

Employment Incentive through the refund of the Integrated Social Security Contribution

On July 18, 2013, the ministerial order number 204-A/2013 establishing an employment incentive through the refund of the Integrated Social Security Contribution was published in the Republic's Official Gazette. Through this incentive, the Government intends to rationalize and simplify the Policy against Youth Unemployment by providing it with more appropriate responses as well as, dynamic, effective and efficient means.

Although created as an incentive to reduce Youth Unemployment, this incentive besides covering unemployed young people aged between 18 and 30 years of age, also covers unemployed with 45 years of age or older as well as if certain requirements are met, the unemployed between the ages of 31 and 44 years of age.

The incentive which is now created provides the reimbursement of a percentage of the Integrated Social Security Contribution paid by the employer when celebrating any indefinite or fixed term, full time or part time labor agreements, with any unemployed registered at the Institute of employment and vocational training.

Conditions which have to be met in order to apply

Any natural or legal person, whether profit making orientated or not (referred to in the ministerial order as promoting entities), may apply to the assignment of this incentive as long as at the time of the submission of the application as well as, during the duration of the incentive, meets the following requirements:

- a. To be duly incorporated and registered with the commercial registry office;
- b. To fill the legal requirements foreseen for the exercise of the respective commercial activity or present proof of having initiated its procedure;
- c. To present a regularized situation with the tax admin-

istration and social security;

- d. To prove that is not in a default situation regarding any financial support granted by the Institute of employment and vocational training or by other agencies or departments involved in the implementation of the incentive;
- e. To prove that its situation, regarding the refunds in connection with the financing of the European Social Fund, duly regularized;
- f. Presents organized accounting in accordance with the provisions of the law, where applicable.

Any company which has started a special process of revitalization as well any company which has started a process under the system of reorganization out-of-court settlement is also eligible to apply for the incentive foreseen in the Ministerial order.

The Financial Support

This incentive, which represents the allocation of financial support to the promoting entity obeys to the following terms:

- a. The financial support is generally granted for 18 months;
- b. In case there is a fixed term labor agreement with a duration of 18 months or less, the financial support will have the duration of the labor agreement;
- c. The financial support is granted as follows:
 - i) 100 % of the value of the Integrated Social Security Contribution, is reimbursed in case of an indefinite term agreement;
 - ii) 75 % of the value of the Social Security Contribution, is reimbursed in case of fixed term agreement.
- d. The reimbursement referred to in the preceding paragraph may not exceed € 200 per month;

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e. In case of labor agreements entered into with a person with a disability and disability financial support awarded is 100 % of the value of the Social Security Contribution, value, regardless of the type of labor agreement entered into.

For the allocation of the financial support it is required that: (i) the conclusion of a labor agreement, regardless of being part-time or full time with fixed or indefinite term for at least six months in particular regarding situations of long term unemployment; (ii) the creation of employment and its maintenance for the duration of the financial support, which means that there is the obligation to achieve, through the incentive, a total number of employees higher than the lowest average registered number of employees in the 4, 6 or 12 months preceding to the submission date of the application. Also, as a direct result of hiring under this regime there is the obligation, and at least for the duration of the financial support, for the employer to register, with quarterly periodicity, a total number of

employees which cannot be lower than the number of employees hired under the regime of the incentive given by the Ministerial order.

The promoting entities are limited to hire 25 employees under the fixed term labor agreement regime. On the other hand, there is no limit to the recruitment under labor agreements with indefinite term.

If the promoting entity does not comply with the obligation of maintaining the level of employment, the financial support given until that moment shall be withdrawn.

A final note to point out that this incentive cannot be combined with any other direct employment support applicable for the same work post, with the exception to the incentive designated as *Estímulo 2013*, created by ministerial order number 196/2013 of March 14.

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