

COVID-19

Donations Tax Regime extended to SPMS - Shared Services of the Ministry of Health, Public entities and Hospital Institutions, and Public entities of Local Health Services

By Order No. 137/2020 - XXII of the Secretary of State for Tax Affairs, **the donations** made to SPMS - Shared Services of the Ministry of Health, Public entities and Hospital Institutions, and Public entities of Local Health Services, benefit from **the Donation Tax Regime**, under the Portuguese Tax Benefits Regime ('EBF'). However, the tax compliance obligations of this regime should be fulfilled.

Although it isn't clear the exact period for this extension. The Order mentions «as long as the emergency period due to the pandemic of the new coronavirus - COVID-19». This expression is partly mixed with the State of Emergency, thus leaving the question whether the extension is valid only during that period or until the date to be defined by Decree-law, in which the end of the exceptional situation is declared, as provided for in No. 2 of article 7 of Law No. 1-A/2020, of 19 March.

This extension will allow the **deductibility of these donations** for Personal Income Tax (PIT) and for Corporate Income Tax (CIT). Such donations are considered for the pursuit of social purposes, thus it may be considered the expenses on CIT in 140% of the respective amount donated.

Finally, regarding **the goods donations**, it should be noted that these can be materially delivered to public hospital entities, but the entities formally beneficiaries of the donations are responsible for complying with the ancillary obligations provided in article 66 of EBF, including the issuance of a document proving the amount of donations, with an indication of their legal framework. This obligation may be exceptionally fulfilled by a third party who intermediates the donations collections on behalf of the beneficiary, with the express consent of the beneficiary, and provided that the intermediary also maintains an updated register of the donors and provides to the beneficiary, in due time, the information necessary to fulfill the obligations to which he is subject.

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