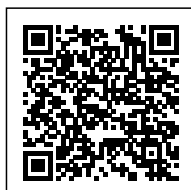


NEW INCENTIVES REDUCE UNEMPLOYMENT - FCBRANCO

Posted on 09/10/2013



Category: [Employment](#)



The number of unemployed in Portugal recently fell for the fifth consecutive month, according to the latest figures published by Eurostat, with the unemployment rate standing at 16.5 percent of the labour force in July 2013.

This decrease coincides with the Government's decision to revise and increase the level of support

and incentives on employment and promotions, which was done through the creation and improvement of several programmes and measures.

Employers can benefit from some favourable tax advantages, namely in terms of Social Security - either through an exemption or the reimbursement of a certain percentage of the contributions due. The applicable advantages vary depending on the specific programme/benefit they access to, for example hiring unemployed people who are seeking their first job.

According to the report published by the Portuguese Institute of Employment and Vocational Training (IEFP), in July 2013 the number of measures covered by the IEFP amounted to 301.914 people, which represents an increase of 16.9 percent (43.679 people) when compared to the previous year.

During the month of June, the IEFP had already achieved about 43.5 percent of the goals established for 2013, mainly through programmes aimed at young people.

One curious finding is that the population most affected by unemployment is predominantly female – women dominate the applications of these measures by about 55.9 percent.

This 'hot summer' was also marked by the entry into force of two additional measures that, although still quite recent, are expected to have a real impact on the Portuguese economy and labour market. The first being the creation of a Salary Compensation Fund to be set up by employers and the second is the reduction of the amount of compensation in cases of dismissal from 20 days to 12 days of base salary for each year of service.

As we now seem to be on the right path, we should extend our efforts in order to continue to improve this scenario. The implementation of the latest support policies and incentives to promote employment, together with a strong commitment to entrepreneurship and the constant modernisation of the applied measures, may prove to be an important weapon in this struggle where, hopefully, the worst is over.

Alexandra Almeida Mota is an Associate at F. Castelo Branco & Associados. She can be contacted at aam@fcblegal.com