

PORTUGAL



EMPLOYMENT AND SOCIAL SECURITY

Constitutional Court Upholds Rule Limiting Outsourcing After Dismissals

The prohibition on outsourcing within 12 months following collective dismissal or termination of a job position does not violate the Constitution.

> In Judgment No. 555/2025, the Constitutional Court ruled that Article 338-A of the Labour Code—introduced by the Decent Work Agenda in 2023—is not unconstitutional. The provision prohibits companies from resorting to external service providers (outsourcing) to meet needs previously fulfilled by workers who were subject to collective dismissal or whose positions were terminated, within the 12 months following such dismissals.

> The request for abstract review was submitted by the Ombudsperson, who questioned the compatibility of the provision with the constitutional principle of economic freedom. It was argued that the measure imposed a disproportionate restriction on business reorganisation by preventing outsourcing as a management tool.

However, the Court found the rule to be in line with the Constitution. It noted that the legislator's aim was to discourage the strategic replacement of workers with external providers immediately after dismissal. The Court held that the time-bound restriction is appropriate and justified by the need to prevent abuse and ensure scrutiny of business decisions with significant labour impact.

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