

MARCH 2020

COVID 19 FISCAL MEASURES

The government has recently laid out a set of fiscal measures aimed at reducing the economic impact of the new coronavirus in Portugal.

Thus, **Order no. 104/2020-XXII**, of the 9th March, of the Secretary of State for Tax Affairs, was published, which provides for an extension of the deadlines for the fulfilment of reporting and payment obligations and, specifically, determined the following:

- Postponement of the Special Payment on Account from the 31st March to the 30th June;
- Extension of the deadline for submitting Model 22 (Corporate Income Tax Declaration + Payment/adjustment) until the 31st July; and
- Extension of the deadline for the first payment on account and the first additional payment on account from the 31st July to the 31st August.

This Order also established that an infection or prophylactic isolation as declared or determined by a health authority is considered a fair impediment to the fulfilment of tax reporting obligations, in relation to certified taxpayers or accountants.

A number of measures, which have not been made law, were also announced and can be summarised as follows:

1. Suspension for three months of tax enforcement proceedings filed by the Tax Authority or Social Security (ongoing proceedings or already filed);
2. Flexibility of the payment deadlines for second quarter reporting obligations (VAT and personal and corporate income tax withholding); These payment obligations may be fulfilled, without any requirement for guarantee, in one of the following ways:
 - immediate payment, on the usual terms;
 - interest-free payment in three monthly instalments; or
 - payment in six monthly instalments with interest for late payment applying to the three last instalments.

This measure applies to self-employed persons and companies with turnover of up to €10 million in 2018 or which have started trading from 1st January 2019.

Other companies or self-employed persons may request the same flexibility in the payment of these tax obligations when there has been a decrease in turnover of at least 20% in the average of the three months preceding the month in which this obligation is due, when compared to the same period of the previous year.

3. Flexibility of the deadline for payment of Social Security contributions. For companies with up to 50 employees, the following rules apply:
 - Social security contributions are reduced to one third in March, April and May;
 - The remainder for the months of April, May and June is settled from the third quarter of 2020, in terms similar to the instalment payment adopted for the taxes to be paid in the second quarter.

Companies with up to 250 employees can access this mechanism of reducing and fractioning the payment of social contributions for the second quarter of 2020 if they have seen a drop in turnover of 20%.

We will be updating this information as new pieces of legislation that establish these measures are produced.

PARES | Advogados is available to provide more detailed information on this issue and others that will suit the specific needs of each client, being able to offer all necessary support on Tax Law.

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