



COMPREHENSIVE GUIDE TO REGULATIONS AND PRACTICES OF TAWS IN PORTUGAL

Work Supply

Temporary Employment Agencies (TAWs) play an essential role in the modern labor market by providing businesses with flexibility and ensuring efficient labor allocation. In an era where globalization and economic fluctuations constantly reshape labor dynamics, the ability to rapidly source and deploy skilled professionals has become a key factor for business sustainability and growth.

Work Supply – Temporary Staffing Agency Ltd., established in 2019, was created to address the increasing difficulty organizations face in finding qualified professionals who match their workforce needs. By offering Temporary Staffing, Outsourcing, and International Recruitment solutions, Work Supply ensures that businesses across Europe can access skilled workers while maintaining full compliance with local and international labor laws. Understanding the regulatory environment in which TAWs operate is critical, as non-compliance can result in severe legal and financial consequences.

This white paper provides a comprehensive overview of the regulatory framework governing TAWs in Portugal, covering legal obligations, licensing requirements, compliance standards, worker rights, international labor mobility, and enforcement mechanisms.

The Legal Framework Governing Temporary Employment Agencies in Portugal

Portugal has implemented a stringent regulatory framework to govern TAWs, ensuring the protection of temporary workers' rights while maintaining fair market competition. The key legislative instruments that oversee the operation of TAWs include:

- **Portuguese Labour Code (Código do Trabalho, Law No. 7/2009)** – The primary legal document regulating employment relationships, including specific provisions for temporary agency work. It establishes employment terms, contract conditions, and protections for temporary workers.
- **Decree-Law No. 260/2009** – Establishes the legal foundation for licensing and regulating TAWs in Portugal, including financial obligations, worker protections, and employer responsibilities.
- **Decree-Law No. 63/2013** – Introduces additional measures to improve the protection of temporary workers and ensure compliance with European Union labor directives.
- **Directive 2008/104/EC of the European Parliament and of the Council** – Provides an EU-wide regulatory framework for temporary agency work, emphasizing equal treatment, job security, and legal protections for agency workers.

The **Instituto do Emprego e Formação Profissional (IEFP, I.P.)** is the regulatory authority responsible for overseeing and licensing TAWs in Portugal. Strict adherence to its guidelines is necessary to ensure lawful operation in the country.

Licensing and Operational Compliance for TAWs

Operating as a TAW in Portugal requires fulfilling a series of licensing and compliance obligations.

These include:

- **Registration with IEFP** – TAWs must apply for a license from the IEFP, providing detailed documentation, including corporate structure, financial statements, and proof of legal operation.
- **Financial Guarantee Requirement** – TAWs are required to deposit a financial guarantee to cover potential liabilities, ensuring that workers receive their due wages and social security contributions.
- **Workplace Compliance** – TAWs must comply with national labor laws regarding employment contracts, social security registration, occupational health and safety, and equal treatment of temporary workers.
- **Annual Audits and Renewals** – Licensed TAWs must submit annual reports and undergo compliance audits to maintain their operational status.

Failure to meet these licensing requirements can lead to penalties, suspension, or revocation of the TAW's operating license.

Employment Contracts and Worker Rights in Temporary Employment

Temporary employees are entitled to several legal protections under Portuguese and EU labor laws. These protections ensure fair working conditions, job security, and equal treatment compared to permanent employees.

Key provisions include:

- **Written Employment Contracts** – All temporary workers must receive a written employment contract outlining their job role, duration of employment, wage structure, and legal protections.
- **Equal Treatment Principle** – Temporary workers must receive the same pay, benefits, and working conditions as permanent employees performing the same job.
- **Health and Safety Protections** – The client company (host employer) is responsible for ensuring that temporary workers operate in a safe working environment, complying with occupational health and safety regulations.
- **Social Security and Taxation Obligations** – TAWs are required to register workers with the national social security system and make appropriate contributions to ensure workers' access to healthcare, pensions, and other state benefits.

Non-compliance with these obligations can result in significant financial penalties and legal actions against the agency.

Labour Leasing vs. Contract for Work and Services

There are distinct legal differences between labor leasing and contract work arrangements.

Understanding these distinctions is critical for compliance:

- **Labour Leasing (Cedência Ocasional de Trabalhadores)** – The agency provides workers to a client company, where they perform duties under the client's supervision while remaining legally employed by the TAW.
- **Contract for Work and Services (Contrato de Prestação de Serviços)** – The agency provides a specific service independently, maintaining full control over its employees and responsibilities without transferring authority to the client.

Incorrect classification of these employment structures can lead to legal disputes and financial liabilities for both the agency and the client company.

International Workforce Mobility and A1 Certificate Requirements

TAWs frequently facilitate international labor mobility within the European Economic Area (EEA). In this context, the **A1 Certificate** is a crucial document that:

- Confirms that a worker remains subject to their home country's social security system while temporarily working in another EU/EEA country.
- Prevents double taxation and ensures that social security contributions are only made in one country.
- Ensure that workers retain their rights to pensions, healthcare, and social benefits.

Employers must apply for the A1 Certificate before deploying workers abroad, and the legitimacy of these certificates must be verified to prevent fraud.

Enforcement, Penalties, and Legal Consequences of Non-Compliance

Strict enforcement measures are in place to ensure that TAWs comply with legal and regulatory requirements.

Penalties for non-compliance include:

- **Fines and Financial Penalties** – Companies violating labor laws can face fines ranging from €5,000 to €50,000, depending on the severity of the infraction.
- **License Revocation** – Repeated non-compliance or severe infractions may result in the suspension or permanent revocation of a TAW's license.
- **Legal Action from Workers** – Employees have the right to pursue legal action against agencies that fail to provide fair treatment, adequate wages, or employment protections.

Regular inspections by Portuguese labor authorities help maintain compliance and prevent exploitative employment practices.

Temporary Employment Agencies play a vital role in the Portuguese labor market by offering flexible workforce solutions while ensuring legal and ethical employment practices. However, their operation comes with significant regulatory responsibilities. Ensuring compliance with labor laws, licensing requirements, worker protections, and social security obligations is essential for maintaining credibility and avoiding legal risks. The international mobility of workers further emphasizes the need for adherence to proper documentation and regulatory frameworks.

At Work Supply – Temporary Staffing Agency Ltd., we are committed to maintaining the highest standards of compliance, transparency, and ethical employment practices. Our goal is to ensure that both our clients and employees benefit from a legally secure and fair work environment. For further guidance on compliance with TAW regulations in Portugal, contact our compliance team or visit the official labor authority websites.