

COVID-19 Additional Tax Relief Measures

Exceptional and Temporary Measures

Decree-Law No. 10-F/2020, of 26 March
Rectification No. 13/2020, of 28 March

The Decree-Law No. 10-F/2020 of 26 March approved **new exceptional and temporary measures about tax compliance obligations.**

Tax Relief Measures

1. Suspension of instalment's payment plans already in force, related to tax enforcement proceedings, until the end of pandemic's situation
2. Suspension until June 30, 2020 of tax enforcement proceedings
3. Flexibility of payments on VAT, PIT and CIT, to be comply in April, May, and June 2020, without late payment interest or guarantees

1. Suspension of Instalments Payment Plans related to Tax Enforcement Procedures

Under the rules of the Decree-Law No. 10-F/2020 of 26 March, the legislator grants the possibility of suspension of instalment's payment plans, at the taxpayer's option, related to tax enforcement proceedings, by reference to the provisions on No. 1 of article 7 of Law No. 1-A/2020 of 19 March, amended by Law No. 4-A /2020 of 6 April.

Due to amendments performed by Law No. 4-A /2020 of 6 April, the reference to the judicial vacation regime contained was abandoned, whose reference did not, by itself, suspend the tax enforcement proceedings. Although the previous and the new rule do not expressly mention it, it is the legislator's intention that the suspension's regime provided for therein should also apply to tax enforcement proceedings, not only each intervention deadline.

This suspension will remain in force until the exceptional situation of prevention, containment, mitigation, and treatment of the epidemiological infection by SARS-CoV-2 and COVID-19 is declared ended on date to be defined by a decree-law to be approved by the Government.

2. Suspension of Tax Enforcement Procedures

The Decree-Law No. 10-F/2020 of 26 March mentions that tax enforcement proceedings are suspended by reference to No. 1 of article 7 of Law No. 1-A/2020 of 19 March, amended by Law No. 4-A of 6 April.

As already mentioned, the reference to the judicial vacation regime was abandoned and in the case of tax enforcement, any acts related to sales, collective insolvency proceedings and collection procedures shall be suspended, with the exception of those which, under the law, may cause serious damage or

irreparable damage to the creditor. Given the intention of the legislator (expressly assumed in Decree-Law No. 10-F/2020 of 26 March) to suspend the tax enforcement, we understand that this rule should apply equally to these processes, even if the law expressly refers to acts that are exclusive to the civil enforcement process.

However, lack of payment interest, compensatory interest and indemnity interest are not suspended. **This Decree-Law also establishes that tax enforcement proceedings should remain suspended until June 30, 2020.**

3. Flexibility in Tax Payments

Applicable Period

April, May, and June 2020

Beneficiaries

Companies and self-employed individuals:

- i. with a turnover of up to € 10 000 000,00 in 2018; **or**
- ii. which activity is included in a sector that was closed following the declaration of a State of Emergency, as foreseen in Article 7 of Decree-Law No. 2-A/2020 of 20 March; **or**
- iii. that have started the activity from January 1, 2019 onward; **or**
- iv. that have restarted their activity from January 1, 2019 onward, when not having obtain any turnover in 2018; **or**
- v. Which invoicing in 2020, as communicated through the *E-Fatura* system or with reference to the turnover, decreases in at least 20%, in the average of the preceding three months as compared to the same period of 2019.

The demonstration of the average decrease shall be made certification of a statutory auditor or a certified accountant.

When the reporting of invoice's elements through the *E-Fatura* does not reflect all transactions carried out subject to VAT related to sale of goods and services rendered, the measurement of the invoicing's decrease shall be made with reference to turnover, with the respective certification by a Statutory Auditor or a Certified Accountant.

Procedure - request by electronic means

The requests for deferred monthly payments shall be submitted electronically until the end of the standard payment period.

Tax obligations under this framework

Personal Income Tax (PIT) - standard payment period

Individuals and companies obliged to withhold tax for PIT purposes, must withhold the amounts corresponding to the applicable withholding tax rates for each type of income's category. The withheld amounts must be paid to the State until the 20th day of the following month.

- Withholding tax to be delivered on April 20: tax withheld in March
- Withholding tax to be delivered on May 20: tax withheld in April
- Withholding tax to be delivered on June 20: tax withheld in May

By the reference to Article 98 of the PIT Code, withholding taxes made under Articles 99 to 101 of the PIT Code are all covered in this framework.

Thus, withholding's from all income categories are included, as long as they are withheld by the beneficiary entities of this special framework: Category A - employment income, Category B - self-employment income, Category E - investment income, Category F - rental income, Category G - capital gains and Category H - pensions.

Corporate Income Tax (CIT) - standard payment period

Individuals and companies obliged to withhold tax for CIT purposes must pay to the State the tax withheld **until the 20th day of the following month**.

- Withholding tax to be delivered on April 20: tax withheld in March
- Withholding tax to be delivered on May 20: tax withheld in April
- Withholding tax to be delivered on June 20: tax withheld in May

Value Added Tax (VAT) - standard payment period

Taxpayers who fall under the monthly regime must file their Monthly VAT Return until the 10th day of the 2nd month following the month to which the transactions relate. However, payment of the tax must be made until the 15th day of the 2nd month following the quarter in question.

Taxpayers who fall under the quarterly regime must file their Quarterly VAT Return until the 15th day of the 2nd month following the quarter of the calendar year to which the transactions relate. However, payment of the tax due must be made until the 20th day of the 2nd month following the quarter.

Tax payments (3 options)

Option A: 100% payment within the standard period (above referred)

Option B: 3 monthly instalments, without late payment interest and guarantees

Option C: 6 monthly instalments, without late payment interest and guarantees

Option B: Payment in 3 monthly instalments, without late payment interest and guarantees

PIT and CIT

Delivery Obligation	April 20	May 20	June 20	July 20	August 20
April (March withholdings)	1st Instalment	2nd Instalment	3rd Instalment		
May (April withholdings)		1st Instalment	2nd Instalment	3rd Instalment	
June (May withholdings)			1st Instalment	2nd Instalment	3rd Instalment
July (June withholdings)				Total of the month	
August (July withholdings)					Total of the month

VAT - Monthly Regime

Delivery Obligation Monthly VAT	April 20	May 15	June 15	July 15	August 15
VAT - February	1st Instalment	2nd Instalment	3rd Instalment		
VAT - March		1st Instalment	2nd Instalment	3rd Instalment	
VAT - April			1st Instalment	2nd Instalment	3rd Instalment
VAT - May				Total of the month	
VAT - June					Total of the month

VAT - Quarterly Regime

Delivery Obligation Quarterly VAT	April	May 20	June	July	August 20	September	October	November 20
January to March (1T)		1st Instalment	2nd Instalment	3rd Instalment				
April to June (2T)					Total			
July to September (3T)								Total

Option C: Payment in 6 monthly instalments, without late payment interest and guarantees

PIT and CIT

Delivery Obligation	April 20	May 20	June 20	July 20	August 20	September 20	October 20	November 20
April (March withholdings)	1st Instalment	2nd Instalment	3rd Instalment	4th Instalment	5th Instalment	6th Instalment		
May (April withholdings)		1st Instalment	2nd Instalment	3rd Instalment	4th Instalment	5th Instalment	6th Instalment	
June (May withholdings)			1st Instalment	2nd Instalment	3rd Instalment	4th Instalment	5th Instalment	6th Instalment
July (June withholdings)				Total of the month				
August (July withholdings)					Total of the month			
September (August withholdings)						Total of the month		
October (September withholdings)							Total of the month	
November (October withholdings)								Total of the month

VAT - Monthly Regime

Delivery Obligation Monthly VAT	April 20	May 15	June 15	July 15	August 15	September 15	October 15	November 15
VAT - February	1st Instalment	2nd Instalment	3rd Instalment	4th Instalment	5th Instalment	6th Instalment		
VAT - March		1st Instalment	2nd Instalment	3rd Instalment	4th Instalment	5th Instalment	6th Instalment	
VAT - April			1st Instalment	2nd Instalment	3rd Instalment	4th Instalment	5th Instalment	6th Instalment
VAT - May				Total of the month				
VAT - June					Total of the month			
VAT - July						Total of the month		
VAT - August							Total of the month	
VAT - September								Total of the month

VAT - Quarterly Regime

Delivery Obligation Quarterly VAT	April	May 20	June	July	August 20	September	October	November 20
January to March (1T)		1st Instalment	2nd Instalment	3rd Instalment	4th Instalment	5th Instalment	6th Instalment	
April to June (2T)					Total			
July to September (3T)								Total

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This note is purely informative and is not an exhaustive analysis of all aspects of the regimes to which it refers. It is not a source of legal advice and should not serve as a basis for any decision making without qualified professional assistance. For further information, please contact us at geral@pintoribeiro.pt.