

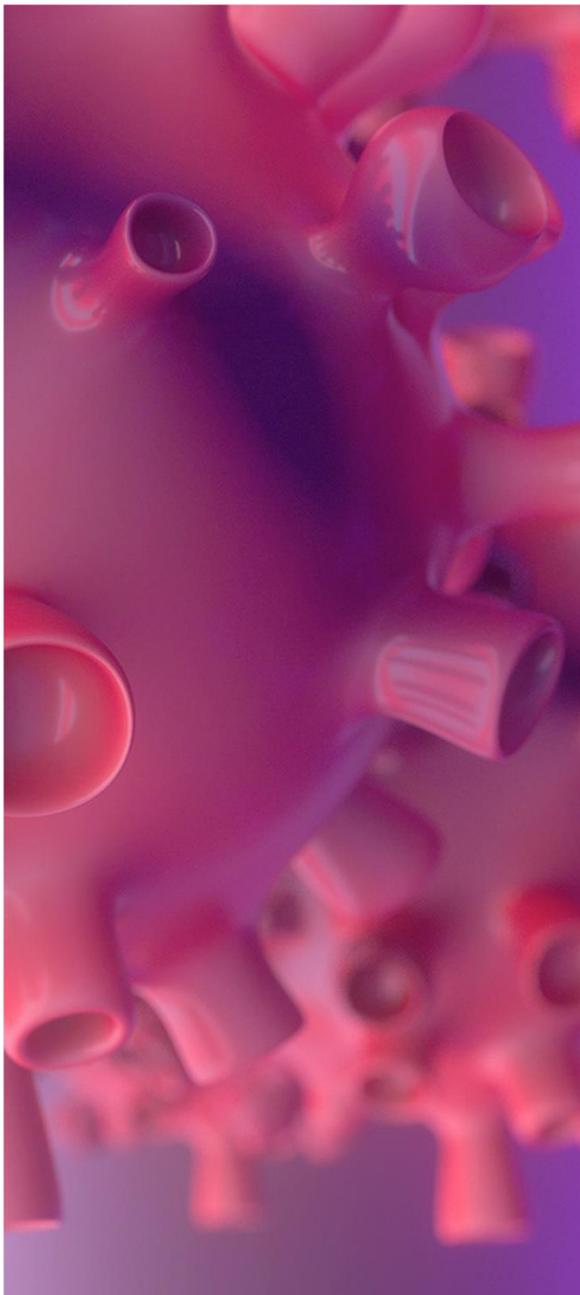
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# COVID-19 (No. 6): Tax

Legal Flash | Portugal

March 18, 2020

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**Tax measures in response to the COVID-19 epidemic:**

- > **Secretary of State for Fiscal Affairs Order 104/2020 of March 9**
- > **March 18 joint conference of the Ministers of Economy and Finance**



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## Tax measures in response to the COVID-19 epidemic

Bracing for the negative impact that COVID-19 will have on Portugal's economic activity, the Government has adopted a set of measures aimed at mitigating the economic consequences of the pandemic.

The Secretary of State for Fiscal Affairs, through Order 104/2020 of March 9, extended the deadline for compliance with the following tax obligations:

- ❖ The first special payment on account, due March 31, may be made until June 30;
- ❖ The 2019 Corporate Income Tax ("CIT") return may be filed until July 31; and
- ❖ The first advance and additional advance payment due July 31 may now be made until August 31.

Today, March 18, additional tax measures were announced at a joint conference by the Ministers of Economy and Finance in response to the economic downturn caused by COVID-19.

For value added tax ("VAT") payments, personal income tax and corporate income tax withholdings due in April, May and June, taxpayers may now opt for three installments (without interest) or six (with late payment interest for the last three months), without having to provide a guarantee. This measure is intended for businesses and self-employed individuals with a turnover of up to €10,000,000 in 2018 and those who started operating after January 1, 2019.

Other companies and self-employed individuals may benefit from fractioning payments if there is a minimum 20% reduction of their average turnover for the three months preceding the month in which the tax obligation is due over the same period of the previous year.

Social security contributions will be reduced to one third in March, April and May, with the remaining two thirds for April, May and June being due from the third quarter of 2020, with the possibility of opting for the fractioning mechanism applicable to VAT payments, PIT and CIT withholdings. These measures benefit companies with up to 50 employees and those with up to 250 employees, as long as there is a reduction of at least 20% in their turnover in the second quarter.

Finally, tax and social security enforcement proceedings in progress or to be initiated are suspended for three months.



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