

# Labor Newsletter

## ANGOLA

OPINION

### RECENT DEVELOPMENTS IN THE LABOR MARKET

Since mid-2015, the Angolan labor market has been experiencing the effects of a severe economic and financial crisis. In an attempt to tackle this problem, Angola approved the New General Labor Law (“NGLL”), as per Law No 7/15, of June 15, in force since 15 September 2015.

One of the guiding principles of the new law was to establish different standards and labor costs, according to the type and dimension of the company. The mechanism adopted starts with the concepts of Micro, Small, Medium and Large companies to subsequently, and depending on the size of the employer, define different rules, procedures, benefits and compensations. The smaller the employer, the more flexible the rules are with regard the employment relationship and, consequently, the lower the labor-related costs.

Another aspect that must be highlighted is the increased flexibility for entering into fixed-term employment contracts, which has a particular interest and practicality in creating jobs in adverse situations. Under the 2000 General Labor Law, the hiring of employees through fixed-term employment contracts was subject to the existence of a specific temporary need of the employer, which was legally typified and had to comply with a statutory maximum timeframe depending on the reason for hiring. The NGLL is quite innovative: there is no longer a limited list of grounds which requires observation in order to hire an employee nor a maximum timeframe to comply depending on the chosen reason. Accordingly, these contracts may be freely agreed upon since they need only take into account the nature of the activity, the dimension and the economic situation of the employer, as well as the functions that the hired employee will perform. The major innovation though is that the periods of maximum duration of the fixed-term employment contracts are now substantially longer, which will likely transform this type of employment contract into the

most widespread instrument for hiring employees. The big question is to know how the previous fixed-term employment contracts may adapt to these new rules, since the answer to the latter requires complex considerations on the applicable law to the constitution and termination of the employment relationship.

The other guiding principles of the new Law are the de-bureaucratization of labor administrative procedures, since many of the General Labor Inspectorate’s required prior authorizations have been eliminated, which has an impact on the procedures of termination for objective reasons (individual or collective), on the working schedule chart, in the adoption of internal regulations and on the use of the exemption from fixed work schedule regime. Of note is also the establishment of mandatory non-judicial mechanisms for the resolution of individual labor disputes, in particular the mediation promoted by the General Inspectorate of Labor or the conciliation promoted by the District Attorney with jurisdiction over the matter, being also provided the use of ad-hoc voluntary arbitration.

Given that the NGLL is a structuring law with a major impact on the national labor market, which is experiencing a persistently negative economic environment, only with time will we be able to evaluate its suitability to fulfil the requirements and particularities of the country. It is however undeniable that the new law aims at answering a regular demand from employers on adapting working mechanisms and costs to the reality of each company, and it also sets forth more flexible standards when it comes to job creation. Notwithstanding the above, the NGLL provides a much wider possibility of entering fixed-term employment contracts, an option that reflects a more precarious employment relationship, which inevitably will become more broadly used. Within this context, the suitability of the NGLL to the reality of the country will be firstly tested in 2016.

### FUTURE LABOR OBLIGATIONS TO TAKE INTO ACCOUNT:

- Preparation and submittal list of remunerations to the “INSS” (companies with more than 20 employees are required to submit electronically) and proceed to payment of contributions until April 10.
- Preparation and submittal of the “RENT” Model - Nominal Registration of Employees - using the new “MAPTSS” platform, until April 30, with salary information from the month of March.
- Preparation and submittal of the Implementation Report until March 31 for oil sector companies that have entered into a contract-program with the Ministry of Petroleum.

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