



Covid-19: "AERP" Flexibility

The proposed amendment aims to increase support to employers with greater economic difficulty, extending access to a larger number of companies, and increasing the percentage of reduction of the PNTD for companies with turnover losses above 75%.

Following the set of measures enacted under the COVID-19 pandemic, a proposal to amend the Extraordinary Support for Progressive Resumption was approved by the Council of Ministers, aiming at reinforcing the aid to the companies affected by the pandemic crisis.

The main changes proposed to improve the measures already adopted through the Decree-Law n.º 46-A/2020 of 30 July are the following:

(i) **New percentages of reduction of the normal working period**

Different from the regime currently in force that only allows a maximum reduction of the normal working (NWP) period up to 60% for companies with a break in invoicing equal or superior to 60%, the new proposal establishes the possibility for companies with a break in invoicing equal or superior to 75% to reduce the NWP up to 100%. The worker is always guaranteed the minimum of 88% of the retribution, assuring the Social Security the payment of 100% of the compensation. For companies that record a drop in invoicing equal to or greater than 75%, a partial exemption of 50% of the employer's contribution to Social Security is also provided.

(ii) **New concept of "business crisis"**

The regime now includes companies with the following breaks in invoicing in relation to the same month of the previous year or in relation to the monthly average of the two previous months:

- Break in invoicing \geq to 25%: reduction of NWP up to 33%;
- Break in invoicing \geq to 40%: reduction of NWP up to 40%;
- Break in invoicing \geq to 60%: reduction of NWP up to 60%;
- Break in invoicing \geq to 75%: reduction of NWP up to 100%;

(iii) **Increased support for training**

The proposed amendment to the law also establishes an increase in the value of the training program. On the one hand, the amount currently foreseen for the employer is increased from €66.00 to €132.00. On the other hand, as far as the employee is concerned, the amount is increased from €66.00 to €176.00.

In short: the new proposal of law is aimed at increasing support to sectors in greatest difficulty, expanding access to more employers, reinforcing incentives for training, and providing complementary support for employers.

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