

JUNE 2ND, 2020

GOVERNMENT BUDGET 2020

MAIN CHANGES

PERSONAL INCOME TAX (IRS)

Work income – Young workers

The taxable persons subject to IRS who earn category A income, who are between 18 and 26 years old and are not considered as dependents become partially exempt from IRS in the first three years of work after the conclusion of the course of study equal or above the level 4 of the National Qualifications Framework.

This exemption is applicable to the taxable persons which earn a taxable income equal to or below €25,000.00¹, the exemption being of 30% in the first year, 20% In the second year and 10% in the third year, also having the limits, respectively of €3,291.08, €2,194.05 and €1,097.03².

The taxable persons may only benefit from this exemption one single time, with it still being dependent on the submission of the certificate which proves the conclusion of the course of study, through the Tax Authority Portal, until the 15th of February of the year following the first year in which the income is obtained after the conclusion of the course of study.

Upon the delivery of the annual IRS statement (Model 3), the option of exemption shall be checked, while the remaining income shall be taxed at the general rates but considering the totality of the income to assess the applicable rate (exemption with progression).

Capital gains resulting from the transfer of real estate to the particular sphere of a businessman

The transfer of residential real estate which is immediately allocated to obtaining category F income (income from property) to the personal assets of the businessman shall no longer be considered as a capital gain framed as category B income (professional and commercial income).

However, if resulting from that transfer the property does not generate property income on the following five years, its transfer to the particular sphere of the businessman shall be qualified as a category G income.

¹ Maximum amount foreseen for the fourth class of the n.º 1 of article 68.º of the IRS Code.

² These values amount, respectively, to 7.5 times the value of the IAS; 5 times the value of the IAS and 2.5 times the value of the IAS. Being that the value of the IAS in 2020 is €438.81.

Deductions of the descendants and ascendants

In relation to the increase foreseen for the dependents, of €126 and €63, respectively, for each dependent (under the terms of the n.º 2 of article 78.º-A of the IRS Code), it is established that the amounts are increased to €300 and €150.

Progressive rates

The limits of the classes of the general IRS rates table are changed, as according to the table below, with the respective taxes remaining unchanged.

Taxable income (euros)	Rates (percentage)	
	Normal	Average
	(A)	(B)
Up to 7,112	14.50	14.500
More than 7,112 and up to 10,732	23.00	17.367
More than 10,732 and up to 20,322	28.50	22.621
More than 20,322 and up to 25,075	35.00	24.967
More than 25,075 and up to 36,967	37.00	28.838
More than 36,967 and up to 80,882	45.00	37.613
More than 80,882	48.00	-

Local Housing

Under the scope of the simplified regime, the income from the operation of local housing establishments in the modality of house or apartment, located in containment area are now taxed on 50% of its amount (previously, 35%).

The income from the operation of local housing establishments in the modality of house or apartment, which are not located in containment area, remain taxable on 35% of its amount.

Payments on account

The holders of income which is not subject to tax withholding by the respective entities who own them, are now able to perform payments on account of the final tax due as long as the amount of each delivery is equal or above €50.

Tax withholding –Crowdfunding

The entities who manage crowdfunding platforms which have its registered office or effective centre of management in Portugal are now required to perform tax withholdings of IRS, related to the capital

income which they pay or make available.

Municipal Programs for Residential Leasing

Are now exempt from taxation, of IRS, the income from property obtained under the Municipal Programs of offering for residential leasing at accessible costs (being understood as such those which have as object, leasing and sub-leasing agreements for a minimum leasing time which may not be less than five years and of which the limit for the general rent price by typology does not exceed the price established in Decree n.º 176/2019, of the 6th of June), being that this exemption is dependent on its recognition by the Finance Minister.

Aggregation in the case of income from property

If the taxable person who benefits from the exemption applicable to income from property (obtained under the Municipal Programs of offering for residential leasing at accessible costs) obtains other incomes from this category and opts for its aggregation, the aggregation of these exempt incomes shall be mandatory (exemption with progressiveness). If no other incomes from this category are obtained or if it is not opted to aggregate the incomes, these will also not be considered for the determination of the marginal rate applicable to the global income of the taxable person.

Regime for Non-habitual Residents (RNH)

The IRS exemption under the scope of the regime of the RNH for pensions with a foreign source has been revoked.

In substitution, it has been introduced the taxation of these pensions at a fixed rate of 10%, which, however, will now specifically foresee early redemptions and receipts of amount of capital contributed during the duration of the work contract, even if they have not been subjected to taxation as dependent work income (category A of IRS), even if in lump sums, as long as they are qualified as pensions.

This new taxation at the rate of 10% is only established for the taxable persons who become residents after the 31st of March of 2020, safeguarding the application of the exemption for pensions from a foreign source which were in force up to this date for the RNH already registered as such, as well as for the taxable persons residing in Portugal until the 31st of March of 2020 and who requests the registration as RNH with effect from 2019 or 2020 (being, in either case, possible to opt for the application of the new regime).

Environmental Deductions

The Government is now able to create environmental deductions which focus on acquisitions of units of renewable production for own consumption as well as heat pumps with energetic class A or above, as long as allocated to personal use for effects of promotion and dissemination of decentralized energy production from renewable sources of energy and energy communities and the fostering of more efficient

equipment. The referred deductions shall have a global maximum limit of €1,000.

CORPORATE INCOME TAX (IRC)

Small and Medium Companies (PME)

The taxable persons qualified as PME who perform directly and primarily an economic activity of agricultural, commercial or industrial nature, will see its taxable amount increased, subject to the rate of 17%, to €25,000 (previously of €15,000).

Travel Passes

The costs supported with the acquisition of travel passes in benefit of the employees or of the retired employees of the taxable person, as well as the respective family members, will now be considered for the determination of the taxable profit at the rate of 130%.

Patents (Patent Box Regime)

The regime foreseen for the income from patents and other intellectual property rights has been changed: in order to be included in the determination of the taxable profit in half of its value, it is no longer only necessary that the intellectual property rights be subject to be registered, being now required for them to have been effectively registered.

In the set of intellectual property rights which are included in the determination of the taxable profit in half of its value, will now also be included the copyrights over computer programs.

Autonomous Taxation

The autonomous taxation rate of 10%, foreseen for passenger vehicles, commercial vehicles and motorcycles or motorbikes, will now be applicable to vehicles with an acquisition cost below €27,500.

The increase of the rate in 10 percentual points regarding the taxable persons with a tax loss shall not be applicable in the taxation period of the commencement of activity nor in following year.

In the case of GNV fueled passenger vehicles, the autonomous rates shall be of 7.5%, 15% and 27.5%, for, respectively, vehicles with an acquisition cost below €27,500, equal to or above €27,500 and below €35,000 and equal to or above €35.000.

TAX BENEFITS

Extension of Tax Benefits

The following tax benefits are extended until the 31st of December of 2020:

- Interest from the saving accounts of retirees;

- Interest from external loans and rents of leases of imported equipment;
- Financial services of public entities;
- Interest from loans conceded by non-resident financial institutions and gains and interest from swap and forwards operations made with the Government;
- Interest from term deposits from non-resident credit institutions;
- Regional wine commissions;
- Entities who manage integrated management systems of specific residue flows;
- Incomes from sports, cultural and recreational collectivities;
- Income from vacant lots;
- Support measures for road transportation of passengers and goods;
- Costs with car-sharing and bike-sharing systems;
- Costs with fleets of cycles;
- Cultural patronage;
- Deductions to taxable income of personal income tax;
- Transfers of goods and provision of services without charge (VAT);
- Taxation of the profits, resulting exclusively from the sea transport activity.

The referred tax benefits shall be subjected to a new evaluation during the present year.

Small and Medium Companies (PME) – Inland Areas

The taxable income subject to a reduced rate of 12.5%, applicable to the taxable persons who qualify as PME and perform an activity in inland areas, is increased to €25,000 (Previously €15,000).

The Government is now also able to create a regime for tax benefits under the scope of the Program for the Valorization of the Interior, in order to establish the tax deduction, up to 20% of the costs suffered during the period, that have exceeded the value of the national minimum guaranteed wage, with the creation of workstations in the inland territories, having as limit the tax of the period of taxation. The inland territories to which the referred regime shall be applicable will be defined through Government decree.

Reorganization of entities as the result of restructuring operations or cooperation agreements

The regime of exemption of IMT, Stamp Duty and of fees and other legal costs, derived from a reorganization as the result of restructuring operations or cooperation agreements, is broadened, being now applicable, in general, to all entities.

Support measures for the road transport of passengers and goods

The deduction of the costs supported with the acquisition of liquefied petroleum gas for the fueling of vehicles, in the amount corresponding to 120% is no longer foreseen. It remains, however, the possibility

of deduction related to electricity in an amount corresponding to 130% and the deduction regarding the vehicular natural gas in an amount corresponding to 120%.

Incentives for urban rehabilitation and residential leasing at accessible costs

The conditions for the consideration of rehabilitation intervention on buildings as “Rehabilitation Actions” are now altered, namely it is now foreseen that the demand for the attainment of the conservation level considered, at the minimum, as being “good”, is in relation to works performed on the four years preceding the date of the request for evaluation (previously the period was of two years).

It is now foreseen the exemption in IRS and IRC for the period of duration of the contracts, the income from properties obtained under the scope of municipal programs of offering for residential leasing at accessible costs.

Legislative Authorizations

The Government is now authorized to create a regime of tax benefits under the scope of the Forest Savings Program (PPF), regulated by the Program for Stimulus to the Financing of the Forest. Under these terms an exemption in IRS of the interest derived of PPF may be allowed, as well as to allow a tax deduction of up to 30% and with a maximum limit of €450 per taxpayer.

TAX CODE OF INVESTMENT

Deduction for Profits Withheld and Reinvested (Tax Code of Investment – CFI)

The withheld profits shall now be deductible for the 4 taxation periods following the one in which the profit was withheld. Additionally, for the effect of this deduction, the maximum amount of withheld and reinvested profits shall go from the current €10,000,000 to €12,000,000, per taxpayer.

The notion of relevant applications for the purpose of reinvestment is broadened, being now also considered as such the intangible assets, consisting of expenses with the transfer of technology, namely through the acquisition of patent rights, licenses, know-how or technical knowledge not protected by patent, as long as these are subject to amortizations or depreciations for tax effects and which have not been acquired from entities with which exists special relations.

In what concerns the assets acquired under the regime of leasing, the taxable deduction of IRS, is subject to the exercise of a purchase option by the taxpayer, of which the deadline has increased from 5 years to 7 years, counting from the date of acquisition.

System of Tax Incentives for Business R&D (SIFIDE II)

The SIFIDE II is now in force until the taxation period of 2025.

For this subject, are relevant the changes related to the participation in the share capital of research and

development institutions and public or private investment funds which have as object the financing of companies dedicated to R&D, which are concretized in the following measures:

- In first place, an obligation arises for the maintenance of the participations in these funds for five years, under penalty of loss of the right to deduction and the addition to the taxable amounts of IRC, plus compensatory interest.
- In second place, regarding the investments made, arises the obligation of the acquirers to send to the Agência Nacional de Inovação, S.A., until the 30th of June of each year, the last annual audited report, as well as a document which demonstrates the investments performed by those funds or institutions in the previous year, to be solicited when possible to the Agency, the issuance of a declaration of conformity of the foreseen investment policy.

VALUE ADDED TAX (IVA)

Exemption

Are now exempt from VAT the provision of services performed by psychologists, as well as those performed by interpreters of Portuguese sign language.

Right to deduction

The VAT from electricity used in electric vehicles or plug-in hybrids is now deductible.

Taxable persons exempt from VAT

The limit for the exemption applicable to the taxable persons who do not possess organized accounting and who do not perform import or export operations, is increased, setting such limit at €11,000 for 2020 and €12,500 starting in 2021 (previously of €10,000).

Bad debts and doubtful debts

Are now considered as doubtful debts the credits which have been in default for more than 12 months (previously, 24 months) since the date when they have been due, as long as there is objective evidence of impairment and of having been performed diligences for its receipt.

The request for previous authorization for the deduction of the tax will now have to be answered in 4 months (previously, eight months), after said period the request shall be considered to have been refused, keeping the exception for the credits with a value below €150,000 (VAT included).

The certification required for the effect of regularization will now be able to be performed by an independent certified accountant, in the situations in which the regularization does not exceed the

€10,000 per periodic declaration. In the remaining cases the requirement of certification by a Certified Public Accountant shall remain.

In what concerns the recovery of VAT related to bad debts, of which the regularization is not dependent on the request for previous authorization, it is determined that the certification must be performed until the end of the term established for the delivery of the periodic statement or until its date of delivery, when it occurs outside of the deadline.

It is also established that the demanded certification for the deduction of the tax related to bad debts, can also be performed by an independent certified accountant, as well as by a Certified Public Accountant.

Implementation of the reduced VAT rate

Are now subject to VAT at a reduced rate (i) the treated residual wastewater, (ii) the entries to zoos, botanical gardens and public aquariums, as well as exhibitions (excluding the entries to bullfighting spectacles, to which the normal VAT rate is applied), (iii) the provision of services which consist in providing the visit, guided or not, to buildings classified as of national, public or municipal interest and to museums which fulfill the requisites foreseen in the Framework Law of the Portuguese Museums, with the exclusion of the for-profit ones, which do not benefit from the exemption foreseen in n.º 13 of article 9.º of the VAT Code.

VAT reimbursement

The Institute for the Conservation of Nature and Forests I.P (ICNF, I. P.) and the non-profit entities of the national science and technological system will now benefit from the, total or partial, reimbursement of the VAT, supported in certain acquisitions of goods or services.

Legislative authorizations

The Government is allowed to:

- Food and beverage services – alter the item 3.1 of the List II of the VAT Code, in the sense of amplifying its application to other provisions of services of beverages, applying it to beverages which are excluded. In the alterations to be introduced, the conclusions of the joint ministerial group, which was created for that effect, must be taken into account.
- Utensils made for persons with deficiency or incapacity – proceed with the alteration of items 2.6, 2.8, 2.9 and 2.30 of the List I annexed to the VAT Code, related to goods and services subjected to the reduced rate.
- VAT of electricity – create electricity consumption classes based on the contracted power structure existing in the electric market, allowing the application of the reduced or intermediate VAT rate to provisions of electricity related to a contracted low consumption power, but must as well delimit the application of the referred taxes in order to mitigate the adverse environmental impacts which result from excessive consumptions of electricity.

STAMP DUTY (IS)

Exemption for treasury operations

The IS exemption on loans to cover treasury needs, when granted by companies in favour of companies controlled by them or companies in which they hold a participation in the share capital of not less than 100% or whose acquisition value is no less than €5,000.000, will only apply when the participation has remained in the ownership of the company for a consecutive year or since the incorporation of the participated entity, provided that in the latter case, the participation be maintained during that period.

The exemption no longer makes a special reference to loans granted by venture capital companies (VCC) to their subsidiaries and the general rule of exemption applies to them.

A final note to mention that this exemption for treasury operations will only apply when they are carried out by commercial companies. Loans granted by individuals (previously also related to treasury operations) are now only exempt from IS when they have the characteristics of shareholder loan (and, as such, are granted for a period longer than one year), provided that the remaining legal requirements are met.

Exemption for centralised cash management contracts (cash-pooling)

The IS exemption for financial transactions between companies in a control or group relationship becomes autonomous and applicable to loans, for a period not exceeding one year, under a centralised cash management contract (cash-pooling operations). It also defines the existence of a controlling or group relationship when a company, said to be dominant, has held, for more than one year, directly or indirectly, at least 75% of the capital of another or other companies said to be dominated, provided that such participation confers more than 50% of the voting rights.

Consumer credit

The increase of 50% on the IS rates on consumer credit have remained. Additionally, the rates are increased to (i) 0.2115% for credits with a maturity of less than one year, per month or fraction (currently 0.192%); (ii) 2.64% for credits with a maturity of one year or more, as well as for credits with a maturity of five years or more (currently 2.4% for both cases). Regarding credits for an indefinite period, the rate applicable to the average monthly debt will rise to 0.2115% (currently 0.192%).

Registration in the Accounts

The changes to the items declared in the IS Monthly Statement shall be recorded in the accounts.

Restructuring Operations

The IS exemption for restructuring operations, such as mergers, divisions and transfers of assets, shall now apply operations of transfer of a commercial, industrial or agricultural establishment (transfer of

shares) necessary for restructuring or cooperation agreements.

Legislative Authorization for incentive to exportation

Legislative authorisation is granted, subject to approval by the European Union, for the creation of IS exemptions on premiums and commissions related to export credit insurance policies, with or without a guarantee from the Government, with possible inclusion of other forms of guarantees for the financing of exportation.

PROPERTY

Municipal Tax on Real Estate Transfer (IMT)

Expiration of IMT exemption for acquisition of real estate by credit institutions

The IMT exemption applicable to the acquisition of real estate by credit institutions and commercial companies controlled by them, in the scope of, among others, execution proceedings, bankruptcy, insolvency or giving in compliance, ceases to apply if these real estate are sold to entities with special relationships, even if the sale occurs within 5 years.

New IMT rate for the acquisition of housing buildings

A new IMT rate of 7.5% is introduced, applicable to the acquisition of urban buildings destined for housing, whose taxable base (as a general rule, the higher value between the acquisition value and the tax value) is higher than €1,000,000.

Currently, a maximum rate of 6% is foreseen for the acquisition of urban buildings destined for housing, whose taxable base is higher than €574,323 (in the case of owner-occupied and permanent housing) or €550,836 (in the case non owner-occupied and permanent housing).

Right in Rem of Long-Term Housing

It is established that, in cases of constitution of a right in rem of long-term housing that focuses on urban buildings or building units of urban buildings destined exclusively for own and permanent housing, the IMT will focus on the value of the deposit.

It is foreseen that the right in rem of long-term housing will be included in the category of other rights in rem of use, such as usufruct and use or lifetime housing, which determine the application of a specific form of calculation for the value of the property, already foreseen in the IMT Code.

It is stipulated that the current value, at the time of constitution of the right in rem of long-term housing, always corresponds to the value contained in the contract, paid by the resident as a deposit.

Municipal Property Tax (IMI)

Rural Buildings

The following are now considered rural buildings:

- Land which is normally used for commercial and industrial purposes, provided that it is used for or, in the absence of any specific use, for livestock farming and is considered to be a farmland;
- Land situated within an urban area, provided that, by a legally approved provision, it cannot have any income-generating use or can have income-generating use of livestock income (in addition to agricultural and forestry income) and is in fact being used for this purpose.

Buildings of Low Asset Value of Taxpayers with Low Income

The IMI taxpayer who, on the 31st of December of the year to which the tax relates, is living in a retirement home, in a health institution or in the tax domicile of certain relatives and related persons may benefit from the IMI exemption if, until that date, he demonstrates to the Tax Authority that the building or part of the urban building previously constituted his own permanent residence.

Property Tax Value of Buildings classified as “Others”

In determining the tax value of buildings with economic autonomy and included in the category of "other" buildings, only the land corresponding to the area effectively occupied with the implantation of the building should be considered.

Buildings situated in more than one parish

Rural buildings or unfenced urban buildings that are located in more than one parish must be registered in the parish where the largest area or the largest number of buildings is located, respectively.

Aggravated Tax Rate of Vacant or Ruined Buildings, extended to Land for Construction in Urban Pressure Zones

The recent increased IMI rate created for vacant or ruined buildings has now been extended to land for construction in urban pressure zones as well. In addition, these buildings must be identified by the municipalities, communicated to the Tax Authority and disclosed on the Internet, under legally defined terms and deadlines.

Revocation of IMI exemption for classified buildings

The exemption from IMI granted to buildings classified as national monuments and to buildings individually classified as being of public or municipal interest shall be revoked.

Instalment Payments of IMI for married taxpayers - tax residence

Regarding the tax payment, the spouses who are not legally separated from persons and property or in a non-marital partnership that have buildings or part of urban buildings assigned to their own permanent residence and in which the respective tax domicile is established and, also in the case of co-ownership buildings, may now benefit from the payment of IMI in instalments: (i) in one instalment if the tax is equal to or less than €100; (ii) in two instalments if the tax is more than €100 and equal to or less than €500; and, (iii) in three instalments if the tax is more than €500.

Guarantees

Concerning the time limits for complaints and appeals, they are to be counted from the end of the period for voluntary payment of the last or only tax instalment.

VEHICLE TAX (ISV)

In the cylinder capacity component there is a general increase in the order of 0.3%.

As for the environmental component, following the extinction of the transitional regime that came into force in 2019 and which implemented a new method for measuring CO₂ emissions, the creation of specific rate tables has now been determined. These rates will be applicable to vehicles measured under this new calculation system, and there will now be rates for the two methods of determining CO₂ emissions, NEDC (New European Driving Cycle) and WLTP (Worldwide Harmonised Light Vehicles Test Procedure).

CAR CIRCULATION UNIFIED TAX (IUC)

In this context, there is a general increase of around 0.3% in the value of the IUC.

As it happens with the ISV, the tax tables are also reformulated in the IUC to include, with reference to tax exemptions dependent on CO₂ emissions, the situations calculated by the new method, WLTP.

Diesel Vehicles

The additional IUC for diesel vehicles falling into categories A and B is maintained. 1st

Light-duty Passenger Vehicles powered by LPG

For light-duty passenger vehicles powered by LPG, these no longer benefit from a reduced rate, becoming subject to the general rates.

EXCISE DUTIES (IEC)

Tax on Alcoholic Beverages and Non-Alcoholic Beverages containing Added Sugar (IABA)

A general increase in the order of 0.3% is expected.

The rate of tax applicable to spirit drinks declared for consumption in the Autonomous Region of Madeira increases to €1,241.29/hectolitre.

The rates for beverages containing added sugar (non-alcoholic beverages or concentrates) increase according to the sugar content and the state in which the beverage is presented, be it liquid or solid.

Tax on Oil and Energy Products (ISP)

Regarding the consumption of oil and energy products for electricity production, there is a general increase in taxation.

Specifically, the consumption of fuel oil and gas for electricity production, which have benefited from the ISP/CO₂ exemption, are now partially taxed, 25% and 10%, respectively of the tax rate applicable to other uses. However, facilities covered by the CELE (ETS) regime will remain exempt from both in the CO₂ component. Additionally, in the Autonomous Regions the consumption of both products will remain equally exempt. For coal consumed to produce electricity and heat, the ISP rate will rise to 50% of the ISP rate and the CO₂ Addition rate for coal consumed for other uses.

Tobacco Tax (IST)

For cigarettes produced and consumed on the continent, the specific component rates are increased by 4.98% (to €101/1000 items) and the ad valorem component rate is reduced from 15% to 14%. The minimum tax to be charged on the most popular retail price category is increased from 104% to 102%.

In the Autonomous Region of the Azores manufactured cigarettes are expected to be subject to at least 78% of the tax and in the Autonomous Region of Madeira to 89%.

The addition regarding heated tobacco, which now constitutes an autonomous category and is subject to the specific component rate, in this case €0.0837/g, while the ad valorem component rate remains unchanged. It has also been determined that the tax on this category of tobacco may not be less than €0.180/g.

TAX JUSTICE

Counter-interested parties in tax procedures

It is stipulated that, in the event of a Legal Challenge, it is mandatory to demand the counter-interested parties to whom the admissibility of the case may directly affect, or who have a legitimate interest in maintaining the contested act, and who can be identified on the basis of the material relationship in question or the documents contained in the administrative file.

Period of Suspension of Deadlines for Notifications and Declaratory Obligations

It is established that, by the end of the second quarter of 2020, the Government will present a study, elaborated in articulation with the Certified Accountants Order and with representative associations of the sector, on the possibility and conditions of creation, in the scope of the organization of the fiscal calendar, a period of suspension of the deadlines of notifications and of the declaratory obligations, in order for it to be established from 2021 onwards.

Enforced Collection of Non-Taxable Debts by the Tax Authority

It is expected that during the first half of 2020, the Government will undertake an overall review of the way in which the phase preceding the commencement of tax execution proceedings - which includes the review of the minor offence procedure for collection of debts relating to toll rates - is conducted, as well as the analysis of the current model of enforced collection of non-tax debts by the Tax Administration, with a view to reducing the number of existing tax execution proceedings.

Settlement of Accounts

When paying tax obligations, micro or small companies that have overdue and unpaid tax credits may take advantage of the respective settlement of accounts and must pay only the difference between the receivable and payable amounts.

Non-compliance of declaratory obligations with Social Security

The decriminalisation of non-compliance with the obligation to declare quarterly to Social Security the total value of the income associated with activities is established, for e.g. no penalty - of any fine - for failure to file the quarterly income declaration, but only with reference to non-compliance occurring in the year 2019.

CONTRIBUTIONS

Extraordinary contribution on the energy sector (CESE)

The extraordinary contribution regime for the energy sector remains in force.

The Government is authorized, for a period of 90 days, to change the regime of the CESE, changing the rules of incidence or reducing the respective rates according to the reduction of the tariff debt of the National Electric System and corresponding reduction of the need to finance social and environmental policies of the energy sector.

Extraordinary Contribution on the Suppliers of the Medical Device Industry of the National Health Service (SNS)

The regime creating an extraordinary contribution from SNS suppliers of medical devices and *in vitro* diagnostic medical devices is hereby approved.

This contribution shall be made to suppliers who invoice SNS entities for the supply of *in vitro* diagnostic medical devices and other devices and their accessories.

Large sized *in vitro* diagnostic medical devices for treatment and diagnosis are excluded from this regime.

The contribution will concern the total value of the purchases of the aforementioned devices, deducted from the value added tax (VAT).

The rates applicable under this regime are:

Annual Value (euros)	Rate (percentage)
From 2,000,000 to 5,000,000	1.5
From 5,000,000 to 10,000,000	2.5
Equal or higher than 10,000,000	4

It is also possible to conclude agreements between the State and the associations of suppliers in order to set maximum values for public expenditure with the purchase of medical devices and reagents, exempting the entities that join the said agreement from the contribution provided for in the present regime.

GOLDEN VISA

The Government Budget Law for 2020 provides a legislative authorisation for the Government to review the system of residence permits for investment activity (alias "Golden Visa").

This authorisation provides for the promotion of investment in low density regions, investment in urban requalification, cultural heritage, activities of high environmental and social value, productive investment and job creation. To that extent, the authorisation stipulates that Golden Visa, as far as real

estate investment is concerned, should be limited to the territory of the Intermunicipal Communities (CIM) of the interior and the Autonomous Regions of Madeira and the Azores.

On the other hand, the authorisation states that the figures for job creation should be increased.

LIBERAL PROFESSIONS AND PROFESSIONAL COMPANIES

Within the scope of the Major Options of the Plan for 2020, the implementation of the suggestions presented by the Competition Authority is foreseen, in the context of the preparation of an Action Plan for the Legislative and Regulatory Reform of the Liberal Professions of 2018, which defends measures such as the elimination of practices that limit access to regulated professions and the end of the prohibition of multidisciplinary companies, composed of lawyers, consultants and other professionals.

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Marta Gaudêncio
msg@paresadvogados.com

Maria Norton dos Reis
mnr@paresadvogados.com

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