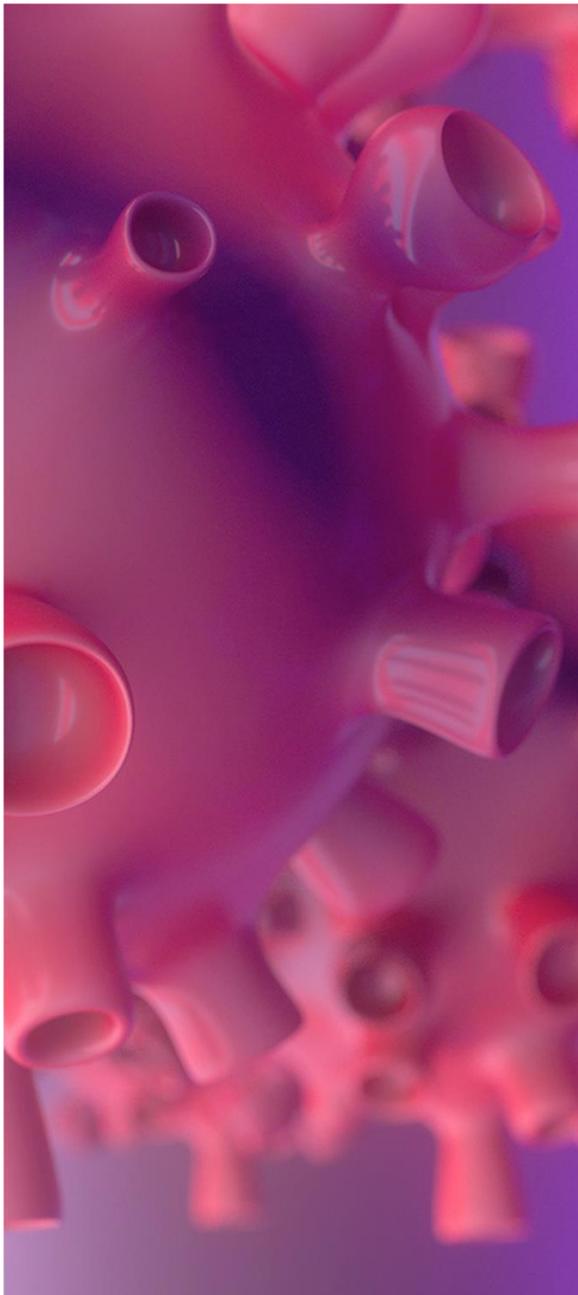

COVID-19 (No. 16)

Legal Flash | Portugal

April 30, 2020



- > **Order 137/2020-XII, of April 3, 2020, of the State Secretary of Tax Affairs, establishing an additional deduction for donations to public enterprises**
- > **Order 153/2020-XXII, of April 24, of the State Secretary of Tax Affairs, extending the deadlines to comply with several tax obligations and payments**
- > **Draft Law 29/XIV, proposing transitional measures on VAT applicable to goods needed to mitigate the effects of COVID-19**



New transitional tax measures adopted due to the COVID-19 pandemic

Following the transitional tax measures that the Portuguese Government approved in response to the COVID-19 pandemic, new transitional tax measures were recently approved aimed at making compliance with tax obligations more flexible and supporting companies.

Additional deduction for donations to public enterprises

Order 137/2020-XII, of April 3, 2020, of the State Secretary of Tax Affairs, establishes that, while the state of emergency is in force, donations from resident entities to the *SPMS - Serviços Partilhados do Ministério da Saúde, EPE (Empresa Pública Empresarial, public enterprise)* and to hospital institutions integrated into the regional public health services, all with EPE status, can (i) be accepted as a deductible cost, for corporate income tax ("CIT") purposes, for 140% of the respective amount, and (ii) benefit from stamp duty exclusion.

Extension of deadlines to file and pay taxes

Order 153/2020-XXII, of April 24, of the State Secretary of Tax Affairs, established the following transitional tax measures:

i) Simplified business information ("IES") return

The deadline for filing the IES return was extended to August 7, 2020, with no penalties.

ii) Tax file and transfer pricing documentation

The deadline for preparing and filing taxes and transfer pricing documentation was extended to August 31, 2020, with no penalties.

iii) Periodical value-added tax ("VAT") returns

Monthly regime – Deadline for filing the periodical VAT return for March and April

The deadline for filing the periodical VAT returns for March and April (monthly regime) has been extended to May 18 and June 18, respectively. The payment deadline has been extended to May 25 and June 25 (and tax payment plans are still available).



Quarterly regime - Deadline for filing the periodical VAT return for the first quarter of 2020

The deadline for filing the periodical VAT return for the first quarter of 2020 (quarterly regime) has been extended to May 22, 2020, and the payment deadline to May 25, 2020 (and tax payment plans are still available).

Simplifying procedures to prepare periodical VAT return

As established in Order 129/2020-XXII, of March 27, of the State Secretary of Tax Affairs, for February 2020 periodical VAT returns, the March 2020 (monthly regime) and the first quarter 2020 (quarterly regime) VAT returns may be fulfilled based only on information included in the *e-fatura* platform, without having to provide supporting documentation.

However, if any adjustments are required, the return must be replaced by an amendment periodical VAT return, with no penalties, provided it is filed, and the VAT payment is made in August 2020.

This measure applies to:

- > taxpayers with a turnover of up to €10 million in 2019;
- > taxpayers that started their business activity on or after January 1, 2020; and
- > taxpayers that restarted their business activity on or after January 1, 2020, and that did not have a turnover in 2019.

iv) Personal income tax ("PIT") and CIT withholdings

Deadlines for paying CIT and PIT amounts withheld in April and May 2020 were extended to May 25 and June 25, 2020, respectively.

v) Stamp duty

Deadlines for paying stamp duty for April and May 2020 were extended to May 25 and June 25, 2020, respectively.

VAT applicable to goods needed to combat the effects of the COVID-19

Draft Law 29/XIV was recently published, proposing the approval of the following measures:

- > VAT exemption on the intra-EU transfer and acquisition of goods needed to mitigate the effects of the COVID-19 pandemic by the government and public entities or non-profit organizations; and
- > Reduced VAT rate applicable to the importation, transfer and intra-EU acquisition of masks for respiratory protection and sanitizer gel.

These proposed measures are pending official approval.



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Cuatrecasas has set up a Coronavirus Task Force, a multidisciplinary team that constantly analyzes the situation emerging from the COVID-19 pandemic. For additional information, please contact our taskforce by email TFcoronavirusPT@cuatrecasas.com or through your usual contact at Cuatrecasas. You can read our publications or attend our webinars on our [website](#).

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