



Update

Momentum



Labour

January 11, 2016

THE NATIONAL MINIMUM WAGE IN 2016

During the period of the Economic and Financial Assistance Programme, the Portuguese State had the obligation of not increasing the minimum monthly guaranteed wage ("MMGW"), unless specifically justified in light of economic developments and the labour market. This resulted from Measure 4.7 of the *Memorandum of Understanding on Specific Economic Policy Conditionality*, entered into in 2011, with international partners, the International Monetary Fund, the European Commission and the European Central Bank.

Once the assistance programme finished, the Government approved in 2014 Decree-Law No. 144/2014, of 30 September, increasing, from 1 October of that year, the value of the MMGW from 485 Euros to 505 Euros (this amount remaining in force in 2015).

Now, through Decree-Law No. 254-A/2015, of 31 December, which came into force on January 1, 2016, the MMGW was updated for this current year, increasing the amount in question to 530 Euros.

This law implements the provisions of the Labour Code, which recognizes the right of workers to an MMGW, whose value is determined each year by specific legislation, after consultation with the Permanent Commission for Social Dialogue (Comissão Permanente para Concertação Social). The amount fixed in this way requires the balancing of many factors, including workers' needs, an increase



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to the cost of living and the development of productivity, considering the suitability of all these factors to the criteria of the policies regarding income and prices.

It should also be noted that, pursuant to article 274 of the Labour Code, the following provisions should be taken into consideration when calculating the MMGW: *a)* the provision of remuneration in kind, including food or accommodation, due to employees in exchange for normal work; *b)* sales commissions or production premiums; and *c)* bonuses that constitute retribution, under point a) of paragraph 3 of Article 260 of the Labour Code¹.

Therefore, since January 1, companies shall proceed with the payment of the MMGW, and the breach of this obligation is considered to be a very serious administrative offense.

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¹ Here indicating that "[b]onuses that are payable under the contract or the rules that govern it, even if their assignment is conditional on good services rendered" alongside "[t]hose which, because of their importance and regular and permanent basis, should, according to usage, be considered as an integral part of that retribution".

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