



Portugal

Name of the firm Tax Solutions – Klisiaris & Klisiaris, Lda.

Address Parque Empresarial de Lagoa, Edifício Paris,
BL 1, Lj 7, 8400-431 Lagoa

Contact

Georgete Klisiaris
Senior Director

georgete.klisiaris@algarve-taxsolutions.com
Tel. No. + 351 282 476 160

www.algarve-taxsolutions.com

AT A GLANCE

Name of the tax Value Added Tax

Local name Imposto sobre Valor Acrescentado (IVA)

Date introduced 1 January 1986

Date of membership in EU 1 January 1986

Administered by Autoridade Tributária e Aduaneira
(www.portaldasfinancas.gov.pt)

VAT rates

Rate	Mainland	Madeira	Azores
Standard	23%	22%	18%
Intermediate	13%	12%	9%
Reduced	6%	5%	4%





Other	VAT exemptions – either non-liability to VAT on supply of goods or services (such as financial transactions, cultural activities, education and health) or zero-rate” transactions allowing deduction or refund of VAT borne (such as exports or intra-EU dispatches).
VAT Number format	Does not exist. The number used as a VAT number is the company/sole trader’s fiscal number.
VAT return periods	<p>- Monthly when turnover in preceding VAT year exceeds €650,000 or</p> <p>- Quarterly when turnover in preceding VAT year is lower than €650,000.</p> <p>Additionally, an annual VAT return must be submitted containing the compiled data (global amounts) in respect of acquisitions and supplies of goods and services carried out in the preceding year.</p>
Thresholds registration	<p>For a business registered entity on an individual or company format, to carry out Business transactions in Portugal, it is required to register for VAT. If the turnover exceeds EUR 10,000 it is also required to account for Portuguese VAT. Businesses which are not established in the European Union, must appoint a VAT representative with joint and several liability for the delivery of VAT obligations.</p> <p>If a business is not registered for VAT in Portugal, but sells and delivers goods from another Member State to customers (distance sales B2C), where the value of those sales exceeds a threshold of EUR 35,000 it is required to register and account for VAT in Portugal.</p>
Recovery of VAT by non-established businesses	YES





HISTORY OF VAT

Vat Code was introduced in Portugal on 1st January 1986 to replace the transaction tax code (Código do Imposto de Transacções). It is a consumption tax and is charged on goods and services supplied in the course of business.

Credit is given for VAT paid by most registered businesses, thus this tax is ultimately borne by the final consumer.

For VAT purposes, the territory of Portugal includes the autonomous regions of Azores and Madeira with reduced rates applicable to supplies in these islands.

The EU VAT Directives have been implemented in Portuguese law and the main provisions of these Directives are harmonized in the different EU Member States.

SCOPE OF VAT

The following transactions are subject to VAT when they are carried out by traders and professionals in the course of their business:

- Supplies of goods, generally defined as the transfer of the right to dispose of tangible property against consideration, although certain transactions not involving a transfer of this kind may also be treated as supplies of goods for the purposes of VAT.
- Supplies of services, generally defines as encompassing any transaction which does not constitute a supply of goods.
- Intra-community acquisitions of goods, generally defined as acquisitions of goods dispatched or transported to Portuguese territory from another EU Member State and the transferor thereof is a taxable person duly identified for VAT purposes in another Member State.
- Imports of goods, generally defined as including the entry into the Portuguese territory of goods proceeding from outside the EU. These transactions are subject to VAT regardless of who performs them unless they fall under. No import of goods is deemed to exist when goods are placed under certain customs or economic arrangements, such as, warehousing arrangements, inward processing arrangements, temporary importation or external or internal transit arrangements.

Some other transactions are deemed supplies of goods or supplies of services for consideration and, as such, are subject to VAT (e.g. gifts of small value and non-return within one year of goods sent for consignment).





The following transactions are considered to fall outside the scope of VAT:

- The transfer, for consideration or not, of a totality of assets or a part thereof that constitute an undertaking or a part of an undertaking capable of carrying on an independent economic activity;
- Indemnities for damages;
- Repayment of expenditure incurred in the name and on behalf of a third party.

Every taxable person is obliged to issue an invoice in respect of all goods and services supplied by him, as well as in respect of any advance payments. The issuance of an invoice is equally required whenever a change is made to the taxable amount of a transaction or to the corresponding tax. Any invoice must be issued no later than the fifth working day following that of the taxable event and must be processed by computer or paper format if the turnover is less than EUR100.000, 00. The paper format invoice books must be issued by an official printer registered with the tax department.

REGISTRATION

For an individual or company, if a taxpayer carries out business transactions in Portugal, it is required to register for VAT. If the turnover exceeds EUR 10,000 it is also required to account for Portuguese VAT. Businesses which are not established in the European Union, must appoint a VAT representative with joint and several liability for the delivery of VAT obligations.

If a business is not registered for VAT in Portugal, but sells and delivers goods from another Member State to customers (distance sales B2C), where the value of those sales exceeds a threshold of EUR 35,000 it is required to register and account for VAT in Portugal.

Businesses are generally required to submit VAT returns on a monthly basis (until the 10th day of the second month following transaction). However, if the estimated annual turnover is lower than EUR 650,000, companies may opt for quarterly VAT returns (until 15th day of the second month following the end of each 3-month). VAT grouping is not permitted under Portuguese law.

The trader is required to deliver a Start-up Activity form for the purposes of a taxpayer's registration. Any changes in the activity must be communicated within 15 days and the termination within 30 days.

Every business registration in Portugal must provide a valid IBAN Bank number to activate the business registration or receive VAT refund payments.

Besides VAT returns, taxpayers have also to submit recapitulative statement in respect of any supply of goods to another Member State, annual VAT return and tax statements concerning the identification of any customers and suppliers with transactions higher than € 25,000 in the previous year.





The traders shall keep an appropriate accounting allowing for a clear and accurate disclosure of all elements needed for tax assessment and its control by tax authorities. Books, records and any supporting documents or elements must be filed and kept in good order for 10 civil years.

Several penalties may apply for late submission or other compliance related failures.

Such penalties are structured as lump-sum penalties set based on the offence (negligence or intended misconduct) involved. Penalties up to 100% of the mistake may apply to negligence cases. Interest at 4% annual rate also applies.

VAT RATES

The following VAT rates apply in Portugal:

- 6% (4% for the Azores and 5% for Madeira) - The reduced rate is applicable to the supplies of some basic foodstuffs, periodical publications, pharmaceutical products, hotel accommodation, agricultural goods and passenger transport.
- 13% (9% for the Azores and 12% for Madeira) - The intermediate rate is applicable to supplies of some foodstuffs, to admissions to concerts, shows, theatre, cinemas, circus and bullfighting, and to wines.
- 23% (18% for the Azores and 22% for Madeira) - The standard rate is applicable to all other goods and services.

PLACE OF SUPPLY RULES

Supplies of goods

Supplies of goods are subject to VAT in Portugal if the goods are located in Portugal at the moment their transport or dispatch to the customer begins or, if there is no transport or dispatch, if the goods are located in Portugal at the moment on which they are put at the disposal of the customer.

General rule

Supplies of services are subject to VAT in Portugal if provided to:

- Traders that have their business, a fixed establishment, domicile or residence in Portugal to which the services are provided ("B2B" rule);
- Non-taxable persons if the provider has established its business, a fixed establishment, domicile or residence in Portugal from where these services are provided ("B2C" rule).





Exceptions

Independently of the place where the service provider and the acquirer are established and independently of the acquirer being a taxable person or not, the supply of the following services is subject to VAT in Portugal if physically carried out in Portugal:

- Services connected with immovable property;
- Passenger transport for the distances covered in Portugal;
- Admission to cultural, artistic, scientific, sporting, educational, entertainment or similar events;
- Restaurant and catering services;
- Short-term hiring of a means of transport (up to 30 days, for boats up to 90 days) if the means of transport is put at the disposal of the customer in Portugal.

The supply of the following services is subject to VAT in Portugal if physically carried out in Portugal and if the acquirer is a non-taxable person:

- Transport of goods, other than intra-Community transport of goods, for the distances covered in Portugal;
- Intra-Community transport of goods, if the place of departure is Portugal;
- Valuations of and work on movable property;
- Services and ancillary services, relating to cultural, artistic, sporting, scientific, educational, entertainment or similar activities, such as fairs and exhibitions, including the supply of services of the organizers;
- Hiring of a means of transport, other than short-term hiring, when the acquirer is established, has his permanent address or usually resides in Portugal.

Telecommunications, broadcasting & electronic services

Telecommunications, broadcasting and electronic services will always be taxed in the country where the customer belongs – regardless of whether the customer is a business or consumer – regardless of whether the supplier based in the EU or outside.

- **For a business (taxable person)** - either the country where it is registered or the country where it has fixed premises receiving the service.
- **For a consumer (non-taxable person)** - the country where they are registered, have their permanent address or usually live.





The effects of this are as follows:

EU BUSINESSES supplying to:

Business in another EU country	No VAT charged. Customer must account for the tax (reverse-charge mechanism).
Consumer in another EU country	Must charge VAT in the EU country where the customer belongs (not where the business is based). Example A Polish customer downloading an App on his mobile phone from a Finnish supplier. The Finnish company must charge the customer Polish VAT. MOSS available
Business or consumer outside the EU	No EU VAT charged. Example A Hungarian company sells an anti-virus program to be downloaded through its website to businesses or private individuals in Australia. NO VAT But if the service is effectively used & enjoyed in an EU country, that country can decide to levy VAT (option for Member States).

NON-EU BUSINESSES supplying to:

Business in the EU	No VAT charged. Customer must account for the tax (reverse-charge mechanism).
Consumer in the EU (telecoms, broadcasting or electronic services)	Must charge VAT in the EU country where the customer belongs. Example A person living in Barcelona pays a US company for access to American TV channels. The US company must charge the customer Spanish VAT. MOSS available

TIME OF SUPPLY RULES

VAT becomes chargeable when the goods are put at the disposal of the customer and when the services are supplied.

Having the obligation to issue an invoice/simplified invoice, the VAT becomes chargeable no later than on the 5th working day in spite of the stipulated on the VAT cash regime.

When a payment is made on account before the goods or services are supplied, the VAT becomes chargeable on receipt of the payment.





The taxable amount includes everything which constitutes consideration obtained or to be obtained by the supplier, in return for the supply, from the customer or a third party.

The taxable amount includes taxes, duties, levies, charges and incidental expenses.

The taxable amount does not include late payment interests, price reductions, price discounts and rebates and amounts received for package material that was not sold to the client.

For transactions carried out between taxable persons with special relations, according to number 4 of article 63.º of the Corporate Income Tax Code, special rules apply on the calculation of the taxable amount.

EXEMPTIONS

Some transactions are exempt from VAT. Exempt transactions that do not grant a right to deduct the input VAT are “incomplete exemptions”. The transactions that, although exempt, grant a right to deduct the input VAT are “complete exemptions”.

Incomplete exemptions

The supply of hospital and medical care, the provision of education, the supply, leasing or letting of immovable property, subscriptions by non-profit making organisations, certain financial services, insurance and reinsurance transactions and the supply of restaurant and catering services by the employer to its employees are the main transactions exempt from VAT.

For some of these transactions, if certain conditions are met, it is possible to opt to charge VAT. Waiving the VAT exemption allows that the VAT incurred is deducted.

Are also exempt from VAT the supply of services (and the supply of goods closely linked thereto) provided by:

- Bodies governed by public law or by other recognized organizations having their aim to supply services and / or goods closely linked thereto in relation with children’s or young people’s education, welfare and social security work, including those supplied by old people’s homes, protection of children and young persons and social wellbeing;
- Bodies governed by public law or by non-profit making organizations relating to congresses, conferences and fairs of a scientific, cultural, educational or technical nature.

Complete exemptions

The following transactions are exempt from VAT:

- Intra-Community supplies of goods;
- Exportations, deemed exportations and international transport services;





- Supplies of goods which are intended to be placed under customs warehousing arrangements, warehousing other than customs warehousing and similar arrangements and supplies of goods carried out under one of the referred arrangements; and
- Supplies free of charge of: goods that will be provided to disadvantaged people by the State, by other recognized organizations or by non-profit making organizations; books provided to the governmental departments for culture and education, to organizations with a cultural and educational aim and to educational institutions for social reinsertion and to prisons.

RECOVERY OF INPUT VAT

Traders are allowed to deduct VAT borne on supplies of goods and services, including intra-Community acquisitions and importation of goods in connection with their taxable activities.

The right to deduct only arises in respect of VAT shown in an invoice legally issued, any VAT payment receipt part of the import return, as well as documents issued by electronic where the number and date of cash flow appears, in the name of, and held by, the taxable person.

Taxpayers may claim VAT relief for bad debts under certain circumstances such as bankruptcy of the customer or his/her insolvency.

There are some operations which do not give the right to deduct VAT, even when incurred for the purposes of a taxable activity, such as:

- Passenger vehicles, whereby businesses cannot (with some exceptions) recover VAT on the purchase, use, leasing of passenger vehicles.
- Entertainment and luxury goods and services.
- Certain transport and business travel expenses.
- Expenses with fuel used in motor vehicles are VAT deductible by 50%, (other than alternative fuels deductible in full).
- Drinks and tobacco.

A taxpayer carrying both operations giving right to deduction and exempt operations determines the appropriate deductions either by applying a pro rata (based on the value of taxable supplies made compared with total turnover) or through an direct allocation method (whereby input tax that is not allocated directly to exempt and taxable supplies is apportioned).

If amount of VAT deducted exceeds amount of tax due on taxable transactions in the same period, the excess may be carried forward to the next tax periods. Taxpayer may under certain circumstances opt for





claiming a tax refund to the Tax Administration. For example, a refund is possible if a credit higher than EUR 250 subsists after a 12-month period or when the amount of tax refund exceeds EUR 3,000.

For a company established in another EU Member State, VAT recovery is made by a claim to its local EU tax authority which will then be sent to the tax authorities of the Member State of refund. A non-EU business instead can recover the VAT under the 13th Directive, provided that there is a reciprocity agreement between Portugal and the tax authorities of the home country of the claimant.

COMPLIANCE OBLIGATIONS

Invoicing requirements

➤ **Invoicing**

Taxable persons should issue an invoice (or “invoice – receipt”) for each supply of goods or supply of services or, in some situations, a simplified invoice.

If the taxable amount of a transaction or the tax amount changes due to any reason (including errors or discounts), a correcting document of the invoice should be issued (a “debit note” or “credit note”).

➤ **Issue of invoices**

Invoices and amending documents should be issued using an invoicing software previously certified by the Portuguese Tax and Customs Authorities acquired from a software supplier or an invoicing software internally developed by the taxpayer (or by a company integrated in the group).

These documents are issued in one or more series, conveniently referenced according with business needs and must be dated and numbered progressively and continuously, within each series, for a period not less than one fiscal year.

The use of pre-printed invoices with a pre-printed sequential numbering is only allowed if certain conditions are met.

➤ **Self-billing**

Self-billing is allowed if there is a prior agreement between the two parties and if the acquirer can prove that the supplier was informed on the issuing of the document and has accepted its content.

The self-bill has to mention “autofaturação”.

➤ **Electronic invoicing**

Invoices and amending documents can be issued by electronic means, subject to acceptance by the recipient, provided that the authenticity of origin, integrity of the content and the legibility of the invoice





is ensured by any business control which creates a reliable audit trail between an invoice and a supply of goods or services.

An advanced electronic signature and EDI are examples of technologies that ensure the authenticity of origin and the integrity of the content of an electronic invoice.

Returns

➤ Timing for filing and payment

VAT returns must be filed on a monthly or quarterly basis, depending on whether the annual turnover is higher or lower than EUR650,000.

- The monthly VAT returns have to be filed until the 10th day of the second month following transaction.
- The quarterly VAT returns have to be filed until the 15th day of the second month following the end of each 3-month.
- Additionally, the annual VAT return is due by 15 July of the following year.

➤ Electronic filing

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).

➤ Additional obligations

▪ Declarations

- Start up form - to be filed before the beginning of the activities;





- Amendments form – whenever a relevant fact considered in the start-up form of activities has been changed;
- VAT returns – monthly filing, up to the 10th of the 2nd following month or, if the annual turnover is lower than € 650,000, quarterly filing, up to the 15th of the 2nd following month;
- EC Sales Lists – filing up to the 20th of the month following the moment on which the intra-Community supplies or intra-Community services were provided;
- Intrastat return – filing up to the 15th of the month following the moment on which the goods were physically moved;
- Annual return – filing up until 15 July (or until 15th day of the 7th month following the end of the fiscal year, if different from the civil year).

▪ **Communication of issued documents**

Traders that have established their business, a fixed establishment or have their residence in Portugal and that carry out transactions subject to VAT, are obliged to communicate to the Portuguese Tax and Customs Authorities the elements of issued documents (invoices, simplified invoices, debit notes and credit notes).

The referred communication should be done up to the 25th of the following month:

- By electronic transmission in real-time, integrated in the electronic invoicing program;
- By submitting electronically the invoicing file SAF-T (PT) – this is obligatory for taxable persons that have the obligation to extract the SAF-T (PT) file; or
- Introducing the elements manually on the website of the Portuguese Tax and Customs Authorities.

▪ **Retention and access of books and records**

The accounting records should be organized in order to guarantee that the VAT can be calculated and that all relevant information is available for completing the periodical VAT return.

A register of the capital goods should be kept in order to allow the control of the VAT deductions and adjustments.

All records and supporting documents, including documents relating to analysis, programming and execution of information systems, should be kept for 10 years.

It is allowed to proceed with an electronic archive of both the invoices issued by electronic means and the invoices issued by an invoicing software, considering that all conditions are complied with as mentioned in the Ministerial Decree.

➤ **Interest for late payment and penalties**





Penalties in relation to late filing and/or late payment of the Portuguese VAT due are as follows:

	Tax Penalty	Late assessment interest	Late payment interest
Failure or late filing of VAT return	€300 to €3750	N/A	N/A
Lack or delay in payment of the tax due	30% to 100% of the tax due	4%/year	5.476%/year

SPECIAL CASES

Portuguese legislation provides for special VAT schemes, namely:

- Special exemption scheme.
- Special scheme for small retailers.
- Special Scheme for farmers (Regime Forfetário dos produtos agrícolas).
- Taxation scheme for liquid fuels applicable to dealers.

Special regime of VAT exemption.

This special regime applies to entities that are not obliged to have organized accounting records; that do not import or export goods, or related activities; and whose turnover does not exceed EUR10,000 (retailers EUR12,500).

These traders do not charge VAT on their supplies and input VAT cannot be deducted.

Special Scheme for Small Traders and 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 organized accounting system/ profit & Loss 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 special scheme for farmers may opt for a special scheme, thus benefitting from the small business exemption applicable to the supply of agricultural goods (as listed in a new Annex F of the VAT Code) and services (as listed in a new Annex G of the VAT Code). Farmers who opt for this scheme may request from the Portuguese Tax and Customs Authority, authorisation to apply a flat-rate compensation



(assessed through the application of a rate of 6% on the total amount of supplies of agricultural goods and services in each semester).

Traders eligible for the small retailer's scheme or the flat-rate scheme for farmers may opt for the normal tax arrangements.

Taxation scheme for liquid fuels applicable to dealers.

Under their scheme dealers will pay VAT on their profit margin (the difference between buying and selling price).

In return, however, they are not allowed to deduct VAT on the acquisitions in the domestic market, on the intra-community acquisitions or imports of liquid fuels.

VAT cash accounting scheme

This scheme, which is a voluntary system, will allow companies to only pay the VAT tax to the State after receiving the value of invoices issued.

The main objective is to improve the financial situation of companies by decreasing treasury pressure and the financial costs associated with the payment of VAT to the State before being paid by customers for invoices issued.

This system applies to taxable persons with annual revenue up to EUR 500,000 that do not qualify for tax exemption, and to supplies of goods and services whose beneficiaries are other taxable persons.

Only companies registered for VAT purposes for more than 12 months, with their tax affairs in order and their reporting obligations duly met, can opt for this VAT regime.

➤ Deadlines for opting in and duration of the application of the regime

By October 31st of each year, businesses are to make use of the option provided by this new law. The option comes into effect on January 1 of the following year. It is mandatory to remain in this regime for a minimum of 2 years unless the taxable person ceases to meet the requirements. It should also be noted that, if businesses no longer meet the requirements to stay in the cash accounting system or if they choose to return to the standard VAT regime, they are also to stay there for a minimum of two consecutive years.

➤ Rules on the chargeability and deductibility of VAT

VAT for operations covered by this regulation is due at the moment of payment, in full or in part. The VAT included in unpaid invoices (in full or in part) becomes due in the twelfth month after the date of the invoice in the tax period corresponding to the deadline. Taxable persons in the VAT cash accounting system may deduct VAT from input transactions only if they have an invoice or receipt as evidence of payment. Nevertheless, the VAT included in unpaid invoices (in full or in part) is deductible in the twelfth month after the invoice is issued.



➤ Requirements for invoices and receipts

Under the VAT cash accounting system invoices must be issued in a special series and must bear the words “IVA–regime de caixa” (VAT–cash accounting system). At the time of payment, in full or in part, advances included, a receipt must be issued for the amounts received. This applies not only to the taxable persons in the cash accounting system but to all taxable persons who carry out a transaction with businesses categorized under the VAT cash accounting system. The date of the receipt must be in line with the date of payment. The receipts must be issued as an original and a copy and should be communicated to the tax authorities under the conditions stipulated for invoices (submission of the SAFT(T) file by the 25th of the following month).

RIGHTS OF THE TAX PAYER AND THE VAT AUTHORITIES

Rights of the tax payer

According to the Tax Procedure and Process Code (Article 9), tax claims can be brought by the taxpayer, legal substitutes, representatives, persons jointly and severally responsible, persons subsidiarity responsible, and any other persons or entities that prove an interest to be legally protected.

Regarding VAT, the VAT Code specifically mentions that the taxpayer, persons jointly and severally responsible, or subsidiarity responsible, are entitled to present claims against VAT assessments. As the VAT Code establishes that the other party in the transactions subject to VAT is jointly and severally responsible for the payment of the VAT due, this means that in practice, when an unlawful VAT charge is passed to the buyer of the goods or services, this entity may legitimately present a claim against the unlawful VAT charge.

Rights of the VAT Authorities

➤ Retrospective tax audits

Retrospective tax audits may take place based on different justifications. An annual national inspection activities plan is approved by the Ministry of Finance, defining the criteria based on which taxpayers are selected and subject to a tax inspection. In addition, other selection criteria may be determined based on conjectural justifications.

The tax inspection may involve the taxpayers and its legal representatives, other tax subjects (such as tax substitutes), public entities and third parties that hold economic relations with the taxpayers. All these entities are bound by a duty of cooperation before the inspection services.

Regarding the type of collaboration required, this can be active or passive, according to the acts of inspection concerned.

➤ Other Audit Procedures

The audit procedure is not limited to the retrospective audit. Indeed, tax inspection procedures can have purposes as broad as “clarifying the taxpayer’s situation regarding the meeting of his duties”, “information regarding the factual requirements of tax incentives”, “the punishment of tax infractions” and “any other controlling actions” that are targeted at scrutinizing present facts.





It is also possible to perform controlling actions in loco, regarding current facts, aimed at verifying the meeting of rules related to invoicing in force as from January 2014 that require the taxpayers to hold an invoicing software certified by the tax administration and to issue electronic invoices.

Regarding the tax refund claims, the tax authorities can request additional information by sending a notification to the claimant.

The claimant must provide all information within one month from the receipt of the request; otherwise the authorities can reject the claim.

EU DECLARATIONS

Intrastat Returns

The Intrastat discloses details of movements of goods between Member States which take place for commercial reasons, recording the movement whenever goods enter the territory of Portugal from other Member States or leave it to other Member States.

There are two departments in the “Instituto Nacional de Estatística” (“INE”) responsible for Intrastat reporting, one for companies with registered office in the Mainland and the Autonomous Region of Azores and other for companies with registered office in the Autonomous Region of Madeira.

Intrastat returns must be filed on a monthly basis and are due on the 15th day of the month following the reporting period.

Intrastat declarations can be submitted in paper or electronic format. The due date for submission is the 10th working day of the month following the reference period.

In Portugal the reporting threshold for goods is the following:

- **Dispatches:**

Type of Return	Threshold
Detailed with statistical procedure (Mainland and Autonomous Region of Azores)	EUR 6,500,000
Detailed (Mainland and Autonomous Region of Azores)	EUR 250,000
Autonomous region of Madeira	EUR 25,000

- **Arrivals:**





Type of Return	Threshold
Detailed with statistical procedure (Mainland and Autonomous Region of Azores)	EUR 5,000,000
Detailed (Mainland and Autonomous Region of Azores)	EUR 350,000
Autonomous region of Madeira	EUR 25,000

If the company exceeds the threshold during the year, it should file Intrastat returns as from the month during which the first transaction occurred (e.g., even if the company only exceeds the threshold in April and transactions took place in January, it must file Intrastat returns as from January), pursuant to the guidelines issued by the Instituto Nacional de Estatística.

Way of filing

➤ Paper filing

By sending the return by mail to the addresses mentioned in the above section “General information and competent authorities”. Companies should keep copy of all returns sent by e-mail during two years.

➤ Electronically

Via WebInq: (<https://webinq.ine.pt/Private/Login.aspx>). For this purpose, a user-id and a password must be obtained.

➤ Corrective return

Corrective Intrastat returns previously filed in paper must be filed by submitting a new Intrastat return mentioning that it is a corrective return.

For the users of WebInq, a corrective Intrastat return must be filed online.

➤ Nil return

Once the company is liable to submit Intrastat returns, a return needs to be filed even if no transactions are to be reported. A nil return can be filed using the following formats:

- On paper: by sending the nil return to the mail above mentioned addresses.
- Electronically: via WebInq, filing the Intrastat return named “Declaração de Ausência”.





Required fields

The following fields must be completed in Portuguese Intrastat returns:

Required fields	Dispatches		Arrivals	
	Detailed	Detailed with statistical procedure	Detailed	Detailed with statistical procedure
Description of goods	X	X	X	X
Member state arrival/dispatch	X	X	X	X
Region of dispatch/arrival	X	X	X	X
Delivery term	X	X	X	X
Final destination				
Nature of transaction (1)	X	X	X	X
Country of origin	X	X	X	X
Mode of transport	X	X	X	X
Port/Airport	X	X	X	X
CN code (2)	X	X	X	X
Statistical procedure				
Net mass	X	X	X	X
Supplementary units (3)	X	X	X	X
Supplementary units type				
Invoice value	X	X	X	X
Statistical value		X		X
Customer VAT number and country of establishment (4)	X	X		

1) The Nature of transaction code has 2 digits.

(2) The CN Code could contain 8 or 9 digits.

(3) The information regarding the supplementary units is only mandatory regarding certain types of goods.

(4) Customer VAT number and country of establishment is only mandatory for taxpayers previously informed by INE.





Special cases

➤ **Return of goods**

When goods are sent back to the supplier (e.g. due to quality problems or wrong order) or when the sales invoice has to be corrected (e.g. due to price difference, discounts or goods that are not supplied), a credit note will have to be issued by the supplier.

The credit notes for return shipments from and to Portugal are not reported in the opposite flow for Intrastat purposes if the goods are not sent back to the supplier.

Instead, a rectification annex needs to be submitted mentioning the amount of the credit note and the corresponding category of goods supplied if the goods are sent back and if the amount is under the threshold; if the amount is higher or equal than the threshold, an Intrastat (opposite flow) must be filed in that period.

➤ **Sale of goods on consignment**

Code 12 must be used in the boxes regarding the nature of the transaction.

➤ **Credit notes without return of goods (e.g. price discounts)**

If the credit notes fall in another period than the date mentioned in these documents, a corrective Intrastat return must be filed (if required by INE).

➤ **Transfer of own goods**

Code 6 must be used in the boxes regarding the nature of the transaction.

➤ **Penalties**

Between EUR 500 and EUR 50,000 (can be reduced to half in case of negligence). Usually, a penalty for not filing Intrastat only applies in case taxpayers refuse to cooperate in the process.

EC Sales List

Another supplementary reporting requirement for companies selling across European Union borders is the EC Sales List (ESL). This provides details of sales or transfers of goods and services to other VAT registered companies in other EU countries. The tax authorities around Europe use ESL's to check that VAT is being properly and fully declared by all parties in cross-border transactions.

EC Sales Lists must be filed up to the 20th of the month following the moment on which the intra-Community supplies or intra-Community services were provided.





TAX SOLUTIONS

Klissiaris & Klissiaris Lda.



Recapitulative statement of intra-EU supply of goods

The recapitulative statement [ESL] must be drawn up for each calendar month. Taxpayers filing quarterly VAT returns must however file the Statement on a quarterly basis, unless the amount of intra-EU delivery of goods during the current quarter or any of the four preceding quarters exceeds € 50.000, in which case it must be submitted monthly.

When the threshold is exceeded, the requirement to submit a monthly recapitulative statement becomes irreversible.

 * *



Parque Empresarial de Lagoa, Edifício Paris, Bloco 1, Loja 7, 8400-431 Lagoa – Algarve – Portugal

Tel: +351 282 476 160 – Fax: +351 282 476 617

Email: info@algarve-taxsolutions.com / Skype: algarvetaxsolutions

Web: www.taxsolutions.pt