

# COVID-19 – EMPLOYMENT IMPACTS

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In the wake of the confirmation by the World Health Organization of the Coronavirus (COVID-19) outbreak as a pandemic, the Government approved, over the weekend, several measures to tackle the negative impacts of COVID-19 virus on employers, employees and their families. These immediate, extraordinary, temporary and transitory measures were approved with a view to maintaining jobs and mitigating business crisis situations affected by the outbreak of the COVID-19 virus.

Some of those measures only apply if companies qualify under a new concept created to this extent: companies in a "business crisis" situation. Under this new framework, a "business crisis" situation takes place when:

- The company's activity completely shuts down as a result of the disruption of global supply chains, the suspension or cancellation of orders.
- The abrupt and sharp drop of at least 40% in invoicing, with reference to the homologous period of 3 months, or, for those who started the activity less than 12 months ago, to the average of this period.

These circumstances must be confirmed by a statement from the employer together with a certificate from the certified accountant of the company.

In the unlikely event the employer does qualify as going through a "business crisis" situation, it may apply to some state benefits, as follows:

- Financial grant aimed at keeping the workforce employed;
- Financial grant to provide training to the workforce;
- Temporary exemption of social security contributions;
- Financial grant to help companies return to normal business.

Another measure introduced to make it easier for companies to manage the current situation was the flexibilization of telework. As a rule, telework requires the employee's consent. However, a temporary exception was approved according to which telework may be determined by the employer or requested by the employee, as long as it is compatible with the job scope. The fact that telework could be requested by the employee and, therefore, imposed on the company, raised several concerns from the business community, eventually later serenated by the finding that the employer is the one who controls the work resources and, ultimately, decides who is able to work remotely.

On the employees and their family's side, some measures were also introduced. As was the case

with the measures aimed at helping employers, hope gave way to disappointment.

In order to better contain the spread of the virus, the Government decided to suspend all teaching activities at both public and private schools. This decision raised several concerns from the employees' side because the general labour law does not qualify the closing down of the school as an acceptable justification to apply for leave of absence. In order to better address these concerns, another temporary measure was approved to give parents of children under 12 years old the possibility to take a paid leave of absence, under a reduced salary subject to social security contributions, being the cost shared between the employer and the State. However, this possibility is limited to those cases where the employee may not work remotely, which means that most of the individuals working on the services and financial industries are not able to apply for this grant as long as the employer makes remote work available.

But there was some good news to compensate the bad ones.

The Government clarified that absences resulting from prophylactic isolation would qualify as justified ones, thus paving the way to payment by the social security of an enhanced sickness benefits (as a rule, this benefit starts at 55% of the salary and may go up to 75% in case of extended leaves of absences) equivalent to 100% of the salary for a period of 14 days, which were not conditioned to the usual 3-day waiting period.

Likewise, the protection provided by the state social security on those cases where the employee is sick or has to take leave of absence to give assistance to children or grandchildren who are sick or on prophylactic isolation was further extended to increase the amount of the benefit, in some situations, and to eliminate the usual 3-day waiting period, on others.

Given the outlook, hope now rests on the ever-changing environment, and the need to keep adjusting the Government's reaction and response to the current situation, which may trigger the need to approve and enact further measures, or improve the existing ones, thus making it possible to amend past and recent errors.

More information [here](#).



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