

TAX NEWSLETTER

Exceptional and temporary regime for compliance with tax obligations and social contributions

Decree-Law 10-F / 2020, of March 26, 2020, established an exceptional and temporary regime for complying with tax obligations and social contributions, within the scope of the COVID-19 disease pandemic, which we now describe:

I. Flexibility of payments in the 2nd Quarter of 2020 of VAT and withholding PIT and CIT

1. *What is it?*

In the 2nd Quarter of 2020, payment of VAT and withholding taxes on PIT and CIT may be made in one of the following modalities:

- a) On the dates of fulfilment of the obligations;
- b) In three monthly instalments, without interest; or,
- c) In six monthly instalments, without interest.

The monthly instalments are due as follows:

- i. The first instalment on the date of fulfilment of the payment obligation in question;
- ii. The remaining monthly instalments on the same date as subsequent months.

2. *Who may benefit?*

The measures are immediately applicable to the following **companies and self-employed workers**:

- a) Who had a turnover of up to € 10m in 2018,
- b) Whose activity falls within the sectors closed under the terms of the State of Emergency, or,
- c) Who started the activity from 01/01/2019.



For taxpayers with a higher turnover, the same instalment plans may be applied, **upon request**, when they declare and demonstrate a reduction in billing communicated through the *e-fatura* of at least 20% of the average of 3 months prior to the obligation compared to the same period of the previous year.

The demonstration of the decrease in billing must be done by certification of statutory auditor or certified accountant.

3. *How to request?*

Applications for payments in monthly instalments are submitted electronically, until the end of the voluntary payment period.

II. Deferral of payment of contributions due by employers and independent workers to Social Security

1. *What is it?*

Employer liability contributions (23.75%), due in March, April and May 2020¹, may be paid in the following terms:

- a) 1/3 of the value of the contributions is paid in the month in which it is due;
- b) The remaining 2/3 are paid in equal and successive instalments in the months of July, August and September 2020 or in the months from July to December 2020, without interest.

For employers who have already paid the full amount of contributions due in March 2020, the deferral provided for in this article begins in April 2020 and ends in June 2020.

The deadline for payment of contributions and contributions due in March 2020, exceptionally, ends on March 31, 2020.

2. *Who may benefit?*

Contributions may be deferred by the following taxpayers:

- a) Employers with less than 50 workers;
- b) Employers with a total of workers between 50 and 249² - **Provided that** they have a drop of at least 20% of the invoice communicated through the *e-fatura* in the months of March, April and May 2020, compared to the same period of the previous year or , for those who started the activity less than 12 months ago, the average of the activity period elapsed

¹ Workers' contributions (11%) must be paid in the months when they are due

² The number of workers is measured by reference to the Monthly Remuneration Declaration for February 2020

- c) Employers with a total of 250 or more workers³ - **Provided that** they have a drop of at least 20% of the invoice communicated through the *e-fatura* in the months of March, April and May 2020, compared to the same period of the previous year or, for those who started the activity less than 12 months ago, at the average of the elapsed activity period, and fit in one of the following categories:
- i. Private institution of social solidarity or similar;
 - ii. The activities of these employers fall into sectors closed under the terms of the State of Emergency, or in the sectors of aviation and tourism;
 - iii. The activity of these employers has been suspended, under the terms of the State of Emergency.
- d) Self-employed workers.

Beneficiaries may be audited, at any time, by the competent public entities, and must prove the facts on which deferral depends, in addition to verification electronically.

The billing requirements of paragraph b) and c) above need to be demonstrated by the employer during the month of July 2020, together with certification from the company's certified accountant.

3. How to request?

The deferral of payment of contributions provided for in this article is not subject to application.

In July 2020, employers must indicate in the Social Security Direct which of the expected payment periods they intend to use.

- III. Suspension of tax enforcement proceedings initiated by Portuguese Tax Authorities and enforcement proceedings for social security debts until 30 June 2020**
- IV. Extraordinary extension of unemployment benefits and all benefits of the social security system that guarantee subsistence minimums whose concession period or renewal period ends before June 30, 2020, as well as the suspension of the revaluations of the conditions for maintaining benefits of the social security system.**

³ *Idem*



Contactos/Contacts:

Grant Thornton Consultores, Lda.

Tel. + 351 21 413 46 30 (Lis)

Fax. + 351 21 413 46 39 (Lis)

E-mail: gtc@pt.gt.com

Website: www.grantthornton.pt

Grant Thornton Consultores, Lda. – **Member firm of Grant Thornton International Ltd.** ("Grant Thornton International")
Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered by the member firms independently.
This publication has been prepared only as a guide. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication.
Confidential - All rights reserved

Arquiparque II – Edifício A
Avenida Cáceres Monteiro, n.º 10 – 5.º Esquerdo
1495-192 Algés (Lisboa)