



EMPLOYMENT IN BRAZIL



The Consolidation of Labour Laws (Consolidação das Leis do Trabalho - CLT) governs the relationship between employees and employers.

Below is some key information about employment in Brazil, intended to provide a brief overview of employment law in Brazil. It is not intended as a substitute for professional legal advice and counsel.



WORKING TIME AND OVERTIME

The standard working week is 44 hours. Each workday lasts 8 hours, Monday - Friday and 4 hours on Saturdays. However, employer-employee contracts and collective bargaining agreements usually set the workday hours at 9 hours per day and two full days off.

Also, any overtime is paid at twice the normal base salary rate. Sundays and holidays are usually paid at +100% and nights at +20%. For any overtime going beyond 9 hours per week, employees must be paid at triple their normal base salary rate.

ANNUAL LEAVES

Full-time employees are entitled to 30 days of paid leave each year after completing their first year. They are also entitled to a vacation bonus of one-third of their regular monthly salary. Brazil has 8 national holidays, and around 50 state holidays. First thing to remember is that state holidays differ from one state to another.

TRIAL PERIOD

The law allows probationary periods to enable the employer to evaluate the employee's competence. This period is also for the employee to assess whether the job suits them.

The trial period must not exceed 90 days.

RESIGNATION AND DISMISSAL

The contract may be terminated either on the employer's initiative or on the employee's initiative.

Dismissal with cause: The employee will be entitled to the proportional salary for the days worked after last payment (including proportional 13th salary). Besides, there will be a pro-rata payment for accrued holiday entitlements and bonus. Although, no prior notice is required.

Dismissal without cause: The employee will benefit from 30 days notice. In addition to the payment of accrued rights mentioned above, they will benefit from the provision of the guarantee fund (FGTS). Along with, it will be necessary to add a penalty corresponding to 40% of the accumulated value of this fund.

Resignation: The employee will be entitled to the proportional salary for the days worked after last payment (including proportional 13th salary) and pro-rata payment for accrued holiday entitlements.

MATERNITY AND PATERNITY LEAVE

Mothers in Brazil are legally entitled to four months of maternity leave. Also, they cannot be terminated during the entire pregnancy or within one year of their child's birth date. Along with, they are entitled to full salary and benefits. Under certain circumstances, employers may extend the four-month period by 60 days and write off the payment as a tax deduction. Fathers may take up to 5 days paid leave.

SICKNESS AND DISABILITY LEAVE

Employees in Brazil are entitled to maximum compensation from their employer for the first 15 days of illness (upon presentation of a medical note). Thereafter, they may receive payments from a social program called INSS.

EXPENSES

Under Emerald Technology's solution, your employee will only be able to claim limited expenses. Expenses are granted by the authorities at the end of the tax year when a tax return is filed.

EMPLOYMENT OF FOREIGN NATIONALS

All foreign citizens require a work permit to work in Brazil. Brazil has different types of work visas:



Permanent work visa: Foreign workers entitled to permanent residence in Brazil usually seek this visa. It applies to professional researchers, scientists, investors with more than \$50,000 invested per person or \$200,000 invested per company, managers, and directors. Holders of VITEM V visa are eligible to apply for permanent work visa after two years.

VITEM V: This temporary visa is the most common working visa and is usually issued to foreign nationals entering Brazil for technical assistance, research skills, or professional services for a work contract or other agreements. Employees in this category must get approval by the Ministry of Labour and Employment.

VITEM XIV- Nomad digital: The country's National Immigration Council regulated the granting of temporary visas and residence permits so that immigrants may work for foreign employers while staying in Brazil, with no formal employment registered in the country.



SALARY AND SALARY TAXES

MINIMUM WAGE

Brazilian labour law specifies that any worker is entitled to a remuneration. This salary is usually paid monthly. Today, the minimum wage is currently BRL 1.100 (approximately \$ 192,55 / € 171,00). Another key point is that your employment contract should clearly state compensation details. As an employer in Brazil, Unions may also pressure you to increase wages periodically.

BONUSES

In Brazil, all companies provide their employee with a 13th-month salary at the end of the year equal to one month's salary.

INCOME TAX

The Income Tax is an annual tax levied on the individuals and companies' income by the Federal Government. The government requires workers and businesses to report their annual income to the Receita Federal.

In that statement, the taxpayer needs to report all service income and expenses for the previous year. The period is usually from the beginning of March to the end of April.



Annual Taxable Income(ers)	Below 1.903,98	From 1.903,99 to 2.826,65	From 2.826,66 to 3751,05	From 3751,06 to 4664,68	Over 4664,69
Rate	0%	7.5%	15%	22.5%	27.5%



SALARY PAYMENTS

In accordance with the requirements of Brazilian legislation, salary must be paid no less frequently than twice a month and paid in Brazilian reais.

SOCIAL SECURITY CONTRIBUTIONS

Social contributions in Brazil are paid by both the employer and the employee. Indeed, every company which hires in Brazil has to pay taxes and social security for their employees. Below we'll discover some of the mandatory benefits for employers:

FGTS (Severance fund): the FGTS is a Brazilian tax that works as an assistance fund for workers in specific situations. For example, a worker dismissed without cause will benefit from the FGTS. The Tax Rate for FGTS is 8%.

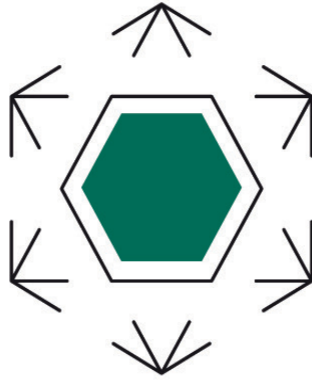
INSS (Social Security): the INSS is another fund which manages the social security in Brazil but also the pension system. The Tax Rate for INSS is 20%.

RAT (Social tax): basically, the RAT tax is the working accident contribution the company needs to pay to cover work-related injuries. The Tax Rate for RAT is 1%.

Terceiros (Social tax): this tax is another contribution to governmental institutions related to employee's fund for training. The Tax Rate for Terceiros is 6%.

Employees also participate in the financing of social benefits by paying employee contributions that are deducted from their gross salary. In Brazil, each employee is required to contribute to the following social security taxes:

-INSS (Social Security)



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