

Portugal

Payroll & Employment Law Guide

2026 Edition · Last updated October 1, 2026

RMMG at EUR 920, the 14-payment pay structure, uncapped TSU and the IRCT pay floor

Overview

A reference for employing in Portugal

The employment obligation begins once the NIPC is allocated and the employer NISS registration with Segurança Social is completed. A work-accident policy from a private insurer must be in force before the first employee starts; skipping that sequence is the most common compliance failure.

14	EUR 920	23.75%	IRCT
SALARY PAYMENTS A YEAR, HOLIDAY AND CHRISTMAS INCLUDED	RMMG MONTHLY NATIONAL MINIMUM WAGE	EMPLOYER TSU RATE, WITH NO CONTRIBUTION CEILING	COLLECTIVE INSTRUMENT THAT CAN RAISE THE PAY FLOOR

WHAT THIS GUIDE COVERS

I	Setting Up and Doing Business	The employment obligation begins once the NIPC is allocated and the employer NISS registration with Segurança Social is completed.
II	Working Conditions and Leave Entitlements	Working time, rest and leave are set by statute, and an IRCT may extend that floor in the employee's favour.
III	Tax and Social Security	The employer withholds IRS monthly and calculates TSU on the entire gross salary.
IV	Payroll Operations	The payroll cycle in Portugal is monthly, but the annual total is 14 payments.
V	Hiring and Termination	The hiring notification is filed through Segurança Social Direta before performance of the contract begins.
VI	Compensation and Benefits	The statutory floor is the RMMG, but the real base salary is set by the tabela salarial of the IRCT covering the employee's occupation; the higher of the two applies.
VII	Visas and Work Permits	EU, EEA and Swiss nationals need no work permit; a certificado de registo is obtained from the municipality for stays beyond 3 months.
VIII	Practical Notes and Common Pitfalls	The first step in a payroll setup is identifying the applicable IRCT from the CAE code and the occupational category.
IX	Incentives and Employer Support Schemes	Portugal has no general contribution reduction applied to all employers.

I

Setting Up and Doing Business

The employment obligation begins once the NIPC is allocated and the employer NISS registration with Segurança Social is completed. A work-accident policy from a private insurer must be in force before the first employee starts; skipping that sequence is the most common compliance failure.

FORMATION AND EMPLOYER REGISTRATION

STRUCTURE OR STEP	AMOUNT OR ACTION	AUTHORITY
Lda. minimum capital	EUR 1 per quota	Registo Comercial
S.A. minimum capital	EUR 50,000; 5 shareholders	Registo Comercial
S.A. paid-up requirement	30% at incorporation	Registo Comercial
Fast incorporation	Empresa na Hora; same day	Conservatória and Lojas de Cidadão
Tax registration	Início de atividade declaration	Autoridade Tributária e Aduaneira
Employer registration	NISS and work-accident policy	Segurança Social and private insurer

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Practical check: ATCUD and the QR code are mandatory in 2026; the SAF-T invoicing file is filed by the 5th of the following month, while the accounting file is deferred to 2027 periods. Non-compliance carries a coima of EUR 150 to EUR 3,750. Cedência ocasional runs for a maximum of 1 year and 5 years in total.

II · WORKING CONDITIONS AND LEAVE ENTITLEMENTS

Working time, rest and leave are set by statute, and an IRCT may extend that floor in the employee's favour. Flexible scheduling is valid only when it rests on one of the regimes listed in the Code; otherwise the hours count as overtime and carry a premium.

II

Working Conditions and Leave Entitlements

WORKING TIME AND LEAVE SUMMARY

TOPIC	DURATION OR RATE	LEGAL BASIS
Normal working time	8 hours per day; 40 per week	CT art. 203
Daily rest and break	11 hours; 1 to 2 hours after 5 hours	CT arts. 213 and 214
Night work	22:00-07:00; 25% premium	CT art. 266
Overtime, first 100 hours a year	25%; 37.5%; 50% on a holiday	CT art. 268
Overtime, beyond 100 hours a year	50%; 75%; 100%	CT art. 268
Overtime cap	150; 175 in micro and small firms; 200 by IRCT	CT art. 228
Annual leave	22 working days; up to 25 with no absence	CT art. 238
Public holidays	13 mandatory; 2 optional	CT arts. 234 and 235
Sickness benefit	3-day waiting period; 55% to 75%	Segurança Social

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Parameter note: Licença parental inicial pays 100% over 120 days or 80% over 150 days; shared use extends it to 180 days at 83%. The father's mandatory leave is 28 working days. During the first 3 sickness waiting days the law imposes no payment on the employer, although many IRCTs place those days on the employer.

III · TAX AND SOCIAL SECURITY

The employer withholds IRS monthly and calculates TSU on the entire gross salary. No contribution ceiling applies, so at senior salary levels the contribution cost rises in a straight line. Work-accident risk sits outside TSU and is covered by a separate policy.

III

Tax and Social Security

IRS BANDS

BAND UPPER LIMIT	RATE
EUR 8,342; 12,587 and 17,838	12.50%; 15.70% and 21.20%
EUR 23,089; 29,397 and 43,090	24.10%; 31.10% and 34.90%
EUR 46,566; 86,634 and above	43.10%; 44.60% and 48.00%

TSU RATES AND CALENDAR

ITEM	2026 VALUE	CHANNEL OR NOTE
General and fixed-term TSU	Employer 23.75% and 26.75%; employee 11%	No ceiling; CRC art. 55
Disabled employee and pensioner	11.90%; 16.40% and 7.50%	Employer share
DMR, Modelo 10 and IRS payment	10th, February 10 and the 20th	Portal das Finanças
Contribution return and payment	10th of the month; 1st to 25th	Segurança Social Direta

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Caution: The solidarity surcharge is 2.5% between EUR 80,000 and 250,000 and 5% above that. Monthly retenção na fonte is found by taking the taxa marginal máxima in the Despacho n.º 233-A/2026 tables and deducting the parcela a abater. FCT and FGCT contributions are no longer collected; balances remain usable until December 31, 2026.

IV · PAYROLL OPERATIONS

The payroll cycle in Portugal is monthly, but the annual total is 14 payments. Subsídio de Natal and subsídio de férias are not combined with monthly pay and enter withholding on their own. Employer cost must therefore be built on 14 payments rather than 12.

IV — Payroll Operations

PAYMENT, RECORDS AND FILING

TOPIC	RULE	CHANNEL OR LEGAL BASIS
Payment timing	By the last working day of the month	CT art. 278
Subsídio de Natal	One month's pay; by December 15	CT art. 263
Subsídio de férias	Before the leave period starts	CT art. 264
Recibo de vencimento	Issued with payment; electronic is valid	CT art. 276
Working time records	5-year retention	CT art. 202
Payroll and accounting records	10-year retention	Código Comercial art. 40
Mandatory channels	Segurança Social Direta and Portal das Finanças	Electronic
Annual reporting	Relatório Único; March 16 to April 15	GEP and MTSSS

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Legislative note: Decreto-Lei n.º 127/2025 rebuilt the contribution cycle; the continuous declaration model is optional during 2026 and mandatory from January 1, 2027. The same instrument cut the backdated contribution presumption for undeclared work from 12 months to 3. Up to half of the bonuses may be paid monthly as duodécimos where the parties agree; the annual total does not change.

V · HIRING AND TERMINATION

The hiring notification is filed through Segurança Social Direta before performance of the contract begins. Dismissal without cause is not possible in Portugal; a defect in the disciplinary process invalidates even a substantively justified dismissal. The periods below are the statutory floor and the applicable IRCT may change them in the employee's favour.

V — Hiring and Termination

PROBATION, NOTICE AND SEVERANCE

PARAMETER	RULE
Probation, open-ended and management	90 days; technical and trust 180; senior 240
Probation, fixed-term contract	30 days at 6 months or more; 15 days below
Fixed-term limits	Termo certo 2 years and 3 renewals; incerto 4 years
Resignation notice	30 days up to 2 years' service; 60 days above
Employer notice	15, 30, 60 or 75 days by length of service
Severance, service after May 1, 2023	14 days of base pay and diuturnidades per year
Severance, October 1, 2013 to April 30, 2023	12 days per year
Severance caps	Base pay at 20 × RMMG; total at 240 × RMMG
Retirement	66 years and 9 months; 15 years of contributions

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Operational check: In a disciplinary dismissal the employee has 10 working days to answer the nota de culpa. The collective dismissal threshold is 2 employees in micro and small firms and 5 in medium and large firms within 3 months. Caducidade of a fixed-term contract carries 24 days per year; once the maximum term is exceeded the contract converts to open-ended.

VI · COMPENSATION AND BENEFITS

The statutory floor is the RMMG, but the real base salary is set by the tabela salarial of the IRCT covering the employee's occupation; the higher of the two applies. There is no statutory annual pay increase; increases come from the IRCT or employer decision.

VI

Compensation and Benefits

RMMG AND INDEX VALUES

ITEM	2026 VALUE	LEGAL BASIS
RMMG, Continente	EUR 920.00 per month	Decreto-Lei n.º 139/2025
RMMG, Açores and Madeira	EUR 966.00 and 980.00 per month	5% uplift; DLR n.º 1/2026/M
Annual floor, 2028 target and IAS	EUR 12,880 over 14 payments; 1,020; 537.13	Acordo Plurianual; Portaria 480-A/2025/1

BENEFIT EXEMPTION LIMITS

ITEM	2026 EXEMPTION LIMIT
Meal allowance, cash and card	EUR 6.15 and 10.46 per day
Foreign per diem	EUR 148.91 per day; EUR 167.07 for board members
Mileage, own car and rental car	EUR 0.40 and 0.38
Performance bonus	6% of annual base pay

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Parameter note: The performance bonus exemption depends on the employer having raised average base pay that year by the reference rate, which is 4.6% for 2026. IRS Jovem gives a graduated exemption falling from 100% to 25% over 10 years up to age 35; it is capped at EUR 29,542.15.

VII · VISAS AND WORK PERMITS

EU, EEA and Swiss nationals need no work permit; a certificado de registo is obtained from the municipality for stays beyond 3 months. For third-country nationals the process must start at a consulate before entry, because the manifestação de interesse route has been closed.

VII

Visas and Work Permits

PERMIT AND POSTING SUMMARY

TOPIC	RULE
EU and EEA national	No permit; certificado de registo within 30 days
Validity of the certificado de registo	5 years
Main third-country route	Work visa at a consulate, then AIMA residence permit
Residence permit term	2 years on first issue; renewals of 3 years
Permanent residence permit	After 5 years of lawful residence
Manifestação de interesse	Not in force since June 4, 2024
Job-seeker visa	Ended October 23, 2025; the new regime is not operational
Tech Visa	IAPMEI certificate valid 2 years; about 1,800 companies
Posting notification	Declaração prévia to ACT before the service starts

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Caution: Where a valid A1 certificate covers a destacamento, no TSU arises in Portugal; without one the contribution liability starts in Portugal. Postings beyond 12 months, or 18 months with a reasoned notification, bring the whole of Portuguese employment law into play. The D8 visa income threshold is set as a multiple of the RMMG and moves with it each year. The CPLP regime now requires a visa to be obtained in advance.

VIII · PRACTICAL NOTES AND COMMON PITFALLS

The first step in a payroll setup is identifying the applicable IRCT from the CAE code and the occupational category. You can be bound by an agreement you never signed, through a portaria de extensão. Where statute and the IRCT conflict, the provision more favourable to the employee applies.

VIII

Practical Notes and Common Pitfalls

THE COLLECTIVE LAYER AND EMPLOYER CONTROLS

TOPIC	RULE
IRCT types	CCT, ACT and AE; also acordo de adesão
Extension instrument	Portaria de extensão; 5 days after BTE
Coverage	962,054 employees hit by 2025 pay changes
Worker representation	Comissão de trabalhadores and delegado sindical
Disability employment quota	1% at 75 to 249 employees; 2% at 250 and above
Mandatory training and contract language	40 hours a year; Portuguese text governs
False self-employment	2 of the 5 indicators in CT art. 12 raise the presumption
Layoff payment	2/3 of gross; 30% employer, 70% state
Contraordenação grave band	EUR 612 to 9,690; UC at EUR 102.00

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Enforcement: Notifying the comissão de trabalhadores in a collective dismissal is mandatory, and failure to do so invalidates the dismissal. During a layoff and for the following 60 days, dismissal on objective grounds and profit distribution are prohibited; the maximum duration is 6 months. The compensação retributiva floor is one RMMG and the ceiling three.

IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

Portugal has no general contribution reduction applied to all employers. Because EU free movement prohibits discrimination on grounds of nationality there is no localisation quota either; the only quantitative obligation is the disability quota introduced by Lei n.º 4/2019. Support cannot be combined: TSU reliefs and IEFPP payments.

IX

Incentives and Employer Support Schemes

TSU REDUCTIONS AND EXEMPTIONS

TARGET GROUP	EFFECT ON THE EMPLOYER SHARE	DURATION
First-job seeker, up to age 30	50% reduction; 11.875%	5 years
Long-term and over-45 unemployed	50% at 12 months; 100% at 25 months	3 years
Disabled employee and working pensioner	11.90% and 16.40%	Open-ended

IEFP CASH SUPPORT

SCHEME	2026 AMOUNT	CONDITION
Medida +Emprego	12 × IAS 6,445.56; majoração 8,701.51	Open-ended; 24 months; each adds 35%
Emprego +Talentos	18 × IAS 9,668.34; up to EUR 23,204.02	QNQ 6, 7 and 8; age 35; floor 1,499.14
Estágios INICIAR and +Talentos	913.12 to 966.83; 1,181.69 to 1,396.54	QNQ 4 and 5 with 6, 7 and 8; 6 months

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Application and eligibility: The TSU reduction must be claimed through Segurança Social Direta within 10 days of the contract start; the deadline is forfeiting. IEFP applications run through iefponline; payment is 40% on approval, 40% in the 13th month and 20% after the 24th. The IEFP share in Estágios is 65% or 80%.

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The 14-payment salary structure, an uncapped TSU base, IRS withholding tables, the separate private accident-insurance policy, monthly Segurança Social Direta and Portal das Finanças filings and work-permit duties have to run on one operating calendar. Datassist helps international employers manage Portuguese payroll and employment processes from a single centre.

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ONE COMPLIANCE OPERATION

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MISSED PAYROLL DEADLINES