and Severance Pay in Portugal**

The probation period in an employment contract in Portugal is typically 90 days and is extended to 180 days for employees who hold positions of a highly technical nature or involving a high level of responsibility. For senior executives and managers, the probationary period may be extended to 240 days. Fixed-term contracts under 6 months may have a probationary period of 15 days with the option of increasing to 30 days if the engagement is extended. Although probationary periods are considered statutory in Portugal, they may be excluded by written agreement by both parties or reduced by collective bargaining

agreements.

Termination notice by the employee is dependent upon the number of years of service.

- 15 days is required for employees with less than 1 years' service
- 30 days for those between 1 and 5 years' service
- 60 days for those between 5 and 10 years' service
- 75 days for employees with over 10 years' service

Termination of an employment contract in Portugal by the employer entitles the employees to severance pay where there has been termination for objective reasons. Generally, employees are entitled to compensation for termination, equivalent to 20 days' base remuneration for each complete year of service, subject to certain caps.

## **Portugal Tax**

Employees are entitled to social security coverage in Portugal. Contributions are made by both employer and employee. Employees pay a percentage of their salary which varies between 10 and 15% per month. The employer matches it with approximately 23.75%.

## **Health Insurance in Portugal**

Basic insurance is provided through the national system.

## **Supplementary Benefits in Portugal**

Supplementary health insurance may be provided to employees as a benefit. Most senior level executives request supplementary health and life insurance but smaller companies may prefer to provide an allowance in lieu of arranging insurance.

Many employers in Portugal offer meal and car allowances.

## Portugal Holidays

There are 9 public holidays in Portugal including the following:

- New Year's Day
- Good Friday
- Freedom Day
- Labor Day
- Portugal Day
- Assumption Day
- Immaculate Conception Day
- Christmas Eve
- Christmas Day

Employers must give their workers either paid leave on these days or other days in lieu, except in businesses with fewer than 10 employees, in which case the employees are only eligible for substitute public holidays up to 25% of the time worked. In addition to the public holidays, regional holidays might also apply depending on location. As part of austerity measures, Republic Day, All Saints Day, Restoration of Independence Day and Corpus Christi will not be public holidays until 2019.

## Why Globalization Partners

Establishing a branch office or subsidiary in Portugal to engage a small team is time-consuming, expensive and complex. Portuguese labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Portugal. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our Portugal PEO and [Global Employer of Record](#) solution provides you peace of mind so that you can focus on running your company.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in Portugal, please [contact us](#).