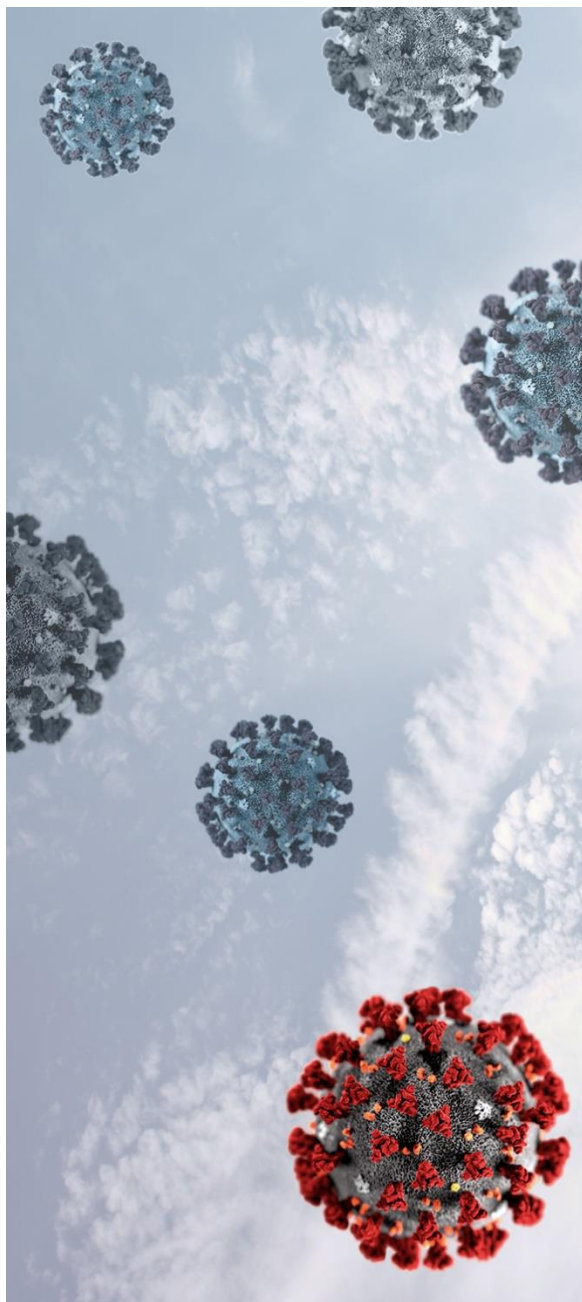

COVID-19: New tax measures

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New tax measures in response to the COVID-19 pandemic

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New tax measures in response to the COVID-19 pandemic

In the last two weeks, the government has adopted certain measures with respect to Value-Added Tax (“VAT”) relating to i) the special regime on payment obligations in the second quarter of 2020; ii) the simplified process to complete the regular VAT return and the use of invoices; and iii) the donations targeted at people receiving health care as a result of the pandemic.

I. Installment payments for taxpayers whose turnover has dropped

Decree-Law 10-F/2020, of March 26, establishing a special regime on VAT payment obligations in the second quarter of 2020 (payment in three or six monthly installments), which we addressed in the [previous newsletter](#), was the subject of [Rectification Declaration 13/2020](#).

In its original wording, Decree-Law 10-F/2020, of March 26, established flexible VAT payment for companies and freelancers whose invoicing value declared in the *e-fatura* platform, for their average invoicing in the three months before the month in which the payment is due, is at least 20% less than that of the same period in the previous year.

[Rectification Declaration 13/2020](#) provides that, if the invoice declaration through the *e-fatura* platform does not reflect all the transactions subject to VAT, even if they are exempt, in terms of transfer of goods and provision of services relating to the periods subject to analysis, the drop in invoicing must be calculated based on turnover volume.

In any case, the request for payment flexibility is not automatically authorized; rather, the fall in invoicing or volume of turnover must be demonstrated by means of a certificate issued by a statutory auditor or a chartered accountant.

II. Measures to simplify the completion of regular VAT returns and use of PDF invoices

Order 129/2020-XXII, of March 27, of the Secretary of State for Tax Affairs contains new measures to simplify the completion of regular VAT returns, specifically:

- a) February 2020 returns may be prepared based on the data entered in the *e-fatura* platform, without having to provide supporting documents. Possible adjustments or corrections must be made by means of a substitute return;
- b) The substitute return will not entail any cost or fine for the taxpayer, provided the substitution and payment of the outstanding VAT take place in July 2020.

These measures are applicable to taxpayers:

- ❖ whose turnover was lower than or equal to EUR 10,000,000 in 2019;



- ❖ that have started to operate on January 1, 2020 or later; or
- ❖ that have resumed their activity on January 1, 2020 or later, provided they had no turnover in 2019.

Furthermore, in April, May and June 2020, VAT taxpayers will accept PDF invoices, and these will be equivalent to electronic invoices for all purposes envisaged in the tax laws. Thus, during these months, PDF invoices will be accepted, even if none of the procedures envisaged in article 12. 2, of Decree-Law 28/2019, of February 15, is adopted with respect to them, specifically, the need to include a qualified or advanced electronic signature.

This rule will be applicable to both domestic transactions and transactions with taxpayers not established in Portugal.

Finally, the order establishes the following circumstances as sufficient conditions to apply the concept of “justified impediment” to fulfill any tax obligations :

- Infection or preventive isolation decreed by the health authorities; and
- *Cordon sanitaire* situations prohibiting taxpayers and chartered accountants from traveling to and from the affected zones, provided their tax or professional domicile is located there.

III. Exemption for donations

Order 122/2020-XXII, of March 24, of the Secretary of State for Tax Affairs, determined that gratuitous transfers of goods to the State, to individual social solidarity institutions and to non-profit non-governmental organizations aimed at people who need health care in the context of the current COVID-19 pandemic are exempt from VAT.

The exemption envisaged in article 15.10, subsection a) of the VAT Code (*Código do IVA*) is thus extended to preserve the donor’s right to deduct input VAT on the acquisition or manufacture of the donated goods.



Contact

Cuatrecasas, Gonçalves Pereira & Associados,
Sociedade de Advogados, SP, RL
Sociedade profissional de responsabilidade limitada

Lisbon

Praça Marquês de Pombal, 2 (e 1-8º) | 1250-160 Lisboa | Portugal
Tel. (351) 21 355 3800 | Fax (351) 21 353 2362
cuatrecasasportugal@cuatrecasas.com | www.cuatrecasas.com

Oporto

Avenida da Boavista, 3265 - 5.1 | 4100-137 Oporto | Portugal
Tel. (351) 22 616 6920 | Fax (351) 22 616 6949
cuatrecasasporto@cuatrecasas.com | www.cuatrecasas.com

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