DYNAMIC
LEGAL
ADVISORS

LEGAL ALERT · VAT

Correction of Invoices and VAT Adjustment

Circular No. 25120, dated July 28, 2026, from the Tax and Customs Authority (AT)

REPEALS CIRCULAR LETTER No. 33129/1993, DATED APRIL 2

Correction and Adjustment: What Is the Procedure?

Background: The Tax Authority (AT) has standardized procedures in light of the digitization of invoicing, case law, and Decree-Law No. 97/2026 of May 20. A credit note serves only to correct the necessary details, not to void invoices.

Formal error: Cancellation	**Tax ID number, address, description of goods or services** The invoice is voided and a new one is issued with the transaction date. No regularization or replacement declaration is required.
Non-existent transaction: Cancellation	**Transaction that never took place** The invoice is voided. If the periodic return has already been filed, a replacement return must be submitted.
Article 78(2): Optional	**Returns and discounts** Credit memo by the end of the period following the event, in field 40 of the periodic return.
Legal error: 4 years	**Exemption, tax, or reverse charge** Overpayment: credit note (field 40). Underpayment: debit note and replacement return.

Evidence (Article 78(5) of the VAT Code): traceable digital means are accepted; tacit acceptance is not sufficient.

Item 2.42 and calculation of outstanding tax

Background: adjustments to the reduced 6% rate for Item 2.42 of List I attached to the VAT Code (housing), added by Decree-Law No. 97/2026, and calculation of outstanding VAT according to the principle of neutrality.

In favor of the State: Field 41	**Failure to meet the conditions** Sale exceeding EUR 660,982 or rent exceeding EUR 2,300: replacement return. All other cases: field 41.
In favor of the taxpayer: Field 40	**Conditions met at a later date** The difference between 23% and 6% must be settled within 4 years (Article 45 of the General Tax Law).
Outstanding VAT, B2B: Added	**Possible pass-through** Debit note for the total tax amount and a substitute return for the period in which the tax became due.
Unpaid VAT, consumer: Internal	**Pass-through not feasible** VAT is considered included in the price: EUR 1,000 results in EUR 186.99 in tax.

Exempt (Articles 9 and 53 of the VAT Code): the credit is transferred to field 61 and may be refunded.

Deadlines for Adjustments

RELEVANT DEADLINES



Recommendations

1. Adapt the invoicing software to issue credit and debit notes containing only VAT until December 31, 2026.

2. Review internal procedures: distinguish between formal errors, non-existence of a transaction, cancellation of a transaction, and legal errors.

3. Implement traceable proof of acknowledgment of credit notes and eliminate tacit acceptances.

4. Map transactions covered by provision 2.42 and contractual clauses regarding the pass-through of VAT.

Prepared by the Tax Law Department



Maria Norton dos Reis
PARTNER



Carolina Menezes
ASSOCIATE