

A recycled budget

2022 State Budget Law Proposal

April 2022





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This document highlights the key aspect
of the 2022 State Budget Law proposal..

Join the discussion!





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Rosa Branca Areias
Tax Lead Partner da PwC
Angola, Cabo Verde, Portugal

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There is an extension until 2027 of the contractual tax benefits regime and the tax regime for investment support (RFAI); the Tax Incentive to Recovery is extended to the second semester.”

Analysis

A recycled budget

Greetings to all!

Six months have passed and finally the 2022 State Budget Law proposal was presented to the Parliament. While there are minor differences in view of the proposal presented in October, some measures are worth being mentioned.

The Tax Incentive to Recovery (“Incentivo Fiscal à Recuperação”) originally foreseen for investments made in the first semester of 2022, will now apply to investments made in the second semester.

Interestingly however is the fact that the requirements related with the disallowance of profits distributions and termination of labour contracts still apply as from 1 January 2022. It would be important to ensure that such restrictions would also apply from 1 July 2022 onward.

Also within the context of tax benefits, the proposed review to the Investment Tax Code (“Código Fiscal ao Investimento”) aimed at extending until 2027 the tax regime for investment support (RFAI) and the contractual tax benefits regime and is welcomed.

Families should be aware of the maintenance of the mandatory aggregation of the positive balance between capital gains and capital losses derived from the sale of shares and other securities. The entry into force of the rule is however deferred to 1 January 2023. This deferment is positive as it prevents tax litigation arising from the application of the rule to capital gains realised prior to the entry into force of the Budget Law.

A highlight also for the confirmation of the extension of the “Programa Regressar” regime. In addition, those who have opted for the Non Habitual Tax Regime (“Regime dos Residentes Não Habituais” or “RNH”) can change their option regarding 2021 by canceling the RNH registration.

Contrary to the expectations there is no extension of the Madeira International Business Centre tax regime. However the discussion in detail will likely introduce amendments to the proposal, and hopefully this would be one of them.

Until then, have a pleasant reading!

Rosa Branca Areias

Law proposal

2022 State Budget





1.

Personal Income Tax (PIT)

Youth Personal Income Tax ("IRS Jovem")

There is an update of the tax regime applicable to income earned by young workers aged between 18 and 26 years who are not dependents.

The following amendments are introduced:

- the regime shall cover also income from Category B (self employment/business income) and not only income from Category A (employment income) as before;
- increase of the limit age to 28 years, in case of conclusion of a PhD;
- the exemption applies in the first five years following the conclusion of the eligible degree;
- the exemption is of 30% of the income earned in the two first years; 20% in the two following years; 10% in the last year, capped respectively at 7.5* Social Support Index ("Indexante dos Apoios Sociais" or "IAS"), 5* IAS and 2.5 * IAS;
- the exemption can apply in non-consecutive years, provided that the taxpayer is not aged more than 35 years;

- information on the taxpayers eligibility for the exemption is made available by the tax authority in the automatic PIT return, or in the prefilled PIT return.

The new exemption rules apply to taxpayers whose first year of income earning (following the conclusion of a cycle of studies) is 2022 or the following years. Taxpayers that have opted for the regime in 2020 and 2021 can benefit from the new rules for the remaining period, with the necessary adjustments.

Extension until 2023 of the tax regime for former tax residents

There is an extension of the tax regime applicable to former residents that returned to Portugal in 2019 and 2020. The 50% relief from taxation on employment and self-employment/business income applies to taxpayers that became or will become resident in the Portuguese territory in 2021, 2022 and 2023.

The relief requires that the taxpayers were resident in the Portuguese territory respectively prior to 31 December 2017, 2018 and 2019.

“
The tax exemption can apply in non-consecutive years or with interruptions, provided that the taxpayer is not aged more than 35 years.”

Personal Income Tax (PIT)

The remaining requirements remain unchanged. Namely the taxpayers should not have been resident in the Portuguese territory in any of the three prior years and must have their tax situation regularized.

The tax relief also applies to withholding taxes levied by paying entities.

There are practical mechanisms foreseen for taxpayers that have required their registration under the (alternative) regime for Non Habitual Residents ("Residente Não Habitual" or "RNH") and wish to benefit in 2021 from the regime for former residents. In those situations, taxpayers can file the 2021 PIT return Form 3 ("Modelo 3") (or a replacement PIT return, until 31 July) opting for the special regime for former residents. The registration as RNH is automatically canceled.

Capital gains on securities

Mandatory aggregation

The positive balance between capital gains and capital losses arising from the transfer for consideration of shares and other securities is mandatorily aggregated and taxed at progressive rates if all of the following conditions are met:

- the assets have been held for less than 365 days;
- the taxable income of the taxpayer including the balance of the capital gains and capital losses amounts to or exceeds EUR 75,009.

These rules apply also to the balance between capital gains and capital losses subject to the aggravated 35% tax rate (country, territory or region subject to a clearly more favorable tax regime).

These rules apply only to income earned from 1 January 2023 onwards.

Assessment method

First in first out (FIFO) rule shall apply in case of a disposal of securities deposited in more than one credit institution or financial company, with this rule applying with reference to each of these entities. Credit institutions and financial companies involved in security-related transactions are required to provide a document to the taxpayers, by 20 January of the following year, identifying the amount, date, historical acquisition value and sales value of the securities disposed of.

In case the date and historical acquisition value are unknown, the acquisition value corresponds to the lower quotation amount in the two years prior to the sale, unless a lower amount is declared.

Acquisition by means of an exempt donation

The acquisition cost of securities acquired by means of a donation that is exempt from Stamp Tax will correspond to the amount considered for the purpose of the assessment of said tax, in the two years prior to the donation.

Simplified tax regime – Category B (self-employment income)

Expenses

It is no longer possible to claim against the amount of deductions as assessed by the tax authority.

However when filling the PIT return, it shall continue to be possible to amend the amounts shown in the invoice portal ("e-fatura") concerning staff costs, rents and other expenses incurred with the acquisition of goods and services that are necessary to carry on the business activity. Any amendment requires proof.



Personal Income Tax (PIT)

General tax rates

There is a split of the third and sixth income brackets. There will be a reduction of rate in the lower amount of those brackets. The table with the general PIT rates shall include nine income brackets as follows:

Taxable income (EUR)	Rate	Amount to deduct (EUR)
Up to 7,116	14.5%	0.00
Above 7,116 up to 10,736	23.0%	604.86
Above 10,736 up to 15,216	26.5%	980.63
Above 15,216 up to 19,696	28.5%	1,284.99
Above 19,696 up to 25,076	35.0%	2,565.21
Above 25,076 up to 36,757	37.0%	3,066.79
Above 36,757 up to 48,033	43.5%	5,455.84
Above 48,033 up to 75,009	45.0%	6,176.56
Above 75,009	48.0%	8,426.51

Subsistence level

There will be an increase by EUR 200 of the amount of the subsistence level in the PIT to be assessed in 2022 concerning income earned in 2021.

On the computation of the PIT concerning income earned in 2022 the previous rules will apply. This will correspond to the computation rules foreseen in the legislation ($1.5 * 14 * \text{IAS}$) or any other rules enacted in the future.

It is established that the Government will assess the introduction of changes to the “subsistence level”, with a view to continue to increase its value and correct elements of regressive taxation.

Assessment of the adequacy of withholding tax rates

It is foreseen an assessment of the introduction of a mechanism that allows applying a withholding tax rate that is more adequate to the taxpayer's situation, in those cases where an increase of salary results in a lower amount of net monthly income than the one earned previously.

Deductions for dependents

The legislation in force foresees a personal deduction per dependent amounting to EUR 600, as well as an additional deduction of EUR 126 for dependents aged up to three years old (with reference to 31 December of the tax year concerned). Said additional deduction amounts to EUR 300 in respect of the second and following dependents, regardless of the age of the first dependent.

It is now foreseen an additional deduction of EUR 150 for the second and following dependents aged between four and six years old, regardless of the age of the first dependent.

“

The Government is granted authorisation to introduce a special tax regime for gains arising from stock plans (option plans, subscription, attribution or plans with equivalent effect).”

Deduction for requesting invoices

There is an increase to 35% (currently, 22.5%) of the deduction concerning the VAT amount incurred with the acquisition of veterinary medicines.

Amendments to tax credits

It is no longer possible to claim against the amount of deductions as assessed by the tax authority in respect of expenses with health, education, rent for permanent accommodation and retirement homes.

However when filling the PIT return, it shall still be possible to amend the amounts shown in the invoice portal (“e-fatura”) concerning expenses incurred with health, education, rent for permanent accommodation and retirement homes. Any amendment requires proof.

Civil custody

People who are covered by civil custody are currently regarded as dependents for tax purposes.



Legislative authorisations

Environmental deductions

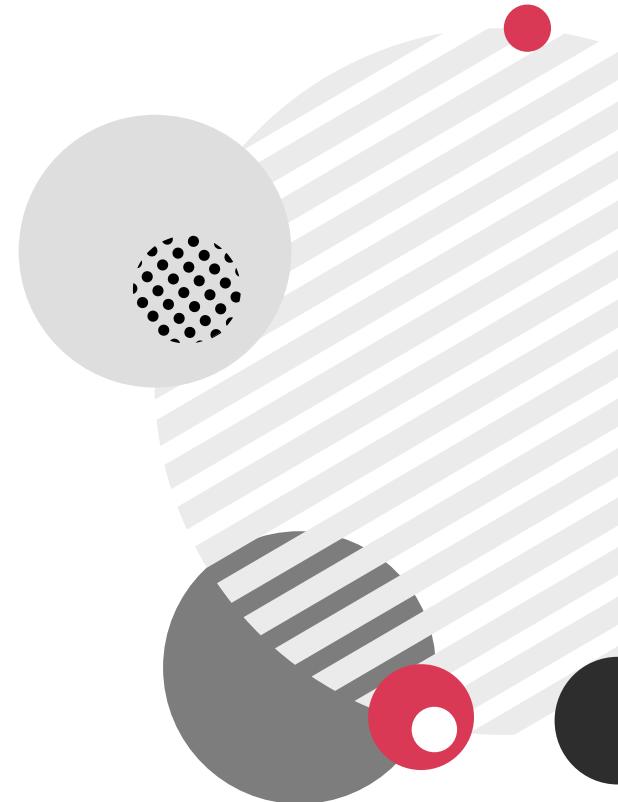
The Government is granted authorisation to introduce environmental deductions for PIT purposes concerning a number of expenses related namely with thermal and hydric efficiency and the production of renewable energy for personal use. The purpose is to allow a PIT deduction of part of the VAT incurred with said expenses, capped at EUR 500 per household.

Startups

The Government is granted authorisation to establish a legal definition of startup. This will allow determining the eligibility of start-ups for financial and tax allowances. The Government is also granted authorisation to establish a special regime applicable to gains from stock plans (stock option, subscription, attribution or equivalent effect) in this context.

Incentives for civil servants in inland regions

The temporary compensation granted to civil servants placed in inland regions becomes exempt from PIT and Social Security.





2.

Corporate Income Tax (CIT)

85%

A deduction to the taxable profit of up to 85% (currently 50%) of the income from the transfer or temporary use of industrial property rights.

Non deductible costs

If a taxpayer did not file the statement of commencement of activity, any document issued is disallowed as a tax deductible cost at the level of the acquirer.

Patent Box regime

The deduction to the taxable profit of the income from the transfer or temporary use of industrial property rights will increase to 85% (currently, 50%).

Special payment on account

Special payments on account will be extinguished.

Lack of filing the CIT return

Lack of filing the CIT return ("Modelo 22") shall now imply the assessment of the taxable income based on the information in possession of the tax authority, under the rules of the simplified tax regime, by applying a coefficient of 0.35.

“

In the tax year 2022, the aggravated autonomous rate of 10 p.p. will not apply to cooperatives, micro, small and medium sized companies."

Autonomous taxation – transitional rules

In the tax year 2022, the aggravated autonomous rate of 10 p.p. will not apply to cooperatives, micro, small and medium sized companies, if the following requirements are met:

- (i) the taxpayer assessed taxable profit in one of the three previous tax years, having filed timely the CIT return and the Company's Simplified Information/ Annual Statement ("IES") in the two previous tax years;
- (ii) the tax year of commencement of activity, or one of the two following tax years, corresponds to the tax year 2022.



3.

Indirect taxes

Value Added Tax (VAT)

European Commission – Applicable exemptions

Expenditure related to the defence effort

The transposition of Council Directive (EU) 2019/2235 of 16 December 2019 amending Directive 2006/112/EC on the common system of value added tax and Directive 2008/118/EC concerning the general arrangements for excise duty as regards defence efforts within the Union framework, shall result in an exemption of certain supplies of goods and services utilised in the defence effort carried out for the implementation of a European Union activity.

COVID-19 – Applicable exemptions

The transposition of [Council Directive 2021/1159](#) of 13 July 2021 amending Directive 2006/112/EC as regards temporary exemptions on importations and on certain supplies, in response to the COVID-19 pandemic, shall result in exemptions on importations and on certain supplies, in response to the COVID-19 pandemic.

There is an extension until 31 December 2022 of the exemption from VAT applicable to supplies of medical devices for in vitro diagnosis of COVID-19 disease, COVID-19 vaccines and services related with those products, as foreseen in Law 4-C/2021 of 17 February.

Free of charge transfers

Donations

Free of charge supplies of goods and services are not subject to VAT when made by entities benefiting from donations covered by the Tax Benefits Code. This applies provided that the donation is made for the direct benefit of the donor entities, and the corresponding amount does not exceed 25% of the amount of the donation (currently capped at 10% of said amount).

Rates applicable in the Autonomous Regions

The VAT Code will no longer expressly refer to the rates applicable in the Autonomous Regions. Such reference shall be in the applicable regional legislation.

“

The delivery and installation of thermal and photovoltaic solar panels is subject to the reduced VAT rate from July 2022 onward.”

Indirect taxes

Reduced rates

The reduced VAT rate shall apply to products similar to cheese made of cereal, fruit, vegetables or horticultural products; the repair of domestic appliances; delivery and installation of thermal and photovoltaic solar panels.

These amendments shall apply from 1 July onward. The reduced rate applicable to the delivery and installation of thermal and photovoltaic solar panels shall apply until 30 June 2025.

Refund of VAT

Higher degree institutions, as well as non profitable organisations of the national science and technological system participating in the National Potential Technological and Scientific Inquiry ("Inquérito ao Potential Científico e Tecnológico Nacional" or "IPTCN") are allowed a full or partial refund of an amount equivalent to the VAT incurred in the acquisition of instruments, equipments, reagents, consumables and licences related with the respective R&D activities. This rule applies provided that the VAT incurred in said expenses is deductible as per Article 21 of the VAT Code.

Legislative authorizations

Utensils designed for people with disabilities

The legislative authorization granted to the Government under the 2021 State Budget Law is maintained. The Government is authorized to apply the reduced VAT rate to the transfer, rental and maintenance of utensils and any appliances or objects specifically designed for people with disabilities.

Electricity production for self-consumption – Sale of surpluses

The Government is granted authorisation, once approved by the European Council, to derogate the subjective incidence rule on the sale of surplus electricity produced in self-consumption production units with installed power of 1 MW or lower. The acquirer will have the obligation to self assess the tax.

Reduced VAT rate on beverages supplied in restaurants

Like in 2021, the 2022 State Budget Law proposal does not include any legislative authorization regarding the reduction of the VAT rate on beverages supplied in restaurants.

Circulation Tax (IUC)

General increase of about 1% of the Circulation Tax ("Imposto Único de Circulação" or "IUC").

Tax on Vehicles (ISV)

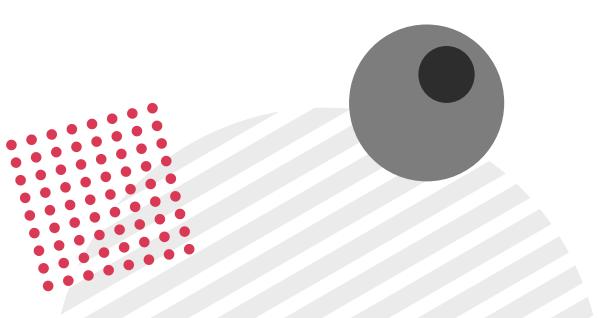
There is a general increase of about 1% of the tax rates, both on the environmental and engine components.

Excise Duties

Excise Duties – General exemptions

The issuance of an electronic administrative document is now waived, if:

- the removal of products from a tax warehouse for aircraft supplies is carried out under a customs export declaration; and
- The customs office of export is the point of exit.



Indirect taxes

Tax on oil and energy products (ISP)

An ISP exemption is introduced for self-consumption electricity produced using renewable energy sources capped at 1 MW.

Following previous State Budgets, there is an increase of the tax rates applicable to a number of products (fuel, gas, diesel, etc.) used in the production of electricity, combined heat and power and town gas, both for ISP and carbon rate purposes. Additional increases are also foreseen for the following years.

Notwithstanding, in 2022 the Government is authorised to suspend said increase in respect of energy products under NC Code 2711 such as natural and propane gas.

The aggravated ISP applicable to gasoline and diesel is revoked.



Tax on alcoholic beverages and non-alcoholic beverages with added sugar (IABA)

Beer

General increase of taxation of about 1%.

Non-alcoholic drinks with added sugar

General increase of taxation of about 1%.

This increase will also be applied in liquid, powder, granulates or other solid forms of concentrates.

Spirits drinks

General increase of taxation of about 1%.

This increase was also reflected in the rates applicable in the Autonomous Region of Madeira.

Other fermented still and sparkling alcoholic beverages

General increase of taxation of about 1%.

Tobacco

General increase of taxation of about 1%.

“

Exemption from tax on oil and energy products on self-consumption electricity produced using renewable energy sources, capped at 1 MW.”



4.

Real Estate

Real Estate Tax (IMI)

Second valuation of urban property

For urban property whose tax registered value ("Valor Patrimonial Tributário" or "VPT") is distorted in view of its normal market value, the new VPT resulting from a second valuation is also relevant for IMI purposes.

Acquisition of urban property for residential use

It is clarified that the IMI exemption applies automatically in case of an acquisition for a consideration of urban property for residential use of the taxpayer or its household, whose total gross income does not exceed EUR 153,300 with reference to the previous year.

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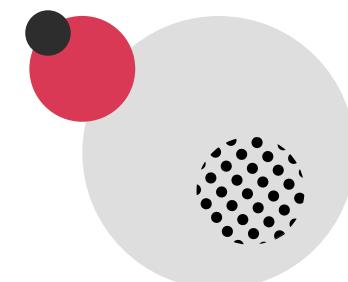
The tax registered value resulting from a second valuation is also relevant for Real Estate Tax (IMI) purposes.”

Real Estate Transfer Tax (IMT)

IMT on shareholders' entries consisting of real estate

IMT applies in case of shareholders' entries consisting of real estate with the nature of supplementary capital entries in commercial companies, civil companies under commercial legal form or civil companies formally recognised as having legal personality.

Currently the law only foresees that IMT applies in case of shareholders' entries consisting of real estate as a contribution to the capital of the entities concerned.



Real Estate

IMT on the allocation of real estate to shareholders

IMT shall be levied in the case of allocation of real estate to the shareholders resulting from a capital reduction, a repayment of supplementary capital entries, as well as in case of fulfillment with other obligations assumed by commercial companies, civil companies under commercial legal form or civil companies formally recognised as having legal personality.

Currently, IMT is levied only in case of allocation of real estate to the shareholders resulting from a liquidation of the company.

IMT on the allocation of real estate to unitholders of investment funds

IMT shall be levied in the case of allocation of real estate to unitholders of private issued closed-end investment funds resulting from a redemption of units or a reduction of capital of said funds.

Currently, IMT is levied only in the case of allocation of real estate resulting from a liquidation of private issued closed-end investment funds.

IMT rate on the transfer of residential urban property

There is an adjustment by 1% of the brackets of the IMT rate applicable on the transfer of urban property, or its autonomous units, exclusively for residential use.

This amendment implies that IMT is due only in case the taxable basis exceeds EUR 93,331 (currently, EUR 92,407), in respect of residential urban property for permanent abode.

IMT rate on the transfer of equivalent rights to the ownership right

IMT shall be levied on the total value of the real estate in proportion to the right transferred, in the case of transfer of equivalent rights to the ownership right or of the single ownership right excluding equivalent rights.

Currently, this rule applies only in the case of not all the ownership rights being transferred.

“

There is an adjustment by 1% of the brackets of the Real Estate Transfer Tax (IMT) rate applicable on the transfer of urban property, or its autonomous units, exclusively for residential use.”



Real Estate

Exemption from IMT on the first transfer of rehabilitated real estate

The exemption from IMT no longer applies on the first transfer of rehabilitated real estate for rental either for residential use or for residential and permanent use (in the later case if the real estate is located in urban rehabilitation areas), if:

- the real estate is given a different use within six years following the transfer; or
- the real estate was not allocated to residential permanent use within six months following the transfer; or
- the real estate was not rented for residential use within one year following the transfer.

In case said exemption does not apply, the taxpayer should require the IMT assessment within 30 days through standard form "Modelo 1".

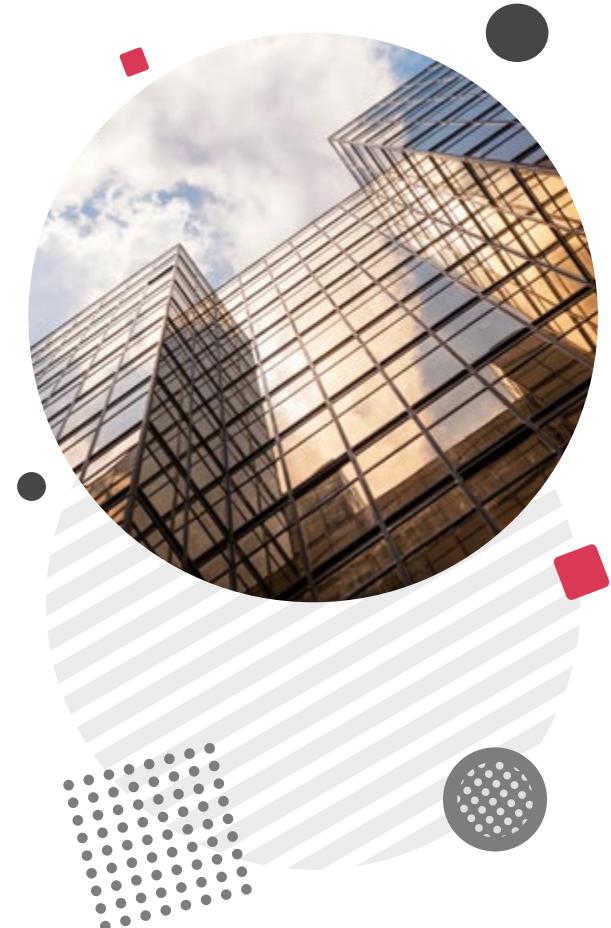
Timesharing rights

IMT shall be levied on the higher of the value of the bare ownership or on the value of the act or the contract in the case of a transfer of ownership made separately from the time sharing rights.

In addition, in the case of waiving or transfer of the time sharing right, IMT shall be levied on the higher of the current value of said right or the value of the act or contract. Current law is silent on these situations.

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IMT is levied on the higher of the value of the bare ownership or on the value of the act or the contract in the case of a transfer of ownership made separately from the time sharing rights.”





5.

Tax benefits

CIT – Tax Incentive to Recovery ("Incentivo Fiscal à Recuperação" or "IFR")

A CIT credit will be introduced in benefit of CIT taxpayers whose tax year corresponds to calendar year, incurring investment expenses namely in the acquisition of tangible assets, non consumable biological assets and intangibles. The investment period runs from 1 July to 31 December 2022 (the investment period runs from the start of the 7th month until the end of the 12th month of the tax year, in case of entities whose tax year starts after 1 January 2022).

There is an overall cap of EUR 5 million for the eligible expenses; the CIT credit available corresponds to:

- 10% of the eligible expenses incurred in the tax year concerned capped at the average of the eligible investments expenses incurred in the three previous tax years;
- 25% of the eligible expenses incurred in the tax year concerned, in the amount that exceeds the amount mentioned in a).

Taxpayers starting their activity on or after 1 January 2021 are entitled only to a tax credit of 10% on eligible expenses.

The annual tax credit is capped at 70% of the tax assessed. For companies taxed under the special regime of group taxation the tax credit applies to the tax assessed by the group capped at the individual amount that would apply to each individual company incurring the eligible expenses. The tax credit can be carried forward for five years in the case of insufficiency of tax assessed.

The benefit cannot cumulate with any other benefits of the same nature in respect of the same eligible investment expenses.

The taxpayer cannot distribute profits or terminate labour contracts based on collective redundancy or layoff from the commencement of the 2022 tax year and for a 3-year period.

Tax benefits

Contractual tax benefits & Tax Regime for Investment Support (“Regime Fiscal de Apoio ao Investimento” or “RFAI”)

There is an extension until 31 December 2027 of the contractual tax benefits regime as well as the RFAI. This results from the update of the new regional aid map and is effective as from 1 January 2022 onward.

Extraordinary support to the implementation of accounting SAF-T (PT) and ATCUD

Expenses incurred with the implementation of the accounting Standard Audit File for tax purposes Portuguese version (SAF-T (PT)) are allowed an additional CIT deduction of 20% for the purposes of the computation of the taxable income. This applies to CIT taxpayers who are small and medium sized companies, as well as PIT taxpayers with organised accounting. Implementation should be concluded until the term of the 2023 tax year.

Expenses incurred with the implementation of ATCUD (sequential number validation code) are also allowed an additional CIT deduction of 20% for the purposes of the computation of the taxable income. This applies to CIT taxpayers who are small and medium sized companies, as well as PIT taxpayers with organised accounting. The additional deduction applies provided that the ATCUD is included in all invoices and other tax relevant documents from 1 January 2023 onward.

Expenses incurred as from the tax years starting on or after 1 January 2022 and until the end of each relevant tax period are eligible for this benefit.

In case the eligible expenses relate to assets subject to depreciation, the above mentioned benefits apply to the costs accounted for as depreciation or amortisation throughout the useful life of the asset.

This benefit cannot cumulate with other tax benefits of the same nature in respect of the same eligible expenses.

Failure to implement the accounting SAF-t (PT) and ACTUD within the deadlines mentioned above implies that the additional deductions of previous tax years are added back for the purpose of computation of the taxable profit of the tax year concerned, plus 5%.

“

Contractual tax benefits and RFAI extended until 2027.”

Extraordinary cultural patronage in 2022

As in the 2021 State Budget Law, in 2022 donations eligible under the cultural patronage benefit from an additional deduction of 10% (20% in case of inland regions). The following conditions should be met:

- annual amount of € 50,000 or higher, per each beneficiary entity;
- donations in benefit of actions or projects aiming at heritage conservation or museologic programmes; and
- such actions or projects are recognised upfront by the competent Government members (finance and culture).

The applicable annual cap of 8/1000 of the turnover is increased by 50% in case the respective difference relates to said actions or projects.



Tax benefits

CIT – Legislative authorisation

Promotion of inland regions (“Programa de Valorização do Interior”)

As in the 2020 and 2021 State Budgets, the Government is granted authorisation to introduce a tax benefits scheme to promote inland regions (“Programa de Valorização do Interior”). It shall correspond to a CIT credit of 20% of the costs incurred with the creation of jobs in inland regions that exceed the national minimum wage, capped at the CIT assessed in the tax year concerned. This legislative authorisation relies on the authorisation from the European Union to expand the regional aid scheme.

PIT / CIT - Portuguese sovereign debt issued in the Chinese market

The PIT and CIT exemptions on interest from Portuguese sovereign debt issued in renminbi in the Chinese internal debt market are maintained.

“

The PIT and CIT exemptions on interest from Portuguese sovereign debt issued in renminbi in the Chinese internal debt market are maintained.”



CIT/PIT – Patronage

World Youth Day

Donations, in cash or in kind, to the Fundação JMJ-Lisboa 2022, which is a legal entity responsible for preparing, organising and coordinating the World Youth Day 2023 in Lisbon, are allowed:

- a) as CIT deductible costs for 140% of the respective amount;
- b) as PIT deductible costs for 140% of the respective amount under Category B (self-employment/business income);
- c) In all other situations, as a PIT credit corresponding to 130% of the respective amount.

Celebration of the V Centenary of the Circumnavigation

Donations granted to the entity responsible to organise the celebration of the V Centenary of the Circumnavigation are eligible for the cultural patronage regime.



6.

Tax Justice

General Tax Law ("Lei Geral Tributária" or "LGT")

Deferral of deadlines for administrative acts of the taxpayer

The regime of deferral to the first working day of September of deadlines expiring in August, introduced by Law no. 7/2021 of 26 February, is extended to the deadlines for filing a defence and exercising the right to a reduction and advance payment of penalties in case of administrative infraction proceedings.

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Extension of the deadline deferral regime also applicable to certain acts within the context of administrative infraction proceedings.”

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

Stamp Tax

Subjective exemptions

Subjective exemptions foreseen in the Stamp Tax Code for the State, public institutes, social security institutes, collective bodies with public utility statutes, private institutes of social welfare and other entities with a similar legal status are not applicable if such entities are credit institutes, financial companies, insurance and reinsurance companies and other entities with similar legal status. A similar provision was introduced in the Tax Benefits Code that foresees a Stamp Tax exemption for cooperatives.

Consumers credit

The 50% increase in Stamp Tax applicable to consumers credit is extended until 31 December 2022. The safeguard clause that excluded existing agreements from the above provision will no longer apply.

50%

The 50% increase in Stamp Tax applicable to consumers credit is extended until 31 December 2022.

Levies

Audiovisual levy

The monthly amounts of the audiovisual levy are maintained.

Special levy for the conservation of forest resources

Within 90 days the Government shall publish a decree-law with the regime of the special levy for the conservation of forest resources.

Other tax matters

Tax compliance

Deadline to file VAT returns and payment of VAT

VAT returns can be filed until the 20th of the second month, following the month or quarter to which the transactions concern, depending on the applicable VAT regime (monthly or quarterly).

The VAT assessed can be paid until the 25th of the second month, following the month or quarter to which the transactions concern, depending on the applicable VAT regime (monthly or quarterly).

Communication of invoices – SAF-T (PT)

Individuals and entities subject to the Portuguese invoice requirements foreseen in Article 35-A of the VAT Code, carrying out VAT taxable transactions, are required to communicate the invoice data to the tax authority until the 5th of the month following the month of issuance.

If no documents were issued during the month, this fact must be communicated to the tax authority, through its portal, within the same deadline.

Communication of rents

Transitional regime for IMI

The annual communication of rents by owners, usufructuaries or holders of surface rights of the rented urban properties shall be made from the 1st of January until the 15th of February of the following year (currently from the 1st of November until the 15th of December).



Meet the team

PwC



Rosa Areias
Tax Lead Partner
rosa.areias@pwc.com
(+351) 225 433 197
(+351) 918 621 406



Bruno Alves
Partner
bruno.andrade.alves@pwc.com
(+351) 213 599 606
(+351) 915 193 945



Catarina Gonçalves
Partner
catarina.goncalves@pwc.com
(+351) 213 599 659
(+351) 916 601 376



Cristina Teixeira
Partner
cristina.teixeira@pwc.com
(+244) 935 614 118



Jorge Figueiredo
Partner
jorge.figueiredo@pwc.com
(+351) 213 599 618
(+351) 917 627 293



Leendert Verschoor
Partner
leendert.verschoor@pwc.com
(+351) 213 599 642
(+351) 917 887 221



Maria Torres
Partner
maria.torres@pwc.com
(+351) 225 433 113
(+351) 918 621 498



Maurício Henriques Brito
Partner
mauricio.h.brito@pwc.com
(+351) 213 599 539
(+351) 962 765 886



Paulo Fernando Ribeiro
Partner
paulo.fernando.ribeiro@pwc.com
(+351) 213 599 513
(+351) 966 142 184



Rodrigo Rabeca Domingues
Partner
rodrigo.rabeca.domingues@pwc.com
(+351) 213 599 686
(+351) 919 808 603



Susana Claro
Partner
susana.claro@pwc.com
(+351) 213 599 648
(+351) 912 505 316

CCR Legal



Cristina Cabral Ribeiro
Managing Partner
ccr@ccrlegal.pt
(+351) 967 522 383



Sónia Fernandes Martins
Associada Principal
Contencioso Tributário
sfm@ccrlegal.pt
(+351) 911 032 858

PwC

Lisboa

Palácio Sottomayor
Avenida Fontes Pereira de Melo, n.º16
1050-121 Lisboa
Tel: (+351) 213 599 000
Fax: (+351) 213 599 999

Luanda

Edifício Presidente
Largo 17 de Setembro, n.º 3
1º andar – Sala 137
Luanda – República de Angola
Tel: (+244) 227 286 109
Fax: (+244) 222 311 213

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CCR Legal

Lisboa

Palácio Sottomayor
Rua Sousa Martins, 1 - 2º Esq.
1069-316 Lisboa, Portugal
Tel.: (+351) 215 874 900
Fax: (+351) 215 873 150

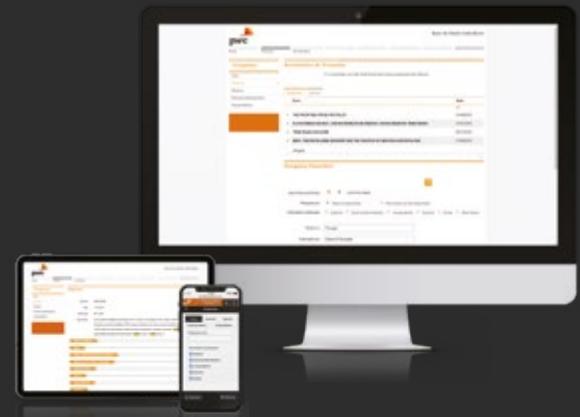
Porto

Porto Office Park
Avenida de Sidónio Pais,
153 - piso 0 dt.^o
4100-467 Porto
Tel.: (+351) 221 129 311

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