

TAX NEWS 1/2020

COVID 19 PANDEMIC – MAJOR EXTRAORDINARY FISCAL MEASURES

1.Fiscal Obligations – Special Payment on Account/Withholding Tax for IRS and IRC/Payment on Account

To mitigate the economic impact of the COVID-19 disease and to reduce any effects from the contingency measures adopted by public companies and services, on March 9, 2020, it was decided, by the Order nº 104/2020-XXII of the Secretary of State for Fiscal Affairs, to defer the deadlines for voluntary compliance of the following fiscal obligations:

- **Special Payment on Account** – until June 30, 2020;
- **Submission of Statement Form 22 for 2019 and Payment**
– until July 31, 2020;
- **First Payment on Account** – until August 31, 2020.

2.Fiscal Obligations and Social Contributions - Second Quarter of 2020

The Decree-Law nº 10-F/2020 was approved on March 26, 2020, establishing the exceptional and provisional framework for compliance of fiscal obligations and social contributions, within the scope of the COVID-19 pandemic.



Due to its importance regarding the fiscal management of people and organizations, we highlight the following measures:

A - Fiscal Obligations

The taxable persons who:

- according to article 143 of the IRC Code, have obtained a turnover of € 10.000.000,00 in 2018; or
- whose activity is included in the sectors that have been shut (Decree-Law nº 2-A/2020, issued on March 20); or
- that have restarted their activity on or after January 1, 2019, in the case that they have not registered any turnover during 2018; or
- if they declare and demonstrate a decrease in turnover, certified by a statutory auditor or certified public accountant, of at least 20% on average for the quarter, communicated through E-Factura,

May meet their obligations of delivery of withholding monies related to IRS, IRC or IVA:

- a) According to the general obligations; or
- b) In 3 or 6 monthly instalments, free of interest without obligation to provide any collateral: the 1st instalment is due on the date of the referred payment obligation and the remaining monthly instalments on the same date of the following months, upon request presented electronically, until the end of the term for voluntary payment.

B - Contributory Obligations

The self-employed workers, relatively to the months of April, May and June 2020; and

The employers in the private and social sector, relatively to the months of March, April and May 2020 with:

- a) Less than 50 workers, assessed in relation to the remuneration declaration for February 2020;

- b) Between 50 and 249 workers, assessed in relation to the remuneration declaration for February 2020, as long as they present a decrease of, at least, 20% of the turnover communicated through E-Factura in the months of March, April and May 2020, vis-à-vis the corresponding period of the previous year or, for the entities that have commenced activity less than 12 months ago, vis-à-vis the average of the elapsed activity period;

May meet their contributory obligations in the following terms:

- According to the general obligations; or
- 1/3 of their contributory obligations is paid in the month when they are due and the remaining is paid in equal and successive instalments in the months of July, August and September or in the months of July to December 2020, free of interest and without a need for request or application; or
- 1/3 of their contributory obligations is paid in April and the remaining in the months of May and June, for the employers who have already paid their full contributory obligations in March 2020.

Opting for the payment in instalments implies that the employers and the self-employed workers must comply with the following additional obligations:

- In July 2020, they must state via Segurança Social Directa if the payment of the remaining contributions will be made in the months of July, August and September or in the months of July to December 2020;
- In July 2020, they must demonstrate the validation of the conditions relative to turnover, where applicable, together with the certified accountant's attestation.

The benefits pertaining to the deferral of the payment of contributive obligations cease when:

- Any payment of an instalment of any contribution is not made;
- The preconditions for accessing the deferral of payment of contributions in instalments are not met, in which case the remaining unpaid instalments and the exemption of interest will be immediately considered due.

3. Suspension of Proceedings – Instalment Plans

Until June 30, 2020 the enforced recovery of debts which are subject to existing instalment plans is suspended, and for this reason the payment of instalments cease to be mandatory, without prejudice of the referred payments may continue to be timely delivered.

4. Pension Fund for Lawyers and Solicitors (CPAS/Caixa de Previdência dos Advogados e Solicitadores)

CPAS was authorised to defer the payment of contributions, to temporarily suspend its payment or to temporarily reduce the contributory bands to the beneficiaries who have demonstrably suffered a decrease in income that prevents them to comply with their contributory obligations, due to disease or abnormal decrease of activity related to the COVID-19 epidemiological situation.

5. Transitional Rule – Contributions and Levies due in March 2020.

Exceptionally, the payment will be due on March 31, 2020.



Contacts

www.mfadvogada.pt

magdafeliciano@mfadvogada.pt

210 936 042 / 939 541 941

Avenida da Liberdade n.º 258, 9.º Direito

1250-149 Lisboa



This Tax Information is intended for general distribution to clients and colleagues and the information contained herein is provided as a general and abstract overview. It should not serve as a basis for any decision making without previously recurring to expert professional advice.