

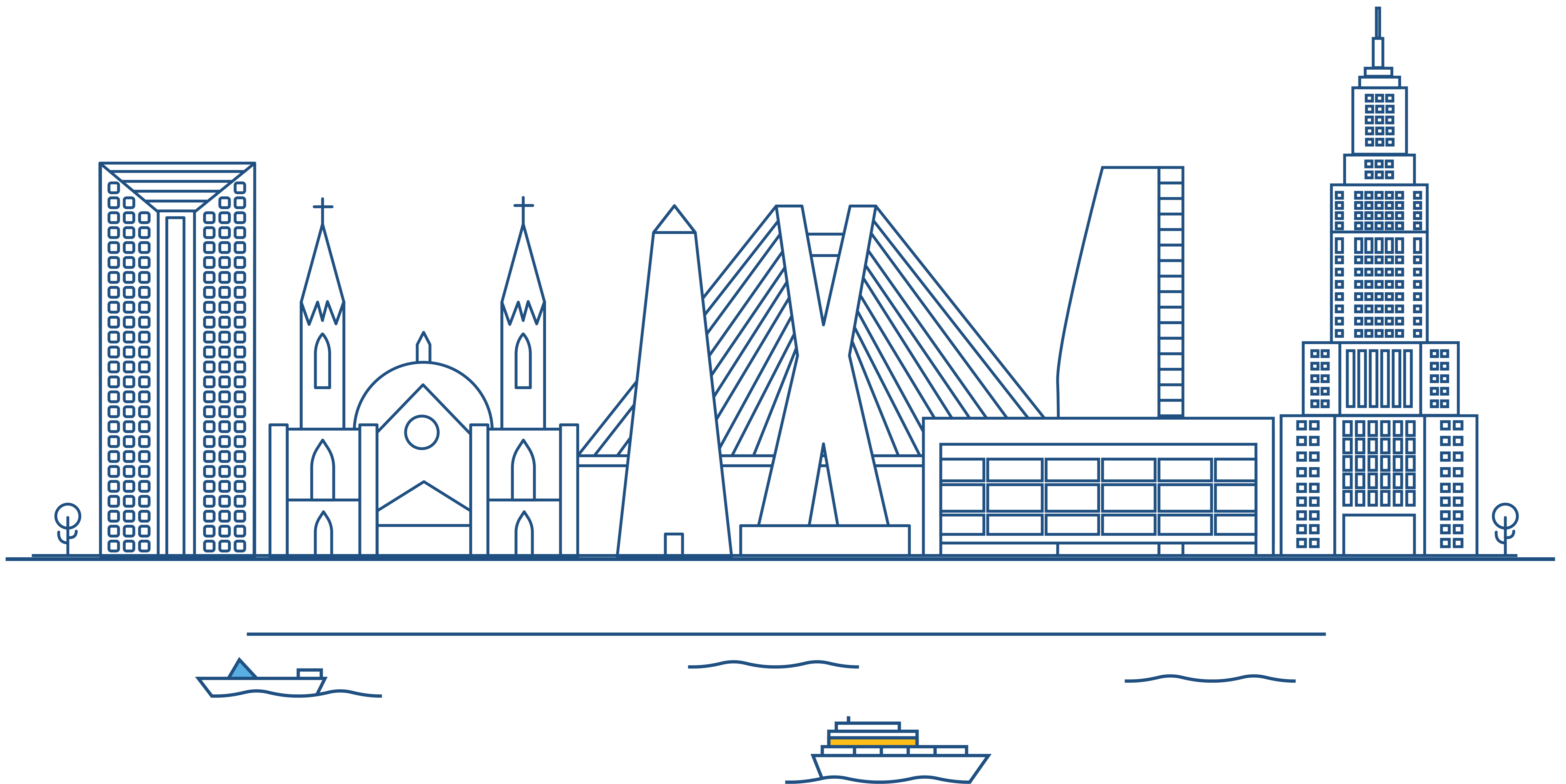
# Skuad's guide to hiring compliantly in Brazil



# Table of Contents

Introduction .....	2
Brazil at a glance .....	4
1. Good to know .....	5
2. Everything you need to know about hiring employees in Brazil .....	6
2.1 Employment Laws .....	9
2.2 Benefits .....	10
2.3 Termination .....	11
2.4 Payments & Taxes .....	12
2.5 Leave Policy and Holidays .....	13
3. What is an Employer of Record and do you need one? .....	16
4. Checklist for hiring independent contractors in Brazil .....	18
Learn how Skuad can help you build your global team on one unified platform .....	20

# Skuad Welcomes You to Brazil!



This comprehensive employment guide is intended to provide you with detailed information on the employment processes and other relevant data for hiring full-time employees and contractors in Brazil.



Since there are frequent changes to annual statistics and employment laws, we suggest you take notes of the time stamps documented in this guide.



Latin America is recognized as one of the top destinations for tech talent and with Brazil being the foremost country in the region in terms of development and economic growth, there is a vast pool of talent in the country.

As one of the [fastest growing economies in the world](#), the country's economic reforms have given it a boost in the international scene, garnering significant influence and recognition in the world.

Brazil's IT market is ranked 9th in the world with a valuation of over **\$49 Billion**

According to the [Brazilian Software Association](#), Brazil's IT market is ranked 9th in the world with a valuation of over USD 49 Billion. As a result, Brazil's tech talent pool is populated with result-driven and highly skilled professionals taking the world by storm.

With high key stakeholders in the Brazilian market, the maturity of the venture community and a huge population of tech talent fluent in English, Brazil has emerged as an attractive destination for talent supply.

For organizations planning to tap into the numerous benefits of hiring employees in Brazil, understanding how to hire and carry out business activities compliantly is crucial.

**This guide provides deep insights into everything you need to know about hiring talent and building a team in Brazil.**

# Brazil

## at a Glance

**Capital**  
Brasilia

**Official Language**  
Portuguese

**Estimated population**  
212.78 Million



### Financial Details (2022)

Currency	GDP	Income Tax
Real (R\$) (BRL)	<u>BRL 7.348 trillion</u>	0% - 27.5%

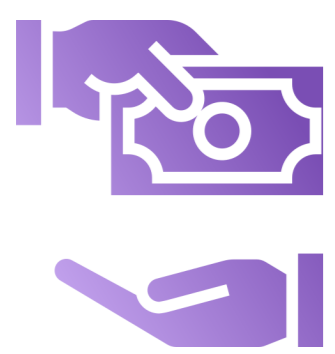
### Employment Details (2022)

Work Hours	Holidays	Salary Cycle	13th-Month Pay
44 hours week	13 holidays (annually)	Either bi-weekly or monthly	Yes

# 1 Good to know...



Brazil is one of the countries with provisions for paternity leave for fathers. The leave spans a duration of five days and can be extended to 20 days under some conditions.



Employers usually provide a 13th-month salary as a bonus package to Brazilian employees.



The maximum daily work time in Brazil is eight hours. However, employees who have worked for six hours get a mandatory one-hour-long rest.

# 2 Everything You Need to Know About Hiring Employees in Brazil

According to StartupBlinks, Brazil ranks number one for startups in South America and 26th globally. Due to the local talent pool in Brazil, tech organizations have recorded astounding success.

For global organizations planning to hire employees from Brazil, the benefits include a supreme talent pool; compatible time zones, especially for organizations operating from North America; and great work culture and attitude.



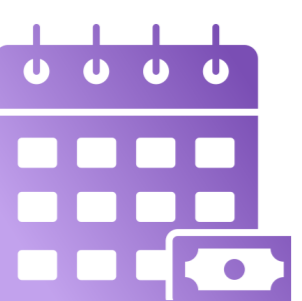
## Employer Payroll Tax

Employer Liability est.  
68%



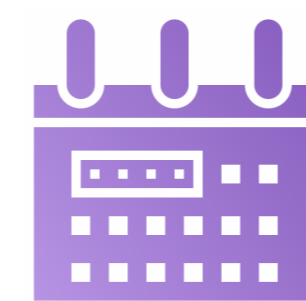
## Work Hours

44 hours weekly  
(8 hrs a day)



## Salary Cycle

Salary cycle is either bi-weekly or monthly and is paid on the 15th and 30th of each month.



## Probation Period

Probation period is 45 days but can be extended to 90 days.



## Overtime Pay

Overtime is paid at the rate of 150% of the regular pay. Work on holiday is paid at the rate of 200%.



## Leave Policies

### Privilege Leave

For an employee who has been employed for 12 months, they are entitled to 30 days of paid annual leave. The leave must be taken within the following 12-month period.

### Sick Leave

First 15 days of illness, the employer pays 100% of the employee's salary. From the 16th day onward, social security pays for the leave (up to 6,101 BRL).



### Employee Income Tax

Payroll Tax, Social Security  
7.5% - 14%  
Employee Income Tax 0% -  
27.5%



### 13th Month Pay

Mandatory 13th salary equal to one month's pay. Paid out at the end of the year.



### Max OverTime Allowed

Overtime is limited up to 2 hours per day. Any hours worked more than 8 hours per day is considered overtime.

### Maternity Leave

Female employees are entitled to 120 days of paid maternity leave and extension by a maximum of 4 weeks on medical grounds (two weeks prior and two weeks after birth).

### Paternity Leave

Fathers are entitled to 5 days of paid paternity leave.

### National Holidays

13 Public Holidays





## Termination

Notice period for termination must be shared in the offer letter and agreed upon by both employee and employer.

Termination of the employment agreement initiated by the employer:

- Up to 1 year of employment- 30 days' notice.
- Over 1 year of employment- 30 days' notice + 3 additional days for each year worked (up to a maximum of 60 additional days).

Termination initiated by the employee:

- The employee must give 30 days' notice.
- If the termination is initiated during the probation period, the employee may request to be released earlier than 30 days.

Termination under mutual consent:

- The notice period is halved.

# 2.1 Employment Laws

The Labor Law protects and governs employment activities and relationships in Brazil. According to the [Brazilian Labor Code](#), the prevalence of facts, prohibition of detrimental changes regarding employment and terms regarding joint liabilities are relevant principles that must be upheld by employers and organizations operating in Brazil.

## 2.2 Benefits

Brazilian nationals and foreigners are entitled to statutory benefits in Brazil as long as they work in the country. However, the employment type determines a worker's benefits entitlement.



### **Medical and Dental Care**

Employees in Brazil are entitled to medical and dental care benefits. The National Institute of Social Security (NISS) manages the contributions regarding medical and dental care in Brazil.



### **Lump-sum Death Benefits**

Employers in Brazil are obligated to pay lump sum benefit packages to dependents of deceased employees. The deceased spouses, dependent minors, unmarried siblings, and children under 21 years are entitled to this benefit.

## 2.3 Termination

Wrongful termination in Brazil exposes an employer to legal and reputational risks. The [Labor Code](#) governs the termination processes in Brazil.



### Conditions for Termination

The termination of employment contracts in Brazil is governed by the following factors:

- An employment contract can be terminated at the end of the contract period or by mutual agreement.
- When the employee resigns.
- Through reciprocal fault.

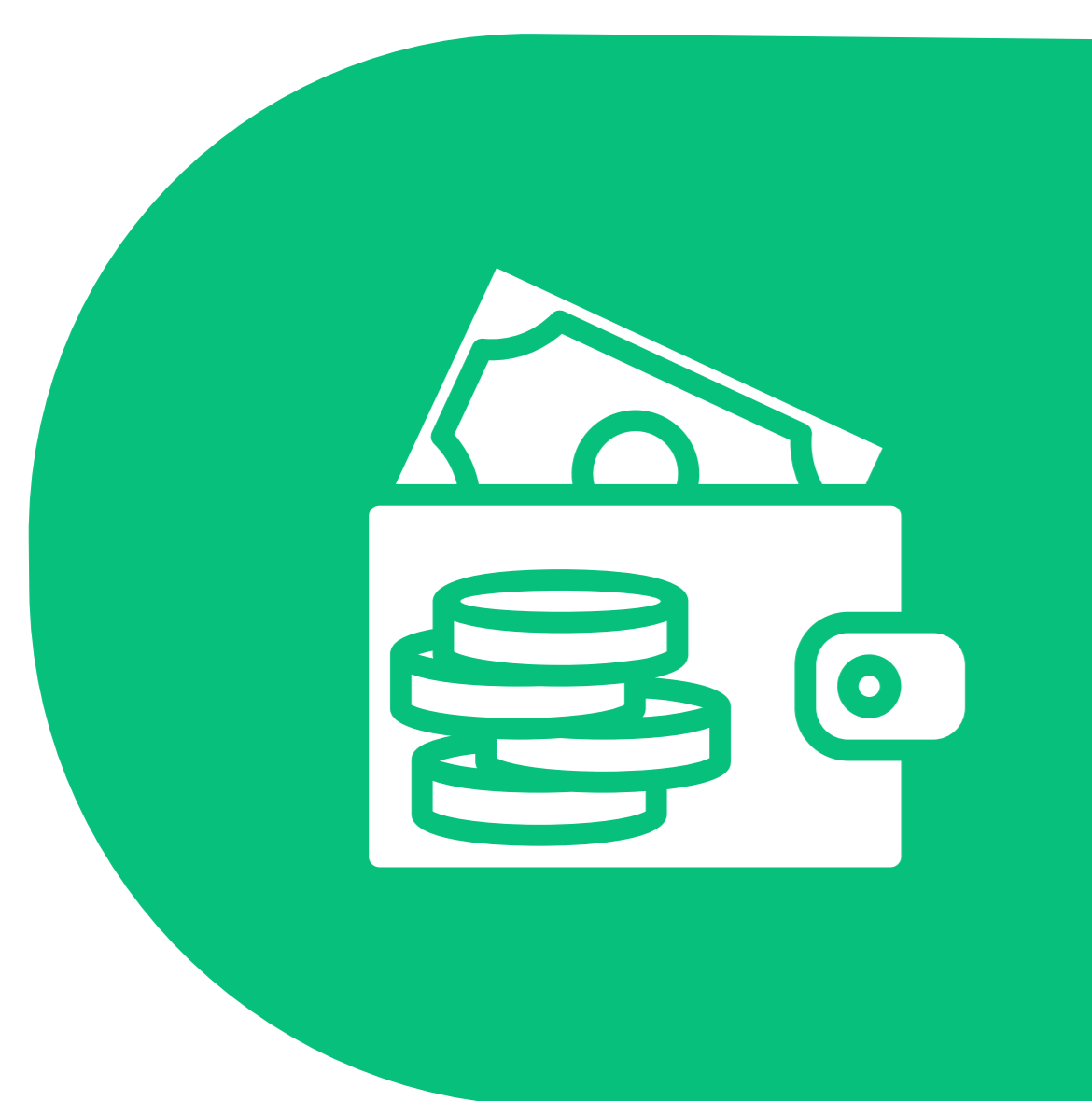


### Notice Period

The employer must document the notice period in the offer letter and agreed upon by both parties. Employees that have worked in an organization for a year, the employee is entitled to 30 days' notice. Employees that have worked for more than a year get 30 days' notice plus three days for each year they have offered their services to the organization. However, this is subject to a maximum period of 60 days.

# 2.4 Payments and Taxes

Payroll in Brazil involves making accurate payments to employees after withholding taxes and other statutory deductions.



## Minimum Wage Requirements

The minimum wage in Brazil has been revised and increased from BRL 1,100 to BRL 1,212.



## Bonuses

Bonuses in Brazil are usually provided in terms of 13th-month pay. As a result, employees who have worked for 12 months are entitled to the full payment of a month's salary. Conventionally, employees who have worked for months less than 12 will receive the proportional payment at the end of the year.

## Individual Income tax

Brazil employees are taxed on their income as follows

Individual income (BRL)	Tax rate (%)
0 - 1,903.98	0
1,903.98 - 2,826.65	7
2,826.65 - 3,751.05	15
3,751.05 - 4,664.68	22.5
4,664.68 and above	27.5

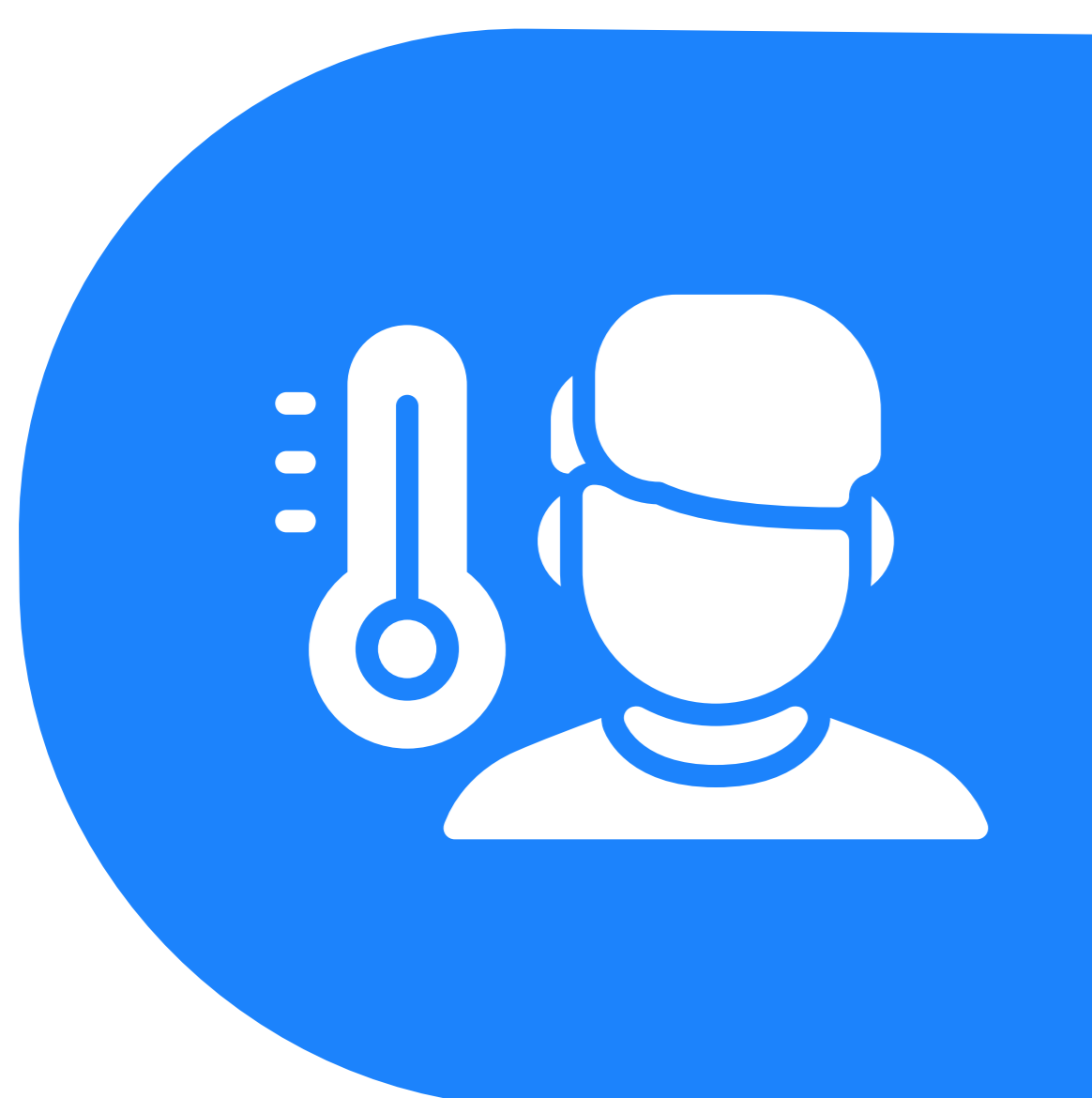
# 2.5 Leave Policy and Holidays

## Leave Policy



### Maternity & Paternity Leave

Female employees in Brazil are entitled to a paid maternity leave of 120 days. Also, the leave can be extended by four weeks on medical grounds. Male employees with pregnant wives are entitled to a paid leave of five days. However, this leave can be extended by 20 days if the employee is registered with Empresa Cidadã.



### Sick Leave

Employers have an obligation to provide their sick employees with 15 days of paid sick leave covering 100% of their salary. However, the employees start getting payment from the Social Security Department from the 16th day of illness.



### Annual Leave

Employees who have worked in an organization for up to 12 months are entitled to 30 days of paid annual leave.

# Public Holidays

The table below shows the public holidays in Brazil

January 1	New Year's Day
January 1	Universal Brotherhood Day
February 16	Shrove Tuesday
April 2	Good Friday
April 4	Easter Sunday
April 21	Tiradentes Day
May 1	Labor Day
June 3	Corpus Christi
September 7	Independence Day of Brazil
October 12	Our Lady of Aparecida's Day
November 2	All Souls Day
November 15	Republic Day
December 25	Christmas Day

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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23	24	25	26	27	28	29	27	28						27	28	29	30	31			24	25	26	27	28	29	30
30	31																										

May							June							July							August						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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September							October							November							December						
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25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31
							30	31																			

# What is an Employer of Record and Do You Need One?

An Employer of Record platform enables organizations to hire employees and contractors without setting up a subsidiary or an entity in Brazil. Employer of Record platforms also help organizations onboard talent and manage payroll by ensuring employees/contractors receive accurate and timely payments on time. Also, the Employer of Record is essential in ensuring organizations can carry out any employment-related activities in compliance with the Brazilian employment laws and tax regulations.

For organizations planning to build a team or hire talent from Brazil, the process involved in carrying out employment-related activities can be challenging and overwhelming. While it can be time-consuming, it is also resource and time-intensive. However, with an Employer of Record platform in Brazil, organizations can scale business operations in Brazil.

The Employer of Record acts as the legal employer on behalf of the organization enabling seamless hiring and HR management and shielding the organization from any legal risks and requirements in Brazil.

## The Employer of Record services includes



Hiring full-time employees and contractors



Onboarding talent



Payroll management



Administration of comprehensive benefits packages



Ensuring compliance with the Brazilian employment laws and tax regulations.

If your organization requires any of the above services, it means you need a reputed Employer of Record partner like Skuad.

Skuad's global employment and payroll platform enables organizations to hire and build teams in Brazil compliantly and without hassles.

To know more about Skuad, [book a demo](#) today.



# Checklist for Hiring Independent Contractors in Brazil



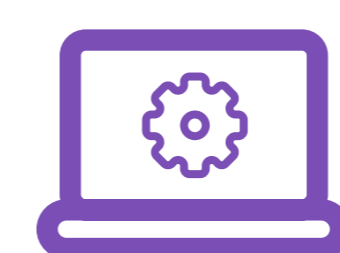
## Draft a Service Contract Agreement

The processes involved in hiring independent contractors are different from hiring full-time employees in Brazil. While the terms of the agreement do not have as many provisions as required when hiring a full-time employee, it is necessary to draft out a service agreement that clarifies the terms and conditions for both parties. It should also contain the schedule and means of payment, project description and contract termination terms.



## Flexibility & Work Schedule

A contractor chooses their working hours. They also have the flexibility to work on multiple projects contrary unlike an employee who has to work for an employer at a time.



## Payroll Compliance

While employers are not obligated to provide independent contractors benefits and compensations outside their primary wages, it is crucial for employers to provide accurate and prompt payments to independent contractors.



## Leave Policy

While hiring an independent contractor, the employer has no obligation to provide any paid leaves. However, contractors can form mutual agreements with the employer that has remote worker policies in place.



## Employee Misclassification

Employers have an obligation to classify their employees accurately to create an equitable working environment. Misclassification exposes employers to costly and avoidable fines, penalties and lawsuits. To avoid misclassification charges, it is best practice to outline the relationship and terms of employment as precisely as possible.

# Learn how **Skudad** can help you build your **global team** on one unified platform

Skudad is a fast-growing global employment and payroll platform, enabling companies like yours to employ and pay exceptional talent anywhere in the world, seamlessly and compliantly. Our vision is to elevate lives by democratizing talent and opportunities globally.

To learn more about Skudad's platform, write to us at: [sales@skudad.io](mailto:sales@skudad.io)

**For more hiring resources:**

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[Hire Remote Developers](#)

[Salary Calculator](#)

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