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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect taxation and tax administration
VAT and other turnover taxes

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VAT in the European Community

**APPLICATION IN THE MEMBER STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS,
INFORMATION NETWORKS, ETC.**

Note

This document collates a range of basic information on the application of VAT arrangements in the Member States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

PORTUGAL

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GENERAL INFORMATION

1. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, E-MAIL)

Foreign traders wishing to obtain information on the Portuguese VAT system should contact:

DIRECÇÃO-GERAL DOS IMPOSTOS
DIRECÇÃO DE SERVIÇOS DO IVA
AVENIDA JOÃO XXI, 76
1049-065 LISBOA
TEL: (+ 351) 21 761 00 00 (switchboard)
(+ 351) 21 761 03 37 (direct)
(+ 351) 21 761 03 38 (direct)
FAX: (+ 351) 21 793 65 08
E-MAIL: dsiva@dgi.min-financas.pt

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT ARE AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGES?

Website address: <http://www.portaldasfinancas.gov.pt>

Information available on this website includes the Portuguese VAT Code (adopted by Decree-Law No 394-B/84 of 31 December 1984 and its subsequent amendments), VAT rules governing intra-Community transactions (adopted by Decree-Law No 290/92 of 28 December 1992 and its subsequent amendments), administrative rules interpreting certain tax laws (circulars, memoranda and related information), forms and Frequently Asked Questions).

This information is available in Portuguese.

The link below gives some information on the Portuguese tax system, including VAT, in English.

http://info.portaldasfinancas.gov.pt/pt/docs/Conteudos_1pagina/NEWS_Portuguese_Tax_System.htm

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

This information is available in Portuguese on the website given in Point 2.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHAT ARE THE CIRCUMSTANCES GOVERNING THE NEED TO BE REGISTERED FOR VAT?

All natural or legal persons who are involved in production, trade or the supply of services on an independent and habitual basis must be registered for VAT purposes.

Entities exempt under the terms of Article 9 of the Portuguese VAT Code (Articles 132, 135 and 136 of the VAT Directive) must also register for VAT purposes.

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR THE TAX? IN SUCH CASES, IS IT POSSIBLE TO REGISTER ON A VOLUNTARY BASIS?

In the case of transactions of goods and services for which the Directive makes provision for the reverse charge procedure and where the supplier does not have a head office, permanent establishment or domicile within the territory of the Member State where the transaction is deemed to have taken place, the debtor in Portugal, in accordance with the rules on location (situations listed in Articles 195, 196 and 197 of the VAT Directive), is the taxable person who purchases the goods or services. In such cases the supplier does not have to register for VAT in Portugal.

Additionally, Portuguese legislation contains a provision allowed under Article 194 of the VAT Directive to the effect that recipients of goods or services, on condition that they are taxable persons liable for VAT in Portugal, are required to discharge and pay the tax if the supplier of the goods or services is an entity without a head office, permanent establishment or domicile in Portugal and has not appointed a tax representative in Portugal and notified the recipient of this fact.

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO GET REGISTERED FOR VAT? (DETAILS ABOUT THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE AND FAX E-MAIL...)

The declaration of commencement of trading for VAT purposes may be submitted electronically on the site <http://www.portaldasfinancas.gov.pt>, selecting the options Entregar/Actividade/Declaração de Início de Actividade, or at any tax office, orally or using the appropriate form (form 1886 of the *Imprensa Nacional Casa da Moeda*). Natural persons may also take their declarations to citizens' advice bureaux (*Lojas do Cidadão*).

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING NECESSARY DOCUMENTS) FOR ISSUING VAT IDENTIFICATION NUMBERS, SPECIFICALLY TO FOREIGN TRADERS.

Before submitting the declaration of commencement of trading referred to in point 6, a foreign company with regular business activities in Portugal, regardless of whether or not it has a permanent establishment on Portuguese territory, wishing to obtain a VAT identification number, should apply to:

REGISTO NACIONAL DE PESSOAS COLECTIVAS
Praça Silvestre Pinheiro Ferreira, 1 – C, Apartado 4064
1501-803 LISBOA
TEL: (+351) 21 771 43 00 ou (+351) 707 20 11 22

E-mail address: rnpc@dgrn.mj.pt

Website address: http://www.irn.mj.pt/sections/irn/a_registral/rnpc

Foreign traders must submit an extract from the trade registry of their country of origin and complete a form available on the website of the national registry of legal persons (*Registo Nacional de Pessoas Colectivas*). If the application is submitted by a company's legal representative, he or she must submit the relevant power of attorney.

For natural persons, VAT numbers are issued by the Directorate-General for Taxation (Direcção-Geral dos Impostos). Applications can be made to any tax office or citizens' advice bureau.

THRESHOLDS

8. WHICH THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF THE VAT DIRECTIVE (2006/112/EC)?

€31 424.27

9. WHICH THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER THE SECOND SUBPARAGRAPH OF ARTICLE 3(2) OF THE VAT DIRECTIVE (2006/112/EC)?

€8 978 36

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS (NOT ESTABLISHED IN THE EU)

10. WHAT ARE THE SITUATIONS IN WHICH THE APPOINTMENT OF A TAX REPRESENTATIVE IS OBLIGATORY?

A tax representative must be appointed by non-resident taxable persons having no permanent establishment in Portugal and who do not have a head office, permanent establishment or domicile in another Member State whenever they are engaged in the supply of goods and services subject to VAT.

These traders are released from the obligation to register and appoint a representative only if they are only engaged in the supply of goods referred to in Annex C to the Portuguese VAT Code (Annex V to the VAT Directive) exempted under the terms of Article 15(1)(d) of that Code (Articles 156 and 157 of the VAT Directive).

11. WHAT RULES HAVE TO BE OBSERVED IN THE APPOINTMENT OF A TAX REPRESENTATIVE?

A tax representative must be a taxable person with a head office or permanent establishment in Portugal and must hold the requisite power of attorney.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

Tax representatives are liable for the tax on transactions undertaken by their principals in Portugal and must comply with all obligations in terms of registration, submission of tax returns and payment of tax on those transactions.

A taxable person without an establishment in Portugal is jointly and severally liable with the representative for payment of the tax.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER COUNTRY TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

Failure to appoint a tax representative means that the recipient of the goods or services, if acting as a taxable person, is required to pay the tax.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

No. Although a tax representative has to be appointed, no bank guarantee has to be provided by the representative or the person represented.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. IS IT POSSIBLE TO APPOINT A TAX REPRESENTATIVE?

Non-resident taxable persons having no permanent establishment in Portugal, but who have a head office, permanent establishment or domicile in another Member State and who are involved in the supply of goods or services in Portugal are not required to appoint a tax representative, although they are at liberty to do so if they wish.

Where these traders who have not appointed a tax representative supply goods and services to taxable persons in Portugal, the recipient of the goods or services is deemed to be the taxable person, and the non-resident taxable person is not required to comply with any obligation in respect of those transactions.

Any taxable person may appoint an agent to carry out routine formalities or represent them in tax cases which are not personal in nature.

16. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

See replies to questions 11 and 15.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

See replies to questions 12 and 15.

18. ARE THERE SITUATIONS WHERE IT IS OBLIGATORY TO SET UP A BANK GUARANTEE?

There are no circumstances in which traders domiciled in the Community who carry out transactions on Portuguese territory are required to provide a bank guarantee.

INVOICING

RULES ON INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS, GUIDELINES...) BE FOUND?

Rules governing invoicing are set out in the Portuguese VAT Code, as amended in accordance with Decree-Law No 256/2003 of 21 October 2003. The technical conditions

for issuing, storing and archiving electronic invoices are laid down in Decree-Law No 196 of 15 May 2007.

Order No 1370 of 19 October 2007 lays down the conditions for the electronic filing of invoices and sales receipts issued in paper form.

These laws and administrative instructions can be found on the website of the Portuguese tax authorities.

ISSUING OF INVOICES

20. WHAT ARE THE CASES WHEN AN INVOICE NEEDS TO BE ISSUED

(a) Except in the cases covered by paragraph (b) below, the obligation to issue an invoice for each supply of goods or services on Portuguese territory by taxable persons registered for VAT in Portugal is unrelated to the status of the recipient of the goods or services concerned.

(b) Taxable persons solely undertaking exempt transactions under the terms of Article 9 of the Portuguese VAT Code (Articles 132, 135 and 136 of the VAT Directive) are not required to issue invoices for VAT purposes in the same way as taxable persons covered by the special exemption arrangements contained in Article 53 of the Portuguese VAT Code.

Taxable persons exempt under the terms of Article 53 of the Portuguese VAT Code must always, when issuing invoices for goods or services supplied, add the wording “IVA – Regime de isenção” (VAT – exemption scheme).

If the recipient is a natural person and the transaction is settled in cash, an invoice does not have to be issued for the following activities, and can be replaced by a sales receipt (Article 40 of the Portuguese VAT Code):

- supplies of goods by retailers and street traders;
- supplies of goods through automatic vending machines;
- supplies of services for which it is normal to issue a slip, admission or transport ticket, voucher or other printed bearer document proving payment has been made;
- other supplies of services with a value of less than €10.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT/DEBIT NOTES)?

Corrective invoices (debit notes, credit notes, etc) are treated as invoices, and must contain the same details and comply with the same rules as invoices.

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

For domestic transactions, invoices must be issued no later than the fifth business day from the day on which the tax becomes due, and for intra-Community transactions, no later than the fifteenth day of the month following the month in which the tax becomes due.

23. WHAT ARE THE RULES FOR SUMMARY INVOICING?

Taxable persons may, where they consider it to be more convenient, issue summary invoices covering a month or any shorter period. If this option is used, a delivery note or advice must be issued for each transaction. The delivery note or advice in conjunction with the invoice provide all the information legally required for invoices.

24. WHAT ARE THE CONDITIONS IMPOSED ON SELF-BILLING?

Recipients of goods or services may draw up invoices in the name and on behalf of the taxable person (so-called “self-billing”) if both the following conditions are met:

- there is a prior written agreement between the taxable person supplying the goods or services and their recipient that the recipient will issue the invoice;
- the recipient must be able to prove that the supplier of the goods or services knows that an invoice has been issued and accepts its content.

Note that prior authorisation is needed from the Directorate-General for Taxation for the issue of invoices by recipients of goods or services who do not have a head office, permanent establishment or domicile in any Member State, and it may set specific conditions.

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICES TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

Prior authorisation is needed from the Directorate-General for Taxation for invoices to be issued in the name and on behalf of the taxable person by a third party (referred to as “outsourcing”) who does not have a head office, permanent establishment or domicile in any Member State, and it may set specific conditions.

CONTENT OF INVOICES

26. UNDER WHAT CONDITIONS MUST THE VAT NUMBER OF THE CUSTOMER BE ON THE TAX INVOICE?

The customer's VAT number must always be quoted on the invoice if the customer is a taxable person registered for VAT in Portugal, or, in the particular case of intra-Community transactions, if the customer is a taxable person registered in another Member State.

27. ANY OTHER SPECIFIC RULE IN RELATION TO THE CONTENT OF THE INVOICE

For VAT purposes invoices need only contain the particulars specified in Article 226 of the VAT Directive.

ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE-SIGNATURE-CREATION DEVICES? IF SO, PLEASE SPECIFY.

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29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER OBLIGATORY? IF SO, PLEASE GIVE DETAILS OF ITS CONTENT AND PROCEDURE.

There is no such requirement in Portuguese legislation since 1 January 2007.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO THE SECOND SUBPARAGRAPH OF ARTICLE 233(1) OF THE VAT DIRECTIVE (2006/112/EC) ("BY USING ANY OTHER ELECTRONIC MEANS")? IF SO, UNDER WHICH CONDITIONS AND FORMALITIES?

The relevant legislation does not provide for the use of other methods.

31. ANY OTHER SPECIFIC RULE IN RELATION TO ELECTRONIC INVOICING

The technical conditions for issuing, storing and archiving electronic invoices are laid down in Decree-Law No 196 of 15 May 2007.

STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

Taxable persons who have a head office, permanent establishment or domicile on Portuguese territory are required to keep their books, records and other documents, including invoices, at an establishment or premises located in Portugal, unless they are stored in electronic form.

Taxable persons resident in Portugal may store in electronic form invoices issued electronically in any Member State of the Community.

Non-resident taxable persons (who do not have a head office, permanent establishment or domicile on Portuguese territory) may keep their paper or electronic files in Portugal or in any other Member State of the Community.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE SPECIFY.

The storage of invoices outside the Community territory, either by non-resident taxable persons or by persons resident in Portugal (although in the latter case this possibility is limited to electronic storage) is in all cases subject to prior authorisation by the Directorate-General for Taxation, which may set specific conditions.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

10 years.

35. WHAT ARE THE SPECIFIC RULES ON STORAGE FORM AND POSSIBLE CONVERSIONS?

Electronic storage is permitted for invoices issued electronically on condition that full, on-line access to the data is guaranteed and the integrity of the source and contents is assured.

Electronic storage is also permitted for invoices and sales receipts issued in paper form where the technical specifications of the law are met.

36. ANY OTHER SPECIFIC RULE IN RELATION TO INVOICE STORAGE.

The electronic system for storing invoices or equivalent documents must, for the legally-stipulated periods, ensure:

- accessible and legible information, notably for use by the tax administration, regardless of the systems and technologies used, so that the stored information can be read, exported or extracted in document form;

- methods for checking the integrity of tax-relevant information, preventing it from being altered, becoming unusable or being destroyed;
- storage of information required for reconstruction of past transactions;
- preservation of updated technical documentation for computerised invoicing systems which enable their operational integrity to be assessed in an intelligible manner.

Electronic invoices and equivalent documents which have been filed electronically must be accessible online, whenever requested by the tax administration, from the premises of the taxable person where the inspection is taking place. At present, it is not necessary for them to be accessible directly by the inspection team or to be sent by e-mail.

Electronic invoices must be stored in the format in which they were originally issued or received to ensure all the original details of messages exchanged between the parties are preserved.

The information contained in the invoices must be as legible as a commercial invoice in paper form, so that all the mandatory details in the invoice (as specified in Article 36(5) of the Portuguese VAT Code) can be viewed.

SIMPLIFIED INVOICES

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 238 OF THE VAT DIRECTIVE? AND WHAT ARE THE SPECIFIC RULES?

Portuguese law (Article 40(5) of the Portuguese VAT Code) gives the Minister of Finance discretion to approve dispensation from issuing invoices on an exceptional basis and only for categories of taxable persons supplying low-value services of a uniform and repetitive nature to the public.

In those cases, the document to be issued is a simplified invoice, which, in principle, must contain the following details: identification of the supplier of the goods or services (including the VAT identification number), the usual description of the goods or services and their price, and the amount of VAT due and the rate applicable.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

A periodic VAT return must be submitted by all traders except the following taxable persons:

- ▷ those completely exempt under Article 9 of the Portuguese VAT Code (Articles 132, 135 and 136 of the VAT Directive);
- ▷ those covered by Article 53 of the Portuguese VAT Code (Article 287 of the VAT Directive);
- ▷ those covered by the special scheme for small retailers (for whom there are simplified procedures described in point 41.

39. AT WHAT INTERVALS ARE VAT RETURNS AND ASSOCIATED PAYMENTS TO BE MADE?

There are two possibilities: monthly for taxable persons whose annual turnover is €650 000 or more and quarterly for taxable persons with a turnover of less than that amount, although traders in this category may opt for the monthly system.

Monthly returns must be submitted and the corresponding payments made by the tenth day of the second month following the month of the transactions concerned.

Quarterly returns must be submitted and the corresponding payments made by the fifteenth day of the second month following the month of the transactions concerned.

40. WHAT IS THE PROCEDURE FOR THE REPAYMENT OF EXCESS VAT REPORTED IN THE PERIODIC VAT RETURN? WHAT ARE THE TIME LIMITS FOR THE EXCESS VAT REPAYMENT IF ANY?

Taxpayers may request a refund of excess VAT on any VAT return filed within the statutory period, accompanied by the supporting documents referred to in Legislative Order No 53 of 15 December 2005 (as amended by Legislative Order No 23 of 17 June 2009) as long as the following conditions are met:

- (a) where, more than 12 months after the period in which the excess was created, the taxable person still has a credit of more than €250;
- (b) where there is a cessation or change of activity, following which the taxable person conducts only non-deductible exempt activities, and the amount of the refund value is €25 or more;
- (d) where the taxable person is owed more than €3 000.

For refunds worth more than €1 000 the tax authorities may require the provision of a deposit, bank guarantee or other security, which must be lodged for six months.

Refunds owed are paid within three months following the submission of the request. However, in the case of refunds of more than €10 000 requested by exporters or taxable persons engaged in activities for which the obligation to pay tax is the responsibility of the purchaser, the deadline for repayment is 30 days.

Failure to meet the deadlines for tax refunds gives rise to the payment of compensatory interest to the taxable person, in accordance with Article 43 of the General Tax Law.

It is planned to change the standard deadline for repayment of VAT to 60 days in 2010 and also to broaden the scope of 30-day refunds.

41. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

Taxable persons covered by the special scheme for small retailers described in point 51 must submit a simplified VAT return and make the corresponding payments to their tax office by the 20th day of the second month following the quarter in which the transactions took place.

42. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

Traders covered by the special scheme for small retailers referred to above pay to the State 25% of the tax paid on goods purchased for sale without further processing. This amount may be deducted from the amount of VAT liable on the acquisition of capital goods.

RECAPITULATIVE STATEMENTS

43. DO YOU ALLOW SUBMISSION OF RECAPITULATIVE STATEMENTS BY CALENDAR QUARTER ? IF SO, UNDER WHICH THRESHOLD AND CONDITIONS ?

Taxable persons making quarterly tax returns must submit a recapitulative statement for the quarter, unless the amount of intra-Community transfers of goods during the current quarter or any of the four preceding quarters exceeds €100 000, in which case it must be submitted monthly. This threshold will be set at €50 000 from 1 January 2012.

When the threshold for intra-Community transfers of goods is exceeded, the requirement to submit a monthly recapitulative statement becomes irreversible.

44. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN ARTICLE 266 OF THE VAT DIRECTIVE (2006/112/EC) AS AMENDED BY DIRECTIVE?

In Portugal, in addition to the information specified in Article 264 of the VAT Directive, as amended by Directive 2008/8/EC, a statement concerning the intra-Community

supplies of new means of transport to private individuals or equivalent persons is also required.

45. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE (2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

There are no plans to introduce simplified procedures for recapitulative statements.

ELECTRONIC RETURNS

46. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

Periodic VAT returns and annexes must be submitted electronically, as required by Order No 375 of 10 May 2003, to the website: <http://www.portaldasfinancas.gov.pt>.

To submit VAT returns using the internet, taxable persons must first obtain a personal password by applying via the Directorate-General of Taxation's website.

The personal password will be sent by post and will be accompanied by instructions on how to submit returns electronically.

If VAT has to be paid to the administration, payment can be made using the internet, homebanking systems, the Multibanco ATM network, tax offices and post offices (CTT).

47. IS IT POSSIBLE TO SUBMIT RECAPITULATIVE STATEMENTS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

Recapitulative statements must be submitted electronically and are subject to the same rules for VAT returns described in the reply to the previous question.

OBLIGATIONS AT IMPORTATION

48. WHO ARE THE PERSONS THAT CAN BE DESIGNATED OR RECOGNISED AS LIABLE TO PAY IMPORT VAT UNDER ARTICLE 201 OF THE VAT DIRECTIVE ?

Those liable for tax are natural or legal persons who carry out imports of goods within the meaning of the customs legislation.

49. WHAT ARE THE RULES FOR DECLARATION AND PAYMENT OF IMPORT VAT ?

The declaration of imported goods and payment of the VAT due takes the form of a customs declaration using the forms and procedures provided for in the Community Customs Code.

The tax due on imports is paid to the customs authorities, in accordance with the rules laid down in Community legislation on import duties. However, in addition to the time limits for deferred payment of import duties and subject to the lodging of security in the amount of tax due, deferral of payment may be authorised under the following conditions:

- ▷ for 60 days from the date of entry in the accounts where the deferral is granted individually for each tax amount subject to such entry in the accounts;
- ▷ up to the fifteenth day of the month following the periods of aggregated entries in the accounts or payments as provided for in the customs rules.

A deferral of payment of VAT may be authorised at the same time, subject to provision of a specific guarantee amounting to 20% of tax due.

50. DO YOU APPLY THE OPTION OF "POSTPONED ACCOUNTING" REFERRED TO IN ARTICLE 211 OF THE VAT DIRECTIVE? IF SO, UNDER WHICH CONDITIONS ?

There is no provision for this option in Portuguese legislation.

ADMINISTRATIVE REQUIREMENTS

51. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

Portuguese legislation provides for two flat-rate schemes, one for small retailers and the other for farmers.

The special scheme for small retailers may be used for traders who are natural persons selling goods in the same state in which they buy them and whose turnover does not exceed €50 000. This scheme is not open to retailers with an organised accounting system or who are legal persons, or to retailers engaged in imports, exports or intra-Community transactions or supplies of non-exempt services with an annual value in excess of €250, or involved in the supply of goods or services referred to in Annex E to the Portuguese VAT Code (recyclable waste and scrap).

Traders covered by this scheme pay 25% of the tax paid on goods purchased for sale without further processing, with the possibility of deduction of VAT paid on acquisitions of capital goods.

Under their flat-rate scheme farmers are exempt from all VAT-related reporting, payment, accounting and billing obligations, apart from registration statements. The flat-rate compensation percentage referred to in Article 298 of the VAT Directive is zero.

Taxable persons eligible for the small retailers scheme or the flat-rate scheme for farmers may opt for the normal tax arrangements.

52. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

A special simplified VAT scheme for small taxpayers may be introduced in future in certain cases.

53. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

Portuguese.

RIGHT OF DEDUCTION

54. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

There is no right to deduct the tax included in the following expenditure:

1 - expenditure on the purchase, manufacture or importation, hire, utilisation, processing and repair of motor cars, recreational craft, helicopters, aircraft or motorcycles, except where the sale or operation of such means of transport forms the object of the taxable person's activity;

2 - expenditure on fuels normally used in motor vehicles, excluding purchases of diesel, liquefied petroleum gas (LPG), natural gas and biofuels, which are covered by the rules described in the answer to the following question;

3 - expenditure on business transport and travel by the taxable person and his staff, including tolls;

4 - expenditure on accommodation, meals, beverages and tobacco, and entertainment expenses;

5 - expenditure on leisure and luxury goods which are not considered, by virtue of their nature or amount, to be normal operating expenses.

55. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

50% of the VAT on acquisitions of diesel, liquefied petroleum gas and natural gas may be deducted except where they are used for the vehicles indicated below, in which case the total VAT may be deducted:

- 1 large passenger vehicles;
- 2 vehicles licensed for public transport, excluding rental cars;
- 3 vehicles using diesel, LPG or natural gas which are not registered;
- 4 tractors used exclusively or predominantly for agricultural purposes;
- 5 road haulage vehicles weighing over 3 500 kg.