LABOR & EMPLOYMENT

CLIENT ALERT

DECEMBER/2019

PENALTY OF 10% OVER THE AMOUNTS OF THE GUARANTEE FUND FOR LENGTH OF SERVICE (FGTS) WAS EXTINCT BY THE GOVERNMENT

Law n. 13.392/2019 was published today at the Official Gazette, with relevant modifications regarding the Severance Fund (FGTS) and other social security taxes (PIS/PASEP).

The highlights of the new legislation are (i) the elimination of the 10% FGTS fine paid by employers in the event of termination without cause after January 1, 2020 and (ii) the new conditions of FGTS funds withdrawal.

Law n. 13.392/2019 also provides for (i) measures for the conversion of the payroll-related information and of the amounts collected as FGTS by employers into digital format and (ii) changes in the statute of limitations for FGTS payments, which will now be interrupted in the event of debit notification, initiation of administrative proceedings or investigations carried out by labor authorities.

Please let us know in case you need any further information in connection with the above.

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