



CONTRIBUTORY CODE
S.S. Rules for Independent Workers

Sole Traders must now comply with new rules for contributions to Social Security as of 01 January 2011. Unlike the previous system where there were two separate options - the partial scheme and the extended benefit scheme, with the respective rates of 25.4% and 32% - there is now only a single scheme at the rate of 31.7% which now provides full coverage, including death, age, disability, parenting, occupational diseases and illness for all self-employed workers.

This new scheme covers all Sole Traders earning income as defined under the rules of the IRS code (Category B) as self-employed with the following exceptions:

- Solicitors and barristers covered by their own insurance scheme;
- Subsistence farmers;
- Sole Traders registered in Portugal already making Social Security contributions in another country,
- Those already receiving Social Security benefits.

For all others, Social Security contributions are mandatory.

New annual statement and change of date of payment

Sole traders will now be required to submit an *Annual Declaration* to the Social Security Administration, stating the total amount in the previous year's:

- Sales;
- Services to individuals who are not business entities;
- Services to business entities, including their Social Security Identification Number (NISS) and Tax Identification Number (NIF) from Finanças.



This statement must be submitted by 15 February in the following year to Social Security Direct. If you fail to submit this declaration, you face a fine that can go from €50 to €500 (if paid within 30 days), or from €300 to €2,400 in more serious cases.

This new requirement relates to the fact that contracting businesses now have to pay Social Security contributions on the total activity of certain Sole Traders.

Moreover, Sole Traders must pay the contributions starting from the relevant date of registration of their business activity (or the termination of exemption) between 10th and 20th of the following month.

Annual Declarations are compulsory, regardless of the nature of the business activity.

Contribution Rates

The contribution rates applicable to Sole Traders under the new code are set at different levels:

- 31.7% for the majority of employed workers;
- 28.3% for farmers and their spouses, fleet owners, collectors of marine species and pedestrian fishermen, provided that their income is derived solely from that activity.
- 5% for contracting Companies that engage independent workers on a regular basis (more than 80% of declared income).

In the transition period between January and September, the minimum monthly contribution will be €186.13 rather than the previous €158.72 under the old system.

Basis for Contributions

The basis for determining contributions to Social Security also has several changes under the new Code. Sole Traders can no longer elect which level is to apply. Contributions will be based on one twelfth of the relevant income of the previous year.



- Business activities are supplied to unrelated companies;
- Salaried activity must provide full Social Security coverage: sickness, parenting, occupational diseases, invalidity, old age and death;
- The annual salary must be at least 12 times the monthly IAS (€5,146.80).

Right to exemption from contribution payments

1. Exemption by accumulation of activities;
2. Exemption for receiving another Social Security pension;
3. Relevant exemption for income below 12 X IAS (€5,146.80).

© - All rights reserved

26 March 2018

Major reforms to the Social Security Contributory Code for Independent Workers will come into effect in 2019. Please consult brochure n° 106 for the latest information

euroFINESCO s.a.

HEADQUARTERS

Rua do Sol, 4
8200-448 GUIA (Algarve)
tel: +351 289 561 333
fax: +351 289 562 061

Madeira Branch

Rua do Aljube, 61, 2º Dtº
9000-067 FUNCHAL (Sé)
tel: +351 291 221095
fax: +351 291 221103

Lisbon Branch

Rua A.M. Cardoso, 15, 4ºD
1200-273 LISBOA (Chiado)
tel: +351 21 342 4210
fax: +351 21 342 4212

Internet

e-mail: info@eurofinesco.com
www.eurofinesco.com
PORTUGAL
mobile: +351 96 910 2813