A budget proposal that came as no surprise

2024 State Budget Law proposal

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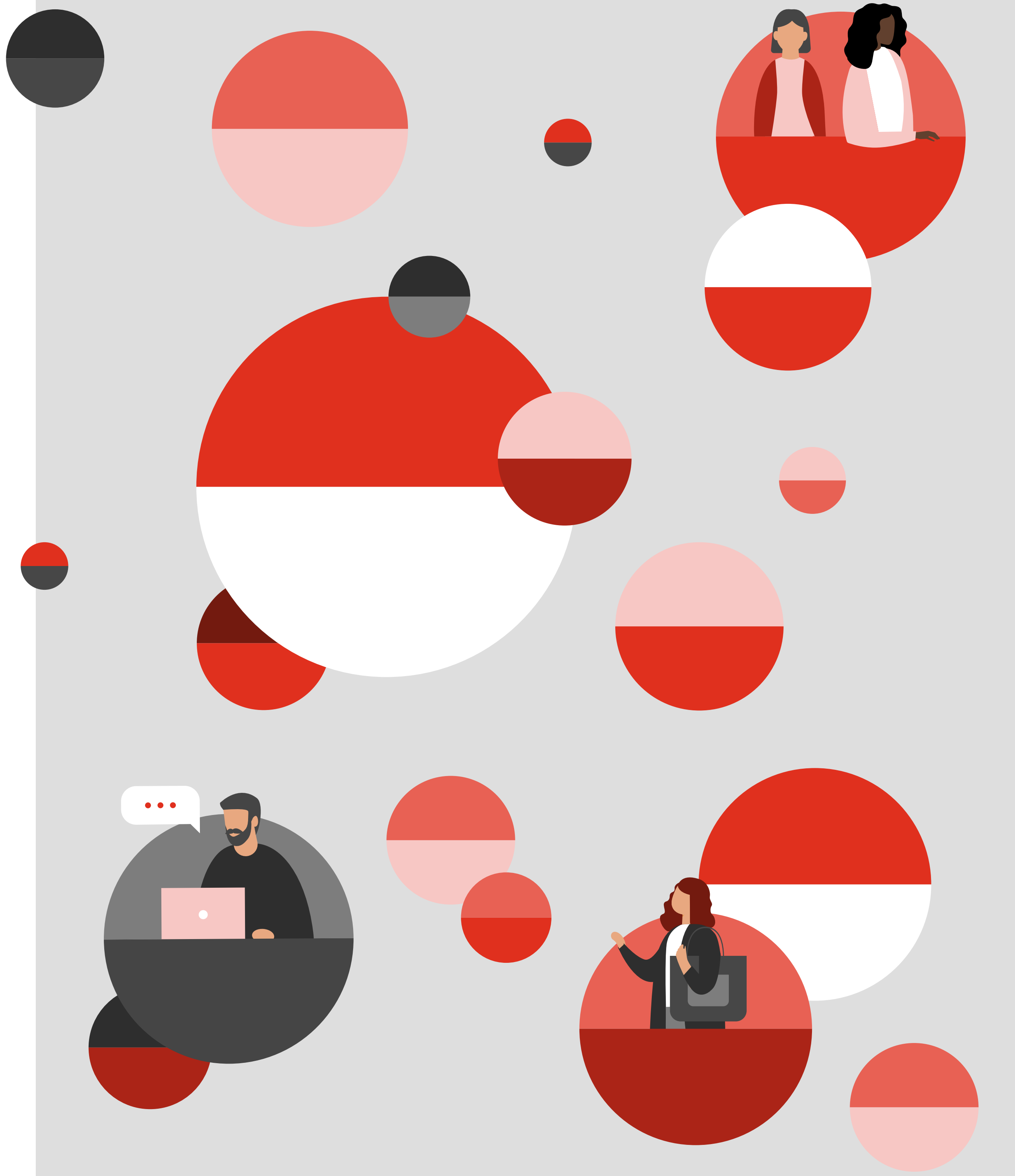

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This document highlights the key aspect of the 2024 State Budget.

PwC explains!

Rosa Branca Areias
PwC Tax Lead Partner

"All the topics included in the social partnership agreement are reflected in the Law Proposal; all the measures that were not in the agreement are also not included in the Proposal."

Analysis

A budget proposal that came as no surprise

Kind readers,

As far as I recall, I dare to say that this is the first State Budget that came as no surprise, either positive or negative, in terms of tax amendments proposed. As far as the most relevant provisions are concerned, all that was announced in the social partnership agreement is included in the Law Proposal. And all measures that were not in the agreement are also not included in the Proposal. The only surprise are the estimated increases of tax revenues, regardless of the downward growth rate revision and the inflation rate when compared to 2023.

Predictability is key in a tax system. It is really unfortunate that predictability was not considered when it comes to the non habitual tax residents regime. A positive note though to the fact that the regime is not simply being revoked but instead redefined; alongside with the maintenance of the "Program Regressar" (granting benefits to those returning to Portugal), there is still hope about the maintenance of an agreement on the importance of attracting talent to Portugal.

Highlight also to the fact that none of the current tax benefits for investment and capitalization of companies is being revoked. Also the autonomous taxation rates on vehicles will decrease. Goodwill will be allowed as a tax deductible cost, for equal amounts, throughout the first 15 tax years following its initial recognition (currently, 20).

There are two other relevant vectors for the competitiveness of our system: the simplification of tax compliance and the increased dispute resolution. There is a lot to be done throughout 2024 in terms of effective measures in this respect. We can expect efficient measures to simplify tax compliance considering the members of the respective Working Group, as announced. In terms of dispute resolution a highlight for the intention of simplifying administrative procedures available to taxpayers, also to be analysed by another Working Group. Alongside with the transfer of pending judicial claims to tax arbitration.

We were not surprised. But this does not mean that economic agents are pleased with the measures announced. A significant number of claims were not met thus such unpleasantness. And ultimately there is a relevant factor guiding our decisions: are we or are we not resistant to make mistakes in our calculations and watch a surplus becoming a deficit? Apparently, we are.

Wish you a pleasant reading.

Rosa Branca Areias

Law proposal

2024 State Budget

1. Personal Income Tax (PIT)

"General review of the limit of each bracket and review of the PIT rates applicable up to the fifth bracket."

General Rates

The limits of each bracket of the PIT table of general rates shall be updated by 3%. There will also be an update to the rates applicable up to the fifth bracket. The general PIT rates shall be as follows:

Taxable income (EUR)	Rate	Deduction (EUR)
Up to 7,703	13.25%	0.00
Exceeding 7,703 up to 11,623	18.00%	365.89
Exceeding 11,623 up to 16,472	23.00%	947.04
Exceeding 16,472 up to 21,321	26.00%	1,441.14
Exceeding 21,321 up to 27,146	32.75%	2,880.47
Exceeding 27,146 up to 39,791	37.00%	4,034.17
Exceeding 39,791 up to 51,997	43.50%	6,620.43
Exceeding 51,997 up to 81,199	45.00%	7,400.21
Exceeding 81,199	48.00%	9,836.45

Subsistence level

There will be an update of the base value of the subsistence level. This aims at following the increase of the monthly minimum wage ("Remuneração Mínima Mensal Garantida" or "RMMG").

Deduction of expenses with unions

There will be an increase to 100% (currently, 50%) of the markup of expenses with unions allowed as deductions for Category A (employment work) and H (pensions).

PIT

Youth PIT ("IRS Jovem")

There will be a new reinforcement of the tax benefits applicable to income earned by young workers (non dependants) aged 18 to 26 or up to 30 if finalizing a PhD. The applicable exemptions shall be the following:

- 100% in the first year capped at 40 times the amount of the Social Support Index ("Indexante dos Apoios Sociais" or "IAS");
- 75% in the second year capped at 30 times the amount of the IAS;
- 50% in the third and fourth years capped at 20 times the amount of the IAS;
- 25% in the fifth year capped at 10 times the amount of the IAS.

"The benefits granted under the Youth PIT regime will once again be reinforced through an increase of the percentages of exempt income and applicable caps."

Former residents ("Ex-residentes")

The 50% relief from taxation of employment and business income under the former resident's regime shall apply to taxpayers that become residents in the years 2024 to 2026, if they were not resident in the Portuguese territory in one of the previous five years.

The relief shall be capped at EUR 250,000 and applies for five years.

In addition, the wording of the proposed rule seems to no longer require previous tax residence of the taxpayer in the Portuguese territory as it currently does.

Non habitual residents

The non habitual residents regime shall be revoked. It shall however continue to apply to the following taxpayers:

- who are registered as non habitual residents by the time of entry into force of the 2024 State Budget Law and until the end of the ten year period foreseen under the regime;
- with reference to 31 December 2023, taxpayers who are eligible for the regime or hold a valid residence visa, provided that the registration is made up to 31 March 2024.

"There is a proposal to revoke the non habitual residents regime for taxpayers that become tax residents after 31 December 2023."

PIT

Tax incentives to research and innovation

A tax incentive to research and innovation shall be created. It shall apply to taxpayers that become tax resident in Portugal and that were not resident in the Portuguese territory in any of the five previous years. Eligible income includes the one deriving from:

- higher education and scientific investigation teaching staff included in the national framework of science and technology;
- qualified labor under the contractual regime for productive investment, as per the applicable legislation;
- R&D labor by PhDs under certain conditions.

The regime shall provide for:

- a special 20% rate on net employment income (category A) and business and professional income (category B) from the above activities, applicable for ten consecutive years;
- an exemption on foreign sourced employment income, business and professional income, investment income, rental income and capital gains.

The regime shall not apply to taxpayers covered or that have been covered by the non habitual residents or by the former residents regimes.

Availability of housing by the employer

There will be an exemption from PIT and social security contributions on the income in kind derived by employees resulting from the use of permanent housing in the Portuguese territory made available by the employer. This shall apply from 1 January 2024 to 31 December 2026. The exemptions are capped at the limit of the value of the rents foreseen in the Programme to Support Rental ("Programa de Apoio ao Arrendamento").

The exemption shall not apply to taxpayers that hold directly or indirectly 10% or more of the share capital or of the voting rights of the employer.

Profit share

Profit share distributions in benefit of employees shall be exempt from PIT. The exemption shall be capped at five times the amount of the monthly minimum wage proposed.

This will depend on the employer increasing by at least 5% in average the fixed remunerations per employee, with reference to 2024.

Such income must however be included for the purpose of assessing the rate applicable to the remainder income earned.

“An exemption from PIT shall apply to profit share in benefit of the employees."

PIT

Per diems and use of own car

Per diems and compensation for the use of own car at the service of the employer shall benefit from the regime initially applicable to public servants. Accordingly, the exclusion from taxation shall consider the following amounts:

- use of own car: EUR 0.36 (currently) → EUR 0.40 (proposed);
- *per diem* – traveling in the national territory:
  - employees EUR 50.20 (currently) → EUR 62.75 (proposed);
  - government members and equivalent position in the private sector: EUR 69.19 (currently) → EUR 69.19 (proposed);
- *per diem* – traveling abroad:
  - employees; EUR 89.35 (currently) → EUR 148.91 (proposed);
  - government members and equivalent position in the private sector: EUR 100.24 (currently) → EUR 167.07 (proposed).

Gains from share plans

The new tax regime applicable to share plans shall be amended as follows:

- It shall be extended to apply to gains derived from plans implemented by entities recognised as start-up that meet all the respective requirements and that have created the share plan in the year of incorporation/first year of activity.
- Removal of the limitations currently applicable in the case of board members in respect of the benefits of the regime.
- One-off partial PIT exemption applicable to the income assessed at the moment of ceasing to be a tax resident in the Portuguese territory (exit tax). This shall be capped at 20 times the amount of the IAS. Such income must however be included for the purpose of assessing the rate applicable to the remainder income earned.
- It is further clarified that the regime shall apply to plans in respect of shares or other rights with an equivalent nature created by other entities with whom the employer is in a domain, group, or ownership relation.

There will be specific rules for employees holding shares that have already benefited from a PIT exemption under the previous tax regime applicable to the acquisition of shares. These rules are:

- those employees shall be allowed to maintain the exemption provided that they hold said shares for a minimum two-year period, computed as from the exercise of the option or subscription of the plan;
- gains derived from the sale for a consideration of securities covered by the above-mentioned regime are taxed under Category G for its full amount. The gain assessed corresponds to the positive balance between the sales proceeds and the market value with reference to the date of the acquisition of the option or right.

Deduction of capital losses

The possibility to carry forward during a five-year period capital losses on the disposal of shares and other movable property mandatorily subject to taxation at progressive rates is reinstated.

PIT

Business income – Young farmers

First settlement awards granted to young farmers shall benefit from a 0.1 coefficient under the simplified tax regime. They shall be considered only by 50% of the respective amount in the case of organized accounting.

Rental income – Home rental prior to the Urban Lease Regim

An exemption shall apply to rental income obtained under home rental agreements concluded under the Urban Lease Regime ("Regime do Arrendamento Urbano" or "RAU") that are subject to the regime foreseen in Articles 35 or 36 of the new RAU. Accordingly, this applies to tenants with an adjusted gross annual income (RABC) of less than five national minimum annual salaries (RMNA) or aged 65 or over, or disabled with a degree of incapacity equal to or greater than 60%.

The exemption is granted during the period of the lease agreement.

Dax deductions – Education and training expenses

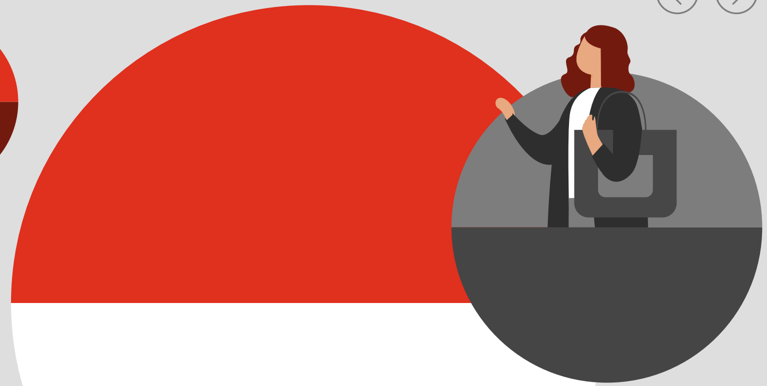
It is clarified that the expenses incurred with professional training shall be included in the tax deduction applicable to education and training expenses. There will not be any amendment to the overall cap applicable.

Procedures and types of assessment

There will be new rules applicable to taxpayers that do not file a PIT return once notified to do so. The compulsory assessment made by the tax authority shall take into account not only any tax withheld, but also the minimum subsistence level and tax deductions related with expenses of which the tax authority is aware of.

Tax incentive under the Common Agricultural Policy

Taxpayers who in 2024 receive grants or funds under the Common Agricultural Policy can opt to be taxed in that year. In case the payment of said grants or funds occurs after the deadline to file the PIT return, the taxpayers shall be granted the possibility of filing a replacement tax return.



2.

Corporate Income Tax (CIT)

"Startups shall be subject to CIT at 12.5% on the first EUR 50,000 of taxable income."

CIT rate applicable to startups

Entities qualified as startup shall be subject to a 12.5% CIT rate on the first EUR 50,000 of taxable income. The following requirements must be cumulatively met:

i) they are innovative companies with a high growth potential; or the National Agency of Innovation ("Agência Nacional de Inovação" or "ANI") recognized that they develop competent R&D activities or certification of the process of recognition of companies in the technology sector;

ii) have completed at least one round of venture capital financing or have had contributions of equity or quasi-equity from business angels;

iii) have been granted funds from the Banco Português de Fomento, or funds managed by this entity, or by its subsidiaries, or from one of its equity or quasi-equity instruments.

Although the Budget proposal establishes that these requirements must be met cumulatively, they are as alternative legal requirements in the startup Law. Therefore the wording of the Budget proposal may be a clerical error.

This benefit shall be subject to the applicable European Union rules on matters of *de minimis* aid.

Autonomous taxation rates

Expenses related to lightweight passenger vehicles, certain lightweight commercial vehicles or motorcycles shall be subject to autonomous taxation at the rates of 8.5%, 25.5% and 32.5% (currently 10%, 27.5% and 35% respectively).

It will be specifically foreseen that expenses related to vehicles powered exclusively by electricity are not subject to autonomous taxation, regardless of the respective cost of acquisition, whenever these are used for public transport services, rented out on the normal course of the taxpayer's activity or its use is taxed as employment income.

CIT

CIT exemption – Remuneration of public debt

Interest on public debt paid to social security and welfare institutions shall be exempt from CIT.

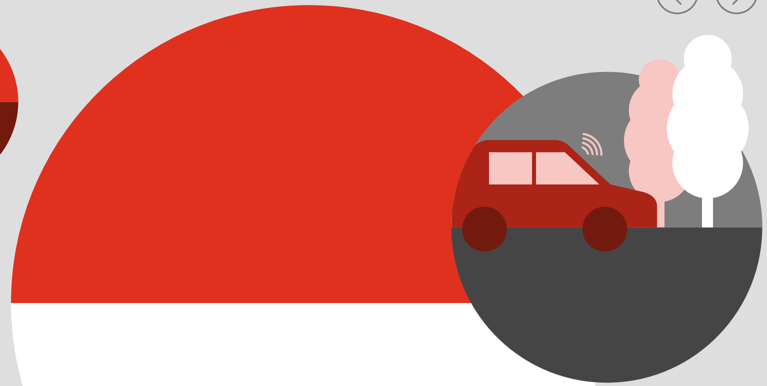
Intangibles

The acquisition cost of goodwill acquired in a business combination shall be allowed as a tax-deductible cost, in equal amounts, during the first 15 tax years (currently, 20) after its initial recognition.

This amendment shall apply only to intangibles whose initial recognition occurs from 1 January 2024 onward.

Accelerated depreciation of buildings

An accelerated depreciation at a rate of 4% (currently, 2%) shall be allowed for buildings owned, built, acquired or whose purpose changed, covered by the tax incentive applicable to employees in the case of availability of housing by the employer.



3.

Indirect Taxes

“

Zero VAT rate on the basic food basket will end."

Value Added Tax (VAT)

Exemptions

The basic food basket will no longer benefit from a zero VAT rate.

An exemption from VAT shall apply to entry tickets granted for free to caretakers of disabled people (with a disability degree of 60% or more, duly certified). This shall apply if the disable can only access certain recreational and cultural events or equipment with the help of their caretakers.

There will be an extension until 31 December 2024 of the VAT exemption applicable on the sale of fertilizers, soil amendments, and other products used in feeding cattle, birds or other animals, if utilized in agricultural activities.

Intermediate rate

The intermediate rate shall apply to juices, nectars and natural sparkling water or with carbon dioxide content or other products, if supplied in restoration services.

Reduced rate

There will be an extension until 31 December 2024 of the reduced rate applicable to the supply of electricity, excluding the respective fixed components. This applies provided that the power supplied does not exceed 6.90 kVA, and in respect to the amount not exceeding:

a) 100 kWh in a 30 day period;

b) 150 kWh in a 30 day period in the case of large families meaning households with five or more people.

Refund of VAT – Organization of events

Entities whose main activity code (“Código de Atividade Económica” or “CAE”) is 79110 – Travel agencies activities shall benefit from the simplified regime for the refund of VAT. This shall apply to expenses related with the organization of congresses, fairs, exhibitions, seminars, conferences and similar events, under Article 21, no. 2, letter (d) of the VAT Code.

Indirect Taxes

Excise Duties (IEC)

Excise duty on alcoholic and sugar-added non-alcoholic beverages (IABA)

Beer

A general increase of around 10% will be introduced. For taxation under IABA, there will be a reduction of the thresholds of the percentage of the alcohol volume.

Sugar-added non-alcoholic beverages

A general increase of around 10% shall be introduced.

The rates will be the following, depending of the level of sugar and additional sweeteners:

- EUR 1.16 per hectoliter, if less than 25 grams per liter;
- EUR 6.95 per hectoliter, if ranging from 25 to 50 grams per liter;
- EUR 9.26 per hectoliter, if ranging from 50 to 80 grams per liter; and
- EUR 23.18 per hectoliter, if equal or higher than 80 grams per liter.

Concentrates (liquid and powder) will incur in the same level of increase in taxation.

Spirit drinks

A general increase of around 10% shall be introduced.

This increase shall also apply to the rates in force in the Autonomous Region of Madeira.

Other fermented, still drinks and sparkling wines

A general increase of around 10% shall be introduced.

Tax on Oil and Energy Products (ISP)

There will be an increase of the rates applicable to several products (fuel oil, gas, diesel, etc.) used in the production of electricity, electricity and heat (cogeneration) and city gas. This shall apply both to ISP and to the added CO_2.

New increases will apply to the following years, except on natural gas (NC 2711).

There will be an increase on the taxation of certain products used in premises subject to energy consumption rationalization agreements (“ARCE”). A rate corresponding to 65% (currently, 30%) of the carbon rate shall apply.

In 2024 there will not be a renewal of the temporary exemption applicable in Portugal mainland to products NC 2711 11 00 and 2711 21 00 used in the production of electricity, electricity and heat (cogeneration) or of city gas.

Tax on Tobacco

There will be an increase of the specific component for conventional cigarettes, heated tobacco and other smoking tobacco, snuff, chewing tobacco (around 35% in conventional cigarettes).

The ad valorem component for conventional cigarettes will be set at 1% however it may change based on an automatic update system.

There will be an amendment to the applicable total minimum tax of reference, that will consider the higher of the national or european average taxation.

The taxation of conventional cigarettes and other tobacco products will tend to be harmonized.

Tax on Tobacco will apply to liquids for electronic cigarettes, even without nicotine included. The rate will be EUR 0.175/ml.

Indirect Taxes

Circulation Tax (IUC)

There will be a general increase by 3% of the amount of IUC.

There will be an increase of the IUC due on lightweight passenger vehicles and vehicles for mixed use with gross weight of less that 2,500 kg, licensed between 1981 and June 2007, as well as on motorcycles, mopeds, tricycles and quadricycles licensed since 1992, resulting from the inclusion of the CO_2 emission component in the computation. The annual increase is capped at EUR 25 per vehicle.

The additional IUC will be maintained in force.

Tax on Vehicles (ISV)

There will be a general increase by 5% of the tax rates, in the environmental and cylinder capacity components.

Vehicles under operational leasing (taxis, for State use and authority functions) are exempt from ISV provided that the lease agreement is presented (currently the law requires only that the vehicle's documentation includes the identification of the lessee).

4. Real Estate Taxes

"The IMI exemption for properties built, expanded, refurbished, or acquired, when allocated to residential letting, will only apply when the letting is for the tenant's permanent dwelling."

Real Estate Tax (IMI)

Properties built, expanded, refurbished or acquired, intended for residential purposes

The IMI exemption for properties built, expanded, refurbished, or acquired, when allocated to residential letting, will only apply when the letting is for the tenant's permanent dwelling.

Residential leases concluded before the Urban Lease Regime

An IMI exemption will be provided for properties with residential lease agreements concluded before the Urban Lease Regime in case of tenants with an adjusted gross annual income (RABC) of less than five national minimum annual salaries (RMNA) or aged 65, or over, or disabled with a degree of incapacity equal to or greater than 60%.

The IMI exemption is granted during the period of the lease agreement.

Real Estate Transfer Tax (IMT)

Assessment of the IMT on the transfer of residential urban property

There will be an update by 5% of the brackets for assessment of the IMT rate applicable to the transfer of urban property, or building units in urban property, exclusively for residential use.

As a result of this amendment, IMT shall only be due in the case of an acquisition of an urban property or building unit in an urban property, exclusively for permanent residential use, if the taxable basis exceeds EUR 101,917 (currently, EUR 97,064).

5. Tax Benefits

"Costs incurred with salaries resulting from the hiring of employees with a master degree or a PHD are eligible for the Tax Regime for Investment Support."

CIT – Extraordinary support to expenses with electricity and gas

The Proposal maintains the additional 20% deduction of the costs and losses incurred or borne with the consumption of electricity and natural gas, for the purposes of the assessment of the 2023 and 2024 taxable profit.

It will be possible to carry forward for the 12 following tax years the additional deduction applicable to 2022 costs that cannot apply in the 2022 and 2023 tax years, given the minimum tax assessment safeguard clause foreseen in Article 92 of the CIT Code.

The deduction related with the 2024 costs will not be considered for the purpose of the minimum tax assessment safeguard clause. The Proposal is absent in respect of the deduction of the 2023 costs.

CIT – Extraordinary support to costs incurred in agriculture

The Proposal maintains the additional 40% deduction of costs and losses incurred or borne with the acquisition of certain assets used in agricultural production activities, for the purposes of the assessment of the 2024 taxable profit.

It will be possible to carry forward for the ten following tax years the additional deduction that cannot apply in the 2024 tax year, given the minimum tax assessment safeguard clause foreseen in Article 92 of the CIT Code.

CIT – Contractual tax benefits to productive investment and Tax Regime for Investment Support (“Regime Fiscal de Apoio ao Investimento” or “RFAI”)

Salary costs incurred with the hiring of employees with a master degree or a PHD will be eligible. The jobs created shall be kept for a minimum five year period (three years in the case of small and medium sized companies).

For RFAI purposes and in the case of companies that do not qualify as micro, small or medium sized companies, salary costs and investment in intangibles cannot exceed 50% of the eligible expenses.

Tax Benefits

CIT – Tax incentive to wage increase

Salary increases will no longer need to be determined through a collective dynamic labor agreement instrument (“IRCT”). The minimum increase for 2024 shall be 5% (currently, 5.1%).

The salary range shall be computed based on the ratio between the amount of the annual fixed salary of the 10% employees with higher and lower remunerations with reference to the total amount.

Costs incurred with board members shall be eligible. However employees that are part of the household of shareholders with qualified majority of the capital of the company are not eligible.

There will be a transitional period establishing that in the 2023 and 2024 tax years the concept of IRCT includes both the extension decree and the labor conditions decree.

CIT – Tax Regime of the Incentive to the Capitalization of Companies (“Incentivo à Capitalização das Empresas” or “ICE”)

The annual deduction shall result from applying a variable rate corresponding to the average 12 month Euribor rate in the tax year concerned,increased by a spread of 1.5 percentage points or 2 percentage points in the case of small and medium size companies and small medium capitalization companies (*Small Mid Cap*).

For the purpose of assessing the tax benefit, the amount corresponding to the eligible net increases in equity will include the tax year concerned as well as the six previous tax years (currently the tax year concerned and the nine previous tax years).

There is an additional deduction of 50%, 30% and 20% respectively in the 2024, 2025 and 2026 tax years.

CIT – Agreements and cooperation relations

An exemption from CIT shall apply to public entities that promote education, culture and science under international cooperation agreements. This requires that there is reciprocity duly certified by the competent foreign tax affairs Governmental body.

> “The Tax Regime of the Incentive to the Capitalization of Companies (“ICE”) shall be computed with reference to the 12 month Euribor rate increased by 1.5% (2% in the case of small and medium sized companies and small medium capitalization companies)."

CIT – Tax incentive to the renewal of transport fleets

An exemption from CIT shall apply to the positive balance between capital gains and capital losses assessed in the 2024 tax year, derived from the transfer of certain freight vehicles acquired prior to 1 July 2021 whose first license is prior to that date. The exemption requires the reinvestment in 2024 or 2025 of the full amount of the sales proceeds. Eligible vehicles must be kept for five years. This exemption is subject to the European Union rules on matters of *de minimis* aid.

Tax Benefits

Extension

The following tax benefits included in the Tax Benefits Code will extended for one year, otherwise they would cease to apply on 1 January 2024:

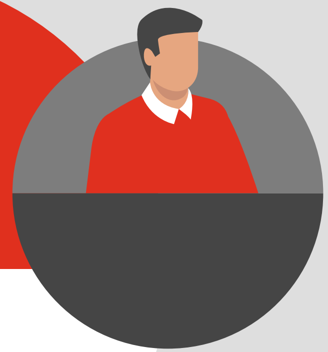
- deductions related to partnerships of titles with social impact (Article 19-A);
- tax incentives to forest activity (Article 59-D);
- forest management entities and units (Article 59-G);
- cinema and audiovisual production (Article 59-H);
- electric solar and exclusively electric vessels (Article 59-J).

Capital gains realised by non residents

The benefit that provides for an exemption from taxation of capital gains realised by non-residents with the transfer of shares, other securities, autonomous warrants and derivatives in stock exchange markets will no longer be subject to the general rule that foresees the term of tax benefits within five years.

Legislative authorisation – Tax incentive to culture

The Government will be granted authorisation in 2024 to set up a tax incentive to cinema and audiovisual production in the national territory. The incentive shall consist of a deduction to the CIT assessed based on cinema production expenses realised in Portugal. The total amount of eligible expenses is of at least EUR 1 million per cinematographic or audiovisual work or season of episodes.



6. Tax Justice

Transfer of pending judicial claims towards tax arbitration

The proposal provides for the transfer of pending judicial claims before the tax courts towards tax arbitration.

Transfer admissibility conditions:

- formalization of the transfer request by 31 December 2024;
- be the arbitration tax court competent to issue a ruling on the case;
- be the judicial claim dependent on a decision at the first instance tax court, regardless of its value;
- submission of the judicial claim before 31 December 2021.

Consequences of the delivery:

- extinction of the proceeding in the tax court;
- maintenance of the proceeding's requests and legal grounds in the arbitration claim, without excluding the possibility of requesting the reduction of the claim value;
- presentation of the proceeding certificate together with the arbitration claim;
- possibility of revocation, ratification, reform or conversion of the tax assessment by the Portuguese Tax Authorities.

Withdrawal of the judicial claim

Taxpayers who withdraw benefit from the exceptional incentive regime for administrative and tax proceedings extinction as provided in Decree-Law no. 30/2023 of 30 May, including the reduction of the court fees.

Extension of appeal possibilities

When the claim's value exceeds EUR 10,000,000, the arbitration decision is considered equivalent to a tax court's ruling and subject to appeal submission under the general terms of the Tax Procedure Code.

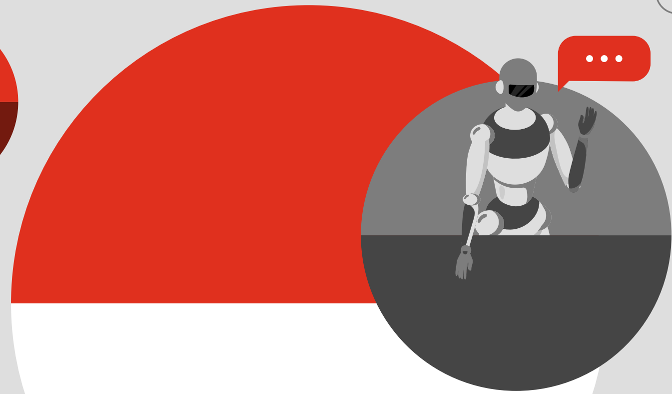
Reversal of the judicial claim extinction

In cases where the arbitration decision does not address the claim's merits, it is ex officio transferred by the arbitration court to the previously competent tax court, which will determine the reversal of the judicial claim extinction and the reopening of the proceeding as it was before the transfer.

CCR Legal
Sociedade de Advogados
An independent law firm member of PwC's legal practices

The text presented in this section is the responsibility of CCR Legal – Sociedade de Advogados*.

*CCR Legal is an independent law firm and a member of the group of legal services practices of PwC member firms.



7. Other taxes

> Lightweight plastic bags shall be taxed at EUR 0.04; single use packaging will cost consumers a minimum of EUR 0.30 (plus VAT)."

Levies

Extraordinary Levy on the Energy Sector

The Extraordinary Levy on the Energy Sector ("Contribuição extraordinária sobre o setor energético" or "CESE") shall be maintained in 2024, being amended as follows:

- CESE shall apply to raw petroleum and petroleum products transport operators, in case such activity represents more than 50% of their total annual turnover;
- for the purposes of the computation of CESE, assets do not include those the Portuguese environmental agency ("Agência Portuguesa do Ambiente, I.P." or "APA") qualifies in certain categories of environmental impacts, under the european regime to promote sustainable investment.

Levy on single use plastic packages

Article 320 of Law 75-B/2020, of 31 December (2021 State Budget Law) and Decree 331-E/2021, of 31 December, shall be revoked in what concerns the levy on single use packages made of plastic, aluminium or a of mix of plastic and aluminium.

A broader levy shall be due in single use packages, including composed packages:

- on take away;
- home delivery; and
- to store meals ready for consumption in the place of supply to the final consumer.

The levy shall be set at EUR 0.10 per package in Portugal mainland, and can be passed along the economic chain. However the final charge levy to the final consumer cannot be less than EUR 0.30 per package.

This is disallowed in the case of single use packages:

- that store meals ready for consumption but whose storage did not occur in the sales point;
- made available in the supply of non sedentary restoration activities;
- made available in vending machines.

Other taxes

Levy on lightweight plastic bags

Lightweight plastic bags shall be taxed at EUR 0.04, per bag, in Portugal mainland, due by the ultimate buyer. This will include bags acquired on the sale of bakery products and fresh fruits and vegetables.

Audiovisual levy

There will not be any update on the monthly amounts of the audiovisual levy.

Bank levy

The bank levy will be maintained.

Solidarity surcharge for the banking sector

The solidarity surcharge for the banking sector ("Adicional de Solidariedade Sobre o Setor Bancário") will be maintained.

Pharmaceutical industry levy

The extraordinary pharmaceutical industry levy will be maintained.

Extraordinary levy on suppliers of medical devices to the national health system

The extraordinary levy on suppliers of medical devices to the national health system will be maintained.

Stamp Tax

Fixing of installments on housing credit

An exemption will be established for the tax levied on facts set out in Item 17.1 of the general table (use of credit) within the scope of operations to temporarily fix the installment and capitalize deferred amounts in the value of the housing credit. This measure applies to facts that occur as from the date of entry into force of the law establishing the fixation of benefits.

Banco Português de Fomento

The current exemption applicable to acts, contracts and operations in which the European Union institutions and the European Investment Bank are participants or recipients, will also include Banco Português de Fomento.

PwC

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