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PROGRAMME FOR GOVERNMENT

APRIL 2024

ANALYSIS OF THE PARLIAMENTARY DISCUSSIONS ABOUT THE PROGRAMME

The Government of Luís Montenegro submitted its programme to the Parliament on April 10th. The 184-page document is based on six strategic pillars, which can be summarised in six main objectives: a fairer country that stands for more solidarity, a wealthier, more innovative and competitive country, a more open and global country, a greener and more sustainable country, a more democratic, open and transparent country, and a country with a more efficient State.

At the presentation of the programme, the Government announced the adoption of **60 measures from other political parties**, over half from the Socialist Party (PS), mainly in the transport, energy, agriculture, health, and national defence sectors; 13 measures from the far-right Chega, focusing mainly on tourism, defence, and transport; as well as six measures from the Liberal Initiative (IL), in the areas of transport, health and aimed at combating bureaucracy. The programme also includes three measures from the Livre party, three measures from the Left Bloc (BE), two from the People-Animals-Nature Party (PAN), and one from the Portuguese Communist Party (PCP).

In addition to the surprise of **integrating proposals from other parties, the other novelty is the retreat from some measures announced in the Democratic Alliance (AD) programme and the inclusion of new measures**. The proposal to change the appointment of the board of regulatory entities or the “deep modernisation and transformation of the social security machine and a possible merger with the tax authority”, measures promised by the AD during the campaign were not included in the government's programme. One of the new features is, for example, the creation of a solidarity pay supplement.

The Parliamentary discussion on the Government's programme took place on April 11th and 12th. As priority measures, the Prime Minister highlighted the reduction of the income tax (which will be voted on the week of April 15th to 19th), talks with security forces and teachers (which will start respectively on April 12th and the following week), and the repeal of several measures from the housing programme Mais Habitação. Montenegro also emphasised that the National Health Service Emergency Plan will be presented by June 2. The call for a “sense of responsibility” of all parties was once again advocated by the government, who left messages to the PS, emphasising that “the Portuguese will not forgive if the opposition gives the country a bad check” and ensuring the executive's openness to dialogue with everyone.

In the Plenary, the programme received criticism from all parties, who downplayed the integration of their measures into the document. On the left, the PS accused the government of arrogance and lack of real dialogue, a criticism also made by the Livre party, which accused Montenegro of wanting to “approve now and discuss later”. The BE and the PCP criticized several measures of the program, from the reduction of corporate tax to the housing measures, both reiterating the grounds for advancing motions of rejection to the programme presented. The PAN accused the Government of lack of progress, emphasizing that the programme continues to postpone carbon neutrality targets.

On the right, the Chega party criticised the number of measures from the PS included in the programme and once again pressed the Government for an understanding. The IL party, on the other hand, expressed some disappointment, considering that the Government should introduce a “more ambitious” tax cut.

The votes on the rejection motions presented by the PCP and the BE were rejected by the MPs of the PSD, CDS, Chega, and IL, receiving abstention votes from the PS and favourable votes from the PCP, BE, and Livre. PAN voted against the PCP motion and abstained on the one from the BE.

With the programme not being rejected by Parliament, the government of Luís Montenegro is now fully in office.

THE MAIN MEASURES ANNOUNCED

TAX BURDEN

Immediate reduction of the personal income tax (IRS) up to the 8th bracket (income until 81.199€)

Reduction of corporate income tax rate by two percentage points per year up to 15% in three years.

INCOME POLICY

Increase in the national minimum wage to 1,000 euros in 2028

Creation of a solidarity pay supplement

Gradual increase in the value of the solidarity supplement for the elderly to 820 euros until 2028

EDUCATION

Recovery of teachers' length of service by 20% per year

Guaranteed universal and free access to nurseries and pre-schools

Revision of the Basic Law of the Education System

SUPPORT FOR YOUNG PEOPLE

Maximum rate of 15% on personal income tax for young people up to the age of 35

Exemption from the property transaction tax IMT (*Imposto Municipal sobre Transmissões Onerosas de Imóveis*) and Stamp Duty (*Imposto do Selo*) for young people.

Public guarantee for financing up to 100% of the value of the property when buying the first home

HOUSING

Revoke "wrong" measures under the Mais Habitação programme, including the forced rental of vacant properties, the rent freeze and the extraordinary contribution on short-term rentals (*alojamento local*)

Public Private Partnership programme to build middle-class housing

Application of VAT at 6% rate on construction and rehabilitation works and services and extension of deductibility

HEALTH

End waiting lists by the end of 2025 by awarding a voucher for free care in the private or social sector (once the response time has been exceeded)

A new contractualization model to guarantee universal access to healthcare, using public, private and social capacity

***The NHS Emergency Plan will be presented by 2 June, setting out concrete measures on access to care and targets for 2024-2025.**

THE MAIN MEASURES ANNOUNCED

TRANSPORT

Conclusion of the process of choosing the location for the new Lisbon airport and start of its construction as soon as possible

Launch the constructions of the high-speed train as soon as possible

Launch the TAP privatisation process

ENVIRONMENT

Revision of the National Energy and Climate Plan

Give new impetus to the reform of green taxation

EIA 2.0 programme: use of artificial intelligence in environmental licensing

TECHNOLOGY

Creation of a national digital strategy, with a clear vision, objectives, indicators and deadlines

Creation of a digital innovation fund

Supporting research, innovation and entrepreneurship in AI and stimulating the adoption and use of AI in the public and private sectors

FIGHT AGAINST BUREAUCRACY

Survey and subsequent elimination or significant reduction of barriers and constraints to economic activity with the support of sectoral associations, prioritising the transport, energy and communications sectors.

Imposing sunset clauses on licensing rules

Application of "only once" principle, prohibiting public entities from requesting documents and information that are in the possession of other public entities.

ENERGY

Creation of a national energy storage strategy by 2026

Encouraging the emergence of new market players to lower energy prices

Implementing the commitments made between Portugal, Spain and France in terms of energy interconnections to increase European connectivity

Reviewing the legislative framework for development and investment plans for national energy networks

SECURITY

Enhancing the careers of security forces

Utilising new tools, such as video surveillance systems and body cameras

SUMMARY OF THE MAIN PROPOSALS BY SECTOR

CORPORATE TAXATION AND MEASURES FOR BUSINESSES

- Reduce the corporate income tax rate (IRC) by two percentage points per year, from the current 21% to 15% in three years.
- 20% reduction in autonomous taxation on company vehicles in IRC [*proposal from the PS programme*].
- Promote the gradual elimination of the progressivity of the state surtax (*derrama estadual*) and of the of municipal surtax (*derrama municipal*) in IRC.
- Effectively speed up and automate the offsetting of tax credits.
- Consider creating tax benefits for companies that set up maternity and paternity support programmes.
- Increasing tax advantages for companies that hire disabled people above the legal quota.

LABOUR LEGISLATION

- Revisit the Decent Work Agenda, assessing the results of the first year of implementation in social dialogue and with all the partners.
- Extend the scope of collective bargaining without special conditions, namely in matters such as the legal relationship and type of employment, mobility mechanisms, trial periods, working time and aspects relating to the termination of employment relationships [*proposal from the IL programme*].
- Revisit legislation on flexible working hours, remote work and parental leave with the objective of promoting equality between women and men at work.
- Consider equalising maternity and paternity leave.
- Strengthen mechanisms for monitoring unequal pay between men and women.
- Create a national plan to support all young people with disabilities in the transition from school to the labour market.

INCOME POLICY

- Increase the national minimum wage to 1,000 euros in 2028.
- Reduce the IRS for taxpayers up to the 8th bracket (income until 81.199€), by reducing marginal rates by between 0.5 and 3 percentage points compared to 2023.
- Adopt the youth personal income tax in a lasting and structural way, with a maximum rate of 15% applied to all young people up to the age of 35, with the exception of the last income bracket (income over 81.199€).
- Make it compulsory to update tax brackets and withholding tables in line with inflation and productivity growth.
- Exempt productivity bonuses for performance from taxes up to the equivalent of a monthly salary.
- Create a solidarity pay supplement, a form of support that encourages people to look for jobs without losing income from other social benefits.
- Gradually increase the value of the solidarity supplement for the elderly so that by 2028 pensioners in situations of greater fragility can have a guaranteed reference value of 820 euros.
- Adopt measures to converge the social protection rights of self-employed workers with those of employees.

SOCIAL SECURITY

- Diversify the sources of funding for the social security system.
- Prepare public social security to manage voluntary capitalisation funds, in competition with the private and mutual sector.

FINANCIAL AND INSURANCE SECTOR

- Implement a public guarantee to make it possible for young people up to the age of 35 to bank finance 100% of their first home.
- Implement a risk-sharing line for SMEs, guaranteed by the Portuguese state and the EU, by strengthening the InvestEU programme, with a view to facilitating companies' access to finance.
- Support investment in venture capital, studying the possibility of introducing instruments such as, for example, a co-investment line for start-ups and venture capital, the creation of real estate funds in conjunction with banks and landlords and the removal of restrictions on alternative forms of financing (fintech, restructuring funds, etc.), among other measures.
- Reform insolvency regimes, adopting European best practices in terms of facilitating restructuring agreements, floating charge financing, and the conversion of debt into equity, and giving creditors more negotiating power.
- Review the regime for personal guarantees required by financial institutions.
- Launch the Capitalizar + Programme, to support the generational transition and the valuation of business assets, with four dimensions of intervention: continued reinforcement of the mechanisms for privileged tax treatment of capital reinforcement in relation to debt financing; revision of the Banco Português de Fomento's mandate contract with a view to adapting the instruments for access to capital and quasi-capital to the specific needs of the companies; a generational transition programme for family businesses; and a programme aimed at gains in scale, mergers and acquisitions and asset recovery [*proposal from the PS programme*].

HEALTH SECTOR

- Present the NHS Emergency Plan within the next 60 days, guaranteeing maximum response times for speciality consultations, surgery, diagnosis and therapy, maternal and child health emergencies and assigning a family doctor to every citizen.
- Reformulate the NHS Executive Directorate, with a simplified organisational structure.
- Implement a new contractualization model for the NHS, with a Multiannual Investment Plan to modernise technology, upgrade infrastructures and increase response capacity.
- Regional and national audit of guaranteed maximum response times.
- Guarantee speciality consultations in the network of agreed health units, whenever the guaranteed maximum response time in the NHS is exceeded.
- Capitalise on the experience of retired family doctors who wish to continue working in the NHS and create the conditions for this to happen.
- Decentralise competences in the area of health, articulating the public, social and private network that exists in each parish and municipality.
- Improve access to infertility and medically assisted reproduction treatments.
- Expand Clinical Psychology, Rehabilitation and Nutrition consultations in Health Centres.
- Open Palliative Care and 2nd Generation Continuing Care units, with new Public-Social Partnership models.
- Establish a new national dental care programme with private units.
- Extend the scope and coverage of the dentist voucher programme.
- Implement a specific motivation plan for emergency teams and health professional careers.

HOUSING AND REAL ESTATE

- Revoke the “wrong” measures under the Mais Habitação programme, including the forced rental of vacant properties, the rent freeze and the extraordinary contribution on short-term rentals (*alojamento local*).
- Implement an exceptional and temporary scheme that ensures: the application of VAT at 6% rate on construction and rehabilitation works and services and the extension of deductibility.
- Implement a Public-Private Partnership (PPP) programme for construction and rehabilitation for housing and student accommodation.
- Implement a public guarantee to make it possible for young people up to the age of 35 to bank finance 100% of their first home.
- Exemption from the property transaction tax IMT (*Imposto Municipal sobre Transmissões Onerosas de Imóveis*) and Stamp Duty (*Imposto do Selo*) for young people.
- Inject vacant or under-utilised properties and public land into the market almost automatically.
- Clarify the rules for property investment and attracting investment (for residents and non-residents).

TRANSPORTS & INFRASTRUCTURES

- Conclude the process of choosing the new Lisbon airport and start its construction as soon as possible.
- Launch the TAP privatisation process
- Launch the construction of the high-speed train as soon as possible [*proposal from the Chega programme*].
- Execute the projects planned and approved in the 2030 National Investment Plan.
- Promote the expansion of charging infrastructure for electric and hydrogen vehicles in cities, through European funds.
- Create a hydrogen refuelling network to enable widespread use in long-distance passenger and freight transport.
- Promote the use of motorways with low traffic and where tolls put users off, particularly in low-density areas [*proposal from the PS programme*].
- Promote greater competition in the rail service currently provided by CP [*proposal from the IL programme*].
- Support the energy transition of ports.
- Review the application of the infrastructure usage fee for freight trains, eliminating the existing distortion in relation to road transport.

ENERGY SECTOR

- Implement Portugal’s international commitments to the energy transition and to the effective and competitive decarbonisation of the national economy.
- Review the legislative framework for development and investment plans in national energy networks to make them more effective, coherent and articulated.
- Develop a national energy storage strategy by 2026 with the aim of accelerating investment in national storage capacity, namely through batteries associated with wind farms and photovoltaics [*proposal from PS programme*].
- Promote greater competition throughout the sector’s value chain, from production to commercialisation and distribution, in order to lower energy prices for families and businesses.
- Promote economically rational investment and the effective implementation of the electricity and gas transport and distribution networks and infrastructures needed to meet the changes in supply and demand, taking into account the challenges and implications of the energy transition.
- Encourage the consumer-producer concept, reducing bureaucracy and speeding up the licensing of decentralised forms of production, including self-consumption production units (UPAC), small production units (UPP), renewable energy communities (CER) and collective self-consumption units, as well as energy sharing, in order to guarantee lower energy costs in the medium and long term.
- Adopt a balanced and responsible approach to the exploitation of geological resources, whose exploitation must ensure scrupulous compliance with the environmental and social constraints.
- Transpose the European “Critical Raw Materials Act” into the national framework, which will allow for the safe and responsible supply of raw materials and ensure the energy transition.
- Make the rational exploitation of the resources and uses of the National Maritime Space compatible with the existing traditional activities (fishing, tourism and others), while respecting the protection of the environment and creating sustainable conditions for offshore wind production.

ENVIRONMENT

- Within the framework of the European Green Deal, including the "Fit for 55" legislative package, ensure effective transposition and application of the regulations and initiatives.
- Conclude the process of revising the National Energy and Climate Plan (PNEC 2030).
- Give new impetus to the Green Tax Reform by identifying new measures and approaches that contribute to a more efficient and sustainable use of resources.
- Create the Coastal Resilience Action Programme 2025–2040, providing for structural interventions and continued investment in a context where extreme climate phenomena are intensifying.
- Implement a regenerative waste management policy capable of making up for delays and reversing poor performance in terms of prevention, reuse, recycling and recovery, in favour of a more circular economy.
- Create the environmental impact assessment modernisation programme - EIA 2.0, as an instrument to support administrative procedures, using AI technologies to increase transparency and speed up decisions.
- Implement a single environmental licensing portal to ensure total transparency and integrity in licensing processes.
- Accelerate the implementation of the planned desalination plants and assess new needs, seeking to mitigate the economic costs of the price of water through related energy measures.
- Create a governance model for marine protected areas, guaranteeing coordination between the institutions responsible for their classification, management, monitoring and inspection, and the publication of data on these matters.
- Reformulate and empower the Blue Fund as an essential instrument to support emerging areas such as marine biotechnology, digitalisation and underwater robotics [*proposal from the PS programme*].
- Accelerate component 10 of the Recovery and Resilience Plan (PRR), in particular the network of infrastructures for the blue economy (Blue Hub).
- Accelerate the implementation of component II of the PRR, relating to the promotion and financial support for multidimensional projects that promote carbon neutrality.

TECHNOLOGY

- Create a national digital strategy, with a clear vision, objectives, indicators and deadlines, and a specific budget and governance structure, involving all relevant stakeholders from the public, private and civil society sectors.
- Create a digital innovation fund, with the aim of supporting research, development and the adoption of emerging technologies by Portuguese companies, by providing financial and technical assistance and facilitating access to markets and networks.
- Invest in the training and qualification of human resources in AI; support research, innovation and entrepreneurship in AI and stimulate the adoption and use of AI in the public and private sectors.
- Promote and invest in the development of high-performance computing infrastructure in Portugal.
- Support structuring investments aligned with the Important Projects of Common European Interest (IPCEI), such as the Chips Act or other European initiatives.
- Accelerate the implementation of component 16 of the PRR, focused on the digital transition of the Portuguese business fabric (digital trade accelerators and digital business districts).
- Consensualise the revision of the National Cyberspace Security Strategy and adequately adopt the European Directive (NIS2).

AGRICULTURE

- Increase disposable income and maximise the use of funds from the Common Agricultural Policy and MAR2030.
- Create financial instruments to capitalise companies in the sectors and to finance agricultural, forestry and fisheries projects, in conjunction with the European Investment Bank (EIB).
- Streamline licensing procedures for agricultural and forestry infrastructure on farms.
- Consolidate the role of the Institute for Nature Conservation and Forests (ICNF) as a reference body in Portuguese forestry, investing in its training and modernisation.
- Review the career of the Nature Watchers and enhance the career of the Forest fire fighters [*proposal from the Chega programme*].
- Implement the Plan for Aquaculture in Transition Waters with the aim of increasing aquaculture production by 50% in this decade [*proposal from the PS programme*].
- Invest in increasing the storage capacity of surface water and the consequent increase in the areas benefiting from public irrigation.
- Promote the voluntary carbon market with a view to remunerating forestry and agricultural producers who develop practices that increase the amount of carbon sequestered.

EDUCATION

- Initiate the recovery of teachers' length of service by 20% per year
- Guarantee universal and free access to nurseries and pre-school, mobilising the public, social and private sectors.
- Promote overtime for teachers, on a temporary and optional basis.
- Review teachers' starting salaries.
- Review the 1986 Basic Law of the Education System.
- Create an integrated platform for all the services of the Ministry of Education, Science and Innovation and invest in digital resources to simplify administrative processes.
- Implement the A+A programme ("Aprender Mais Agora"), a learning recovery plan.
- Create an IRS deduction for the accommodation expenses of teachers who are travelling more than 70km from their home area.

HIGHER EDUCATION

- Increase the allocation of public and private funds towards science and innovation, aiming to reach approximately 3% of GDP.
- Evaluate strengthening tax incentives for companies that invest in R&D programmes in partnership with higher education institutions.
- Encourage companies to hire PhD graduates.
- Create the Young Doctorates for Industry programme (JDI), which, with the support of national business associations, encourages the integration of young doctorates in scientific, technological and management areas of Portuguese companies, replacing the current system of research grants.

CULTURE

- Increase the amount allocated to culture in the State Budget by 50% over the next four years.
- Strengthen and diversify the legal framework for cultural patronage, reviewing the current legislation and providing it with an attractive and mobilising capacity that allows for flexibility and reinforcement of preservation, programming and creation practices.
- Ensure, by the end of the legislature, free access to museums, national monuments and science centres for young people up to the age of 25.
- Develop and implement a Strategic Plan for Cinema and Audiovisual.
- Accelerate the implementation of component 4 of the PRR, relating to culture.

JUSTICE

Move towards a reform of the justice system in six areas of action:

- Reform of the administrative and tax jurisdiction: adopt urgent and immediate measures for the administrative and tax jurisdiction.
- Procedural speed: develop changes to criminal procedural legislation in order to combat the formation of so-called mega-proceedings; revise procedural rules, namely in civil procedure, criminal procedure and administrative and tax procedures, revise judicial deadlines [*measure from the PS programme*]; revise the general regime of administrative offences, harmonising sectoral regimes, among other measures.
- Economic justice: create units to recover delays in cases while prioritising the oldest ones; reform insolvency regimes; simplify property registration procedures, among other measures.
- Enhancing careers: review the models for continuous training of magistrates; start a process of reviewing and enhancing the professional careers of bailiffs and prison guards, among other measures.
- Prison system: expand specific intervention programmes in the areas of mental health/drug addiction/new addictions and juvenile delinquency; strengthen and expand electronic surveillance teams, among other measures.
- Access to justice and the functioning of the courts: promote the reform of the regulation on procedural costs; grant administrative and financial autonomy to the courts of first instance.

TRANSPARENCY & FIGHT AGAINST CORRUPTION

Launch an ambitious anti-corruption agenda based on three pillars:

- Prevention: regulation of lobbying; creation of a transparency register; adoption of a public agenda that records and publicises formal or informal interactions between officeholders, among other measures.
- Repression and penalisation: criminalisation of illicit enrichment; reinforcement of human, material, organisational and technological resources to combat, investigate and prosecute corruption and other crimes in the exercise of public office, among other measures.
- Education: inclusion of curricular content on preventing and fighting corruption at the different levels of education; dissemination of good practices and success stories in preventing and fighting corruption.

PUBLIC SECURITY

- Initiate a process of dignifying careers and enhancing the professional and remunerative value of men and women serving in the security forces.
- Implement the multiannual framework for investment in the security forces, namely in equipment, training, specialisation and facilities.
- Deepen and extend agreements with local authorities regarding facilities, enabling the necessary interventions to be carried out.
- Promote the use of new technological tools, e.g. video surveillance systems, body cameras.
- Expand the CCTV network in night-time entertainment areas, in areas with the most problems and outside police stations [*proposal from the Chega programme*].
- Promote a rigorous evaluation of the demise of Immigration and Border Services' desk (SEF) and its integration into other services, specifically to identify and correct legal non-compliance, operational failures and areas of conflict of competences.
- Revisit the legal framework of the intelligence services and promote the strengthening of the resources available to the Security Intelligence Service (SIS) to prevent the threats of espionage, foreign interference, disinformation and fake news, and to the Strategic Defence Intelligence Service to defend national interests and Portuguese communities abroad.
- Evaluate new models for controlling border flows, actively collaborating with European and international organisations.

DEFENCE

- Ensure the capacity, means, and readiness of the Armed Forces to fulfil their missions, overcoming challenges posed to the execution of the Military Programming Law (LPM).
- Update incentives for recruiting and retaining military personnel and initiate a negotiation process for a significant improvement in salary conditions.
- Adopt a new strategic concept for national defence and explore possible connections to the strategic concept of NATO and the strategic compass of the EU [*proposal from the PS program*].
- Involve Portuguese businesses in the process of reequipping the Armed Forces [*proposal from the PS program*].
- Promote the participation of Portuguese companies in research, development, and production consortia in the defence areas.
- Implement fiscal and administrative measures to create a business-friendly ecosystem for defence sector companies.
- Adopt measures to empower the military industry and contribute to the modernisation and adequacy of equipment and facilities, aiming at the progressive fulfilment of Portugal's international investment commitment to NATO.

FOREIGN POLICY

- Continue to support the defence of Ukraine, following European guidelines.
- Support the EU enlargement process to include Ukraine, Moldova, Western Balkan countries, and Georgia.
- Position Portugal as a strategic intermediary between the EU and the United Kingdom.
- Promote Portugal's candidacy for the United Nations Security Council for the term 2027-2028.
- Advocate for a two-state solution to the Israeli-Palestinian conflict.

MIGRATION POLICIES

- Promote a regulated, humanistic, flexible immigration policy oriented towards the needs of the labour market regarding the legal entry of immigrants into national territory.
- Develop a proactive policy to attract young people, particularly students.
- Focus on retaining national talent and attracting skilled professional immigrants.
- Encourage the learning of the Portuguese language and the understanding of Portuguese culture by immigrants.
- Establish a support service for emigrants (with an online presence) aimed at providing information and facilitating closer integration of Portuguese emigrant networks into national life.

MEDIA

- Develop an action plan for the media, engaging both traditional and digital outlets, academia, and civil society, to address the changing landscape of content offerings, production chain crises, and violations of consumer and business rights.
- Explore the adoption of new legal and fiscal business models and investment impacts in the media sector, similar to initiatives in other European countries.
- Review the Press Law, consulting with industry stakeholders, to address its anachronisms in light of societal transformations and the impact of digital platforms.
- Assess the tax regime applied to digital platforms and encourage European-level discussions, with revenues being allocated to incentivise media content consumption.
- Maintain the State's majority position in the Lusa News Agency [*proposal from the Livre program*].
- Preserve the role and mission of the public radio, television, and multimedia services, ensuring their independence and transparency.
- Empower the Media Regulatory Authority (ERC) to monitor and penalize disinformation practices and information manipulation.



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