



PRACTICAL GUIDE

Wage Guarantee Fund

INSTITUTO DA SEGURANÇA SOCIAL, I.P.

TECHNICAL FILE

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Practical Guide – Wage Guarantee Fund
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The information contained in this practical guide does not waive the consultation of the law.

A – What is it?

The Wage Guarantee Fund (*Fundo de Garantia Salarial - FGS*) is a support mechanism that **helps to pay salaries, allowances, severance payments, and other labour-related credits** to employees when a company is unable to pay them due to insolvency or economic hardship and is, for example, being covered by a Special Revitalisation Process (*Processo Especial de Revitalização - PER*).

A company is deemed to be in a **state of insolvency when it can no longer pay its debts**.

At that point, the company or its creditors (persons or entities to whom the company owes money) may request the Court to declare insolvency. The company may also attempt to recover through an insolvency plan or a Special Revitalisation Process (*PER*).

B – Who is entitled?

Employees, i.e., those who work for employers.

Note: this support does not apply to Members of Statutory Bodies.

C – What are the entitlement conditions?

In order to be entitled to this support, you must fulfil at least one of the following conditions:

- have an employment contract with a company operating in Portugal, or
- work or have worked in Portugal for a company operating in two or more countries within the European Union, even if the company has been declared insolvent in another EU country or another country covered by the Agreement on the European Economic Area (EEA);
- the employer must be in one of the following situations:
 - the employer has been declared insolvent by the Court, i.e., it has been recognised that the company is financially unable to pay its debts, or
 - the employer has a provisional judicial administrator appointed by the Court, in the case of a Special Revitalisation Process (*PER*);
- the employer must be in debt to the employee (failure to pay salaries, allowances, severance payments, and other labour-related credits);
- the labour-related credits must have been fallen due within the six months prior to the date of the insolvency proceedings or the request for the Special Revitalisation Process (*PER*) or have been fallen due after that date.

D – How much will I receive?

D1. What amounts are paid by the Wage Guarantee Fund?

The Wage Guarantee Fund covers the amounts that the employer owed to the employee in the 6 months prior to the insolvency request of the company, or the submission of the Special Revitalisation Process (*PER*) request, up to the indicated limits.

These amounts include:

- salaries;
- not taken holiday leave and allowances such as the holiday pay, Christmas bonus, and meal allowance;
- severance payment/compensation for the employment contract cessation;
- vocational training hours credits.

These amounts may be subject to reduction in accordance with the Labour Code and the Guarantee Fund scheme.

If there are no outstanding amounts within this 6-month period, or if the outstanding amounts are low, the Fund may pay amounts that have arisen after that period, up to the total limit established.

Note: The Wage Guarantee Fund may refuse to pay the worker's credits if there is evidence of abuse, namely by an unlawful agreement or simulation.

D2. What amount is the employee entitled to receive?

D2.1 Monthly Payment Amount (Monthly Limit)

The maximum amount to be received **per month** corresponds to up to 3 times the minimum wage value in effect at the time the employer should have paid the salary.

D2.2 Total Payment Amount (Overall Limit)

The maximum **total** amount to be received corresponds to **6 monthly salaries** of the employee, with each salary being **up to 3 times the minimum wage value**. Therefore, the total limit corresponds to **18 times the minimum wage value** in effect [6 monthly salaries x 3 (minimum wage value)].

Notes:

- this total limit is updated annually based on the minimum wage value.
- contributions to Social Security (11%) and income tax withholding (IRS) will be deducted from the money paid to the employee.

Example: João works for a company with financial problems and should have received his salary in January 2025, but the company did not pay it. In January 2025, the minimum wage value was €870,00.

The **maximum amount per month** that the Wage Guarantee Fund can pay to João is calculated as follows:

- €870,00 (minimum wage value in January 2025) × 3 = €2,610.00 (monthly amount limit).

The **maximum total amount** that the Wage Guarantee Fund can pay to João is calculated as follows:

- €2,610.00 (3 times the minimum wage value in January 2025) × 6 = €15.660,00 (total amount limit).

Notes:

- if you request to be paid an amount higher than the established amount limit, the Wage Guarantee Fund will only pay an amount up to the established maximum limit;

- the amount to be received may be reduced if the amounts requested by the employee and the average of his/her salaries of the last 12 months are not equal.

D3. How can the payment be received?

You can receive the payment by bank transfer.

D4. How to register or change the IBAN (International Bank Account Number)

1. Online

You can register or change the IBAN through the Social Security Online Service, in the *Iniciar Sessão* (Log In) menu > *Perfil* (Profile) > *Conta Bancária* (Bank account) > *Consultar e decidir pedidos de alteração de conta bancária* (Consult and decide on bank account change requests).

2. At the Social Security Customer Information Services

To register or change your IBAN, you must complete the form MG 14 - *Requerimento de Registo ou Alteração de IBAN* (Application for IBAN Registration or Change) and attach a bank document confirming the IBAN, which must include the name of the person submitting the application or the person entitled to the **Wage Guarantee Fund** as the account holder.

Note: The IBAN will be pending validation by Social Security. Once confirmed, a notification will be sent to the *Mensagens* (Messages) menu.

Minimum Banking Services (SMB)

If you still do not have a current account, you may open a Minimum Banking Services account at any bank.

The annual cost is less than 1% of the national minimum wage.

To find out if you meet the necessary criteria and to obtain more information, please visit the Bank Customer Portal (*Portal do Cliente Bancário*).

E – Granting period

The Wage Guarantee Fund is a **lump sum payment** (total amount).

F – How to apply

F1. Where to apply

- At any Social Security Customer Information Service.

F2. Which forms must be completed?

- GS 1 – *Requerimento de Pagamento de Créditos Emergentes do Contrato de Trabalho – Fundo de Garantia Social* (Payment of Credits Resulting from the Employment Contract– Wage Guarantee Fund).

F3. What documents are required?

- Valid identification document (e.g., Citizen Card, Identity Card, Birth Certificate, Passport and Residence Permit);
- Social Security Identification Card and Taxpayer Identification Card (NIF), if you do not have a valid identification document;

- Bank document confirming the IBAN, which must include the name of the person submitting the application as the account holder, if he/she wants the payment to be made by bank transfer;

Note: The IBAN must be the same as the one registered with Social Security.

Depending on the situation:

- A statement or a certified copy of the document attesting that the employee has claimed the overdue salaries, issued by the insolvency administrator or the provisional judicial administrator;
- A statement issued by the company attesting the nature and amount of the overdue wages identified in the request, when the employee is not a party in the insolvency proceedings or in the Special Revitalisation Process (*PER*);
- A similar statement issued by the Authority for Working Conditions (*ACT*) when it is not possible to obtain the previously mentioned documents.

F4. Time limit for applying

Up to **1 year** after the day following **the employment contract cessation date**.

The amendment to the Wage Guarantee Fund scheme has expanded coverage to more situations. Now, in certain cases, the time limit to submit the application for this support may be suspended.

This suspension may occur, for example, when:

- insolvency proceedings are initiated;
- a request is made in the Special Revitalization Process (*PER*);

In these cases, the time limit is suspended **until 30 days after the final decision of the process**.

Law no. 71/2018 of 31 December, art. 2.º (9); art. 1.º (1 a).

F5. When will I have an answer?

The payment is made approximately **30 days after** the final decision of the President of the Wage Guarantee Fund Management Board authorising the request.

The person who applied for the support is informed about the amount to be received and the deductions made for Social Security and income tax (IRS).

G –What are my duties?

G1. Duties

To inform the Social Security Services (e.g., through the Social Security Online Service - *SSD*, by letter, or in person) about any fact or situation that affects the rights or duties towards Social Security.

H – Supporting documentation

H1. Applicable legislation

Decree-Law no. 112/2024 of 19 December

Updates the value of the guaranteed minimum monthly wage (i.e., the national minimum salary) for 2025, to €870,00.

Law no. 71/2018 of 31 December (article 322)

Approves the State Budget for the year 2019.

Amends, for the first time, Decree-Law no. 59/2015 of 21 April, which establishes the Wage Guarantee Fund Scheme.

Decree-Law no. 59/2015 of 21 April

Approves the new Wage Guarantee Fund Scheme.

Law no. 7/2009 of 12 February

Approves the revision of the Labour Code.

Ministerial Order no. 473/2007 of 18 April

Approves the application form for the payment of credits resulting from the employment contract, through the Wage Guarantee Fund.

Directive 2008/94/EC of the European Parliament and of the Council of 22 October 2008, on the protection of employees in the event of the insolvency of their employer.

I – Glossary

Labour credits

Amounts owed by the company under the employment contract, or due to the employment contract breach or cessation, such as salaries, allowances, holiday pay and severance payments.

Due date

The date on which the labour credit should have been paid by the company.

Members of Statutory Bodies (*Membros de Órgãos Estatutários - MOE*)

Persons who hold management or executive positions in companies but are not considered employees.

Special Revitalisation Process (*Processo Especial de Revitalização - PER*)

A legal process aimed at recovering the company's viability.

Insolvency situation

A company is deemed to be insolvent when it can no longer pay its debts. At this point, the company may request a Court declaration of insolvency, and the creditors (those to whom the company owes money) decide whether the company can recover or must file for bankruptcy.

Subordinate Work

This refers to employment where there is an employer-employee relationship.