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LAW FIRM

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**Practical notes for Local  
Authorities: LOE 2025**

**Law N.º 45-A/2024, published on December 31, which encompasses the State Budget for 2025. Accordingly, we provide some practical notes on matters relevant to local municipalities.**

### ■ Public Contracts

Firstly, local municipalities remain exempt from complying with the limits regarding expenses on service procurement contracts (see Articles 16 and following of the 2025 State Budget Law). In this regard, the provisions of the Public Contracts Code governing the rules for entering into public service procurement contracts continue to apply—as expected. Notably, this includes Article 22, which addresses the division of expenditures, and Article 113, which sets the limits applicable when inviting entities under Direct Award and Prior Consultation procedures.

### ■ Rules Regarding Personnel

With respect to mobility, Article 21 of the 2025 State Budget Law extends the duration of existing mobility arrangements, allowing them to remain in effect until the end of the current year. In the case of agreements for secondment in the public interest, as provided in Article 243 of the General Law on Public Functions (LTFP), their extension is subject to a favorable opinion from the Mayor or the President of the Parish Council.

For municipalities in situations of financial recovery or distress, Article 45 establishes limits on staff recruitment but still allows, exceptionally, hiring—not only in the case of the conclusion of the PREVPAP process and the need for recruiting workers within the scope of the decentralization of competencies under Law No. 50/2018, of August 16, and its respective sectorial diplomas, but also for reasons defined by the municipality itself, namely:

2 – *In exceptional situations, duly justified, the municipal assembly may authorize the initiation of the recruitment procedures referred to in the first part of the previous paragraph, establishing on a case-by-case basis the maximum number of workers to be hired, provided that, cumulatively:*

- a. It is impossible to fill the positions in question with workers who already have an established public employment relationship;
- b. The recruitment is essential to ensure compliance with legally

established public service obligations, taking into account the shortage of human resources in the relevant sector of activity, as well as the overall evolution of such resources within the municipality in question;

- c. It is demonstrated that the costs associated with the recruitments in question are provided for in the budgets of the respective services;
- d. The duties of information set forth in Law No. 104/2019, of September 6, are fully and punctually fulfilled.

## ■ Heritage

Article 138 states that municipalities may not, when preparing budgetary documents for 2026, include revenue estimates from the sale of real estate in amounts exceeding the simple arithmetic average of the revenues collected from real estate sales over the 36 months preceding the date of their preparation. An exception to this rule is allowed, exceptionally, if the existence of a previously signed contract for the sale of real estate is demonstrated.

It is also worth highlighting the preferential rights granted to local municipalities in the sale of foreclosed properties. In this regard, Article 295 provides that the municipality in whose territory a property or autonomous unit is foreclosed as part of a tax enforcement process has the right of first refusal in the purchase, sale, or payment in lieu of execution, ranking immediately above the right of first refusal granted to the landowner under Article 1535 of the Civil Code.

For this purpose, the Tax Authority (AT) communicates to the municipality, via registered letter with acknowledgment of receipt, the proposed sale, which must include the following information:

- a. Price of the property, or the item sold together or in part;
- b. Detailed identification of the foreclosed object; and
- c. Other sale conditions, with the municipality having 30 working days to respond to the proposal, with the absence of a response considered as non-acceptance of the proposal.

Furthermore, if the sale or payment-in-kind value is below 85% of the property's base value, the municipality must be notified by registered letter with acknowledgment of receipt to exercise its right of first refusal under the precise terms of the sale.

Regarding the underground occupation fee (TOS), Article 149 states that it may



continue to exist, but it cannot be a burden for consumers. That is, the fee will always be borne by the infrastructure operating companies.

## ■ Parishes

Regarding the Parishes, it is particularly important to highlight the need for them to establish multiannual plans for the promotion of the well-being of companion animals. In this regard, the parish councils must approve and implement multiannual plans for the promotion of the well-being of companion animals, in collaboration with municipal services and local animal welfare associations, and submit them to the ICNF, I.P., which will publish them in a specific section of its website.

On the other hand, regarding the remuneration of the presidents of the parish councils, an amount will be allocated for the payment of salaries and expenses for the presidents of the parish councils who have opted for the full-time or part-time permanence regime. This amount will be reduced by the amounts related to the monthly compensation for expenses that they would be entitled to if they had remained under the non-permanent regime. It is important to note that the option for the permanence regime must be communicated to the DGAL through the completion of a specific electronic form by the end of the first semester. The initial registration may be corrected throughout the year in case of any changes in the situation.

Finally, Article 321 amends Law No. 11/96, of April 18, specifically Article 5-A of Law No. 11/96, which approves the regime applicable to the exercise of mandates by members of parish councils, now having the following wording: "*Article 5-A Representation expenses of members of the parish councils 1 – (Previous text of the article.); 2 – Members of the parish councils under part-time regime are entitled to half of the expenses mentioned in the previous paragraph.*"



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