

BELIM

Law no. 7/2021



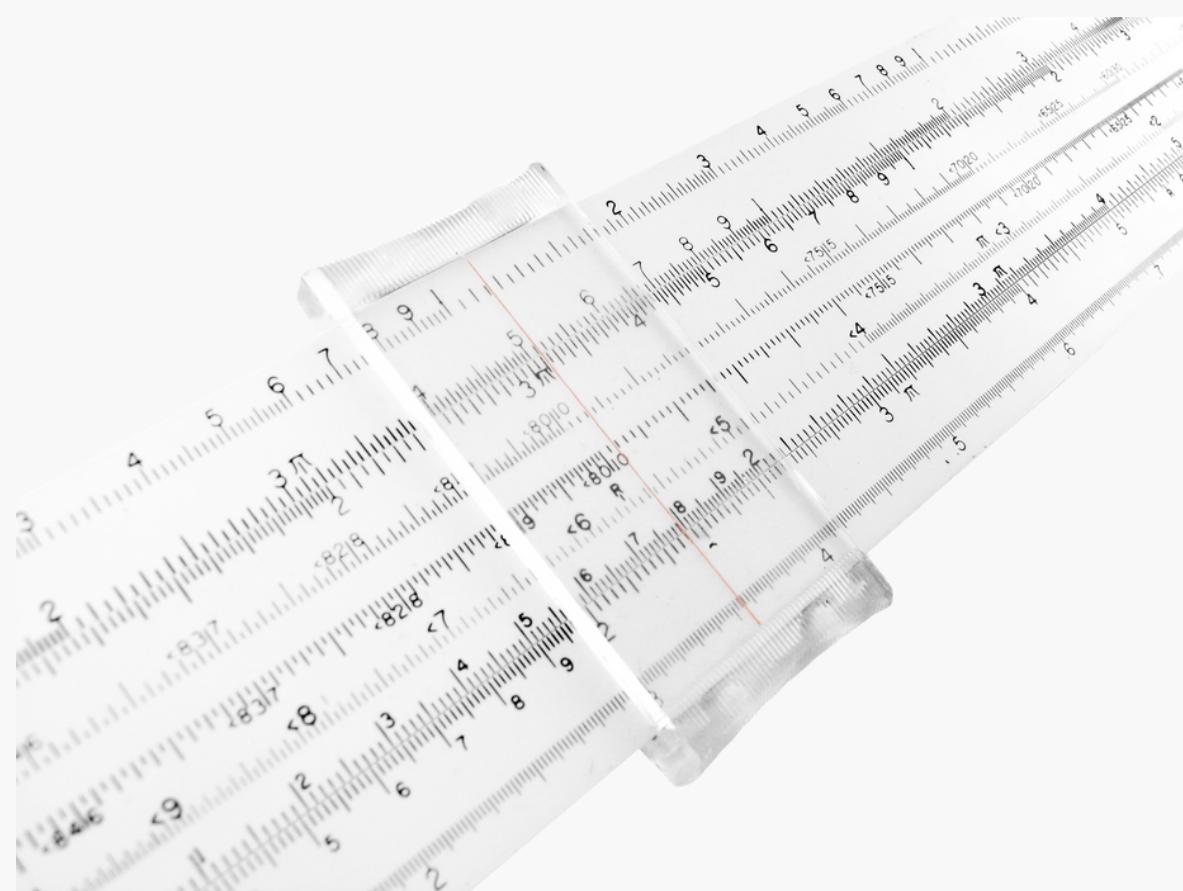
- Reforms tax procedures and taxpayer's rights and guarantees
- Simplifies tax procedures and penalty waivers and reductions
- Eases the burden of tax compliance during summer holidays (August)

This new **milestone** legislation was reached after thorough discussions held at national parliament with contributions by civil society and professional associations on long-time demands to improve Portuguese tax guarantees

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New rules that you should know about



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Tax Binding rulings

The preliminary hearing of the taxpayer is now introduced within tax binding ruling requests:

- At the request of the Tax Authorities; or
- At the request of the taxpayer

Fees paid to Authorities for issuing **urgent** Binding Ruling requests are reduced to half for **SME's**, i.e. to between **€ 1.275** and **€ 12.750**

Entry into force: **01.07.2021**



Review of generic rulings

When found to be against:

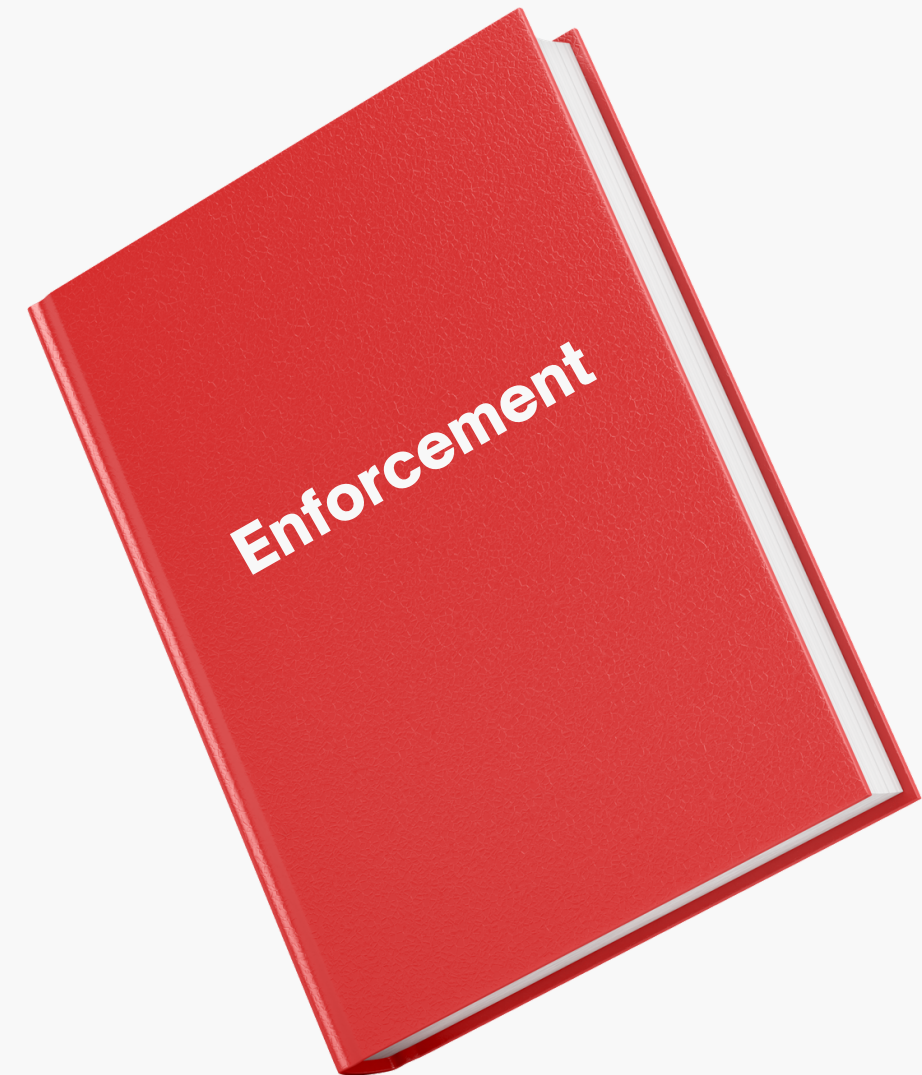
- uniform jurisprudence issued by the Supreme Administrative Court
- systematic decisions of higher courts (at least 5 definitive sentences)

Entry into force: **27.02.2021**



60 days to enforce administrative and judicial decisions in favor of taxpayer

- tax authorities have **60 days to restore the situation** which would apply if no illegal decision took place, including the payment of indemnity interest
- the 60 days deadline is relevant for the purposes of:
 - a. counting the deadline for filing a judicial **claim for the enforcement of the decision**;
 - b. claim **aggravated default interest** in favor of the taxpayer



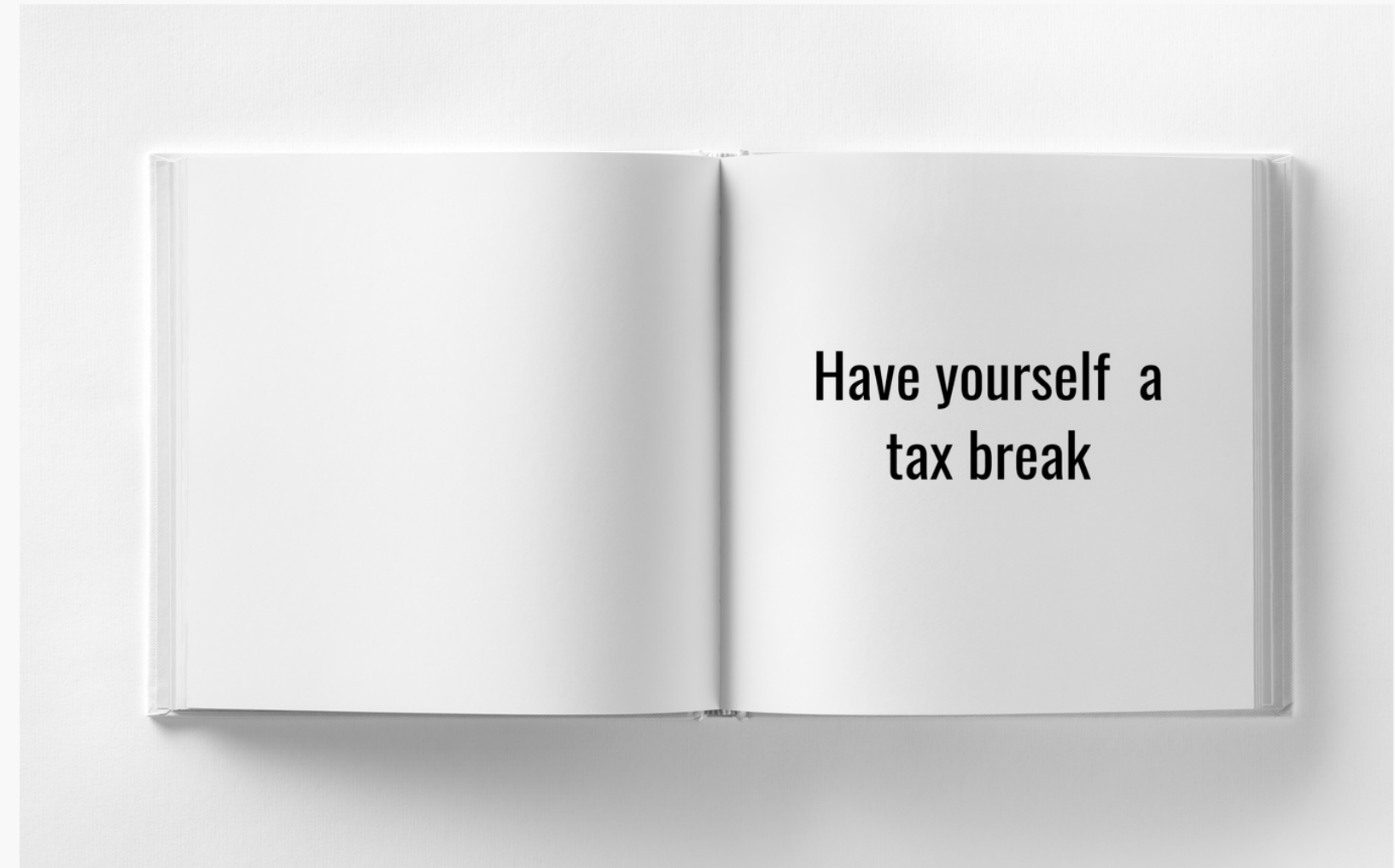
Entry into force: **27.02.2021**

Summer tax holidays - compliance

- tax obligations which deadline ends during **August** can be performed until 31 August without any penalty (independently if this is a business day or holiday)

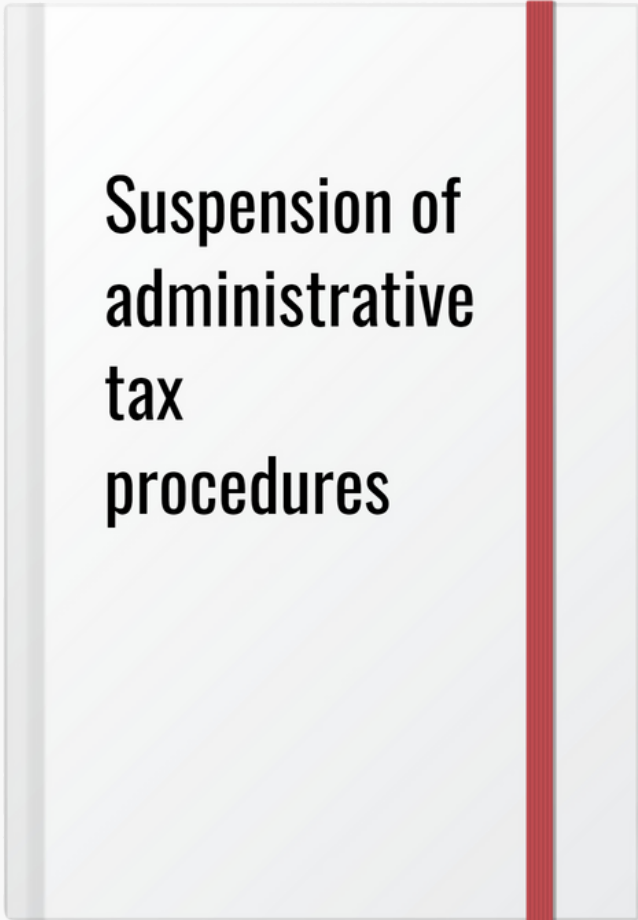
"Tax holidays" are a long time demand by the professional association of chartered accountants, in line with the practice of other EU states, and leveling the playing field with judicial holidays

Entry into force: **27.02.2021**



Summer tax holidays - tax procedures

- **tax audit deadlines** are suspended during the month of August
- **deadlines in favor of taxpayer** for preliminary hearings in tax procedures, administrative claims, hierarchical appeals, and officious revision of tax acts, ending in August, are transferred to the 1st business day of September

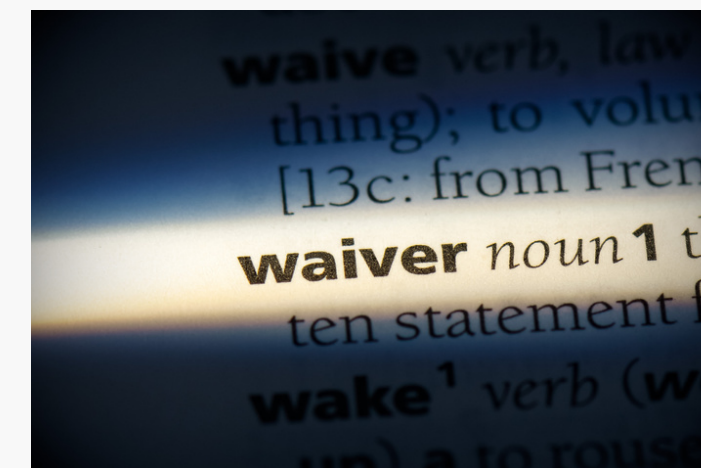


Suspension of
administrative
tax
procedures

Entry into force: 27.02.2021

Automatic waiver of penalties for tax infractions

- **for taxable persons that in the past 5 years:**
 - a. were not condoned by a definite penalty or criminal tax procedure; and,
 - b. did not benefit from a waiver or reduction of penalty
- **in any event, when:**
 - a. no effective loss of tax revenue takes place (does not cover late tax payment); and,
 - b. the infraction is regularized

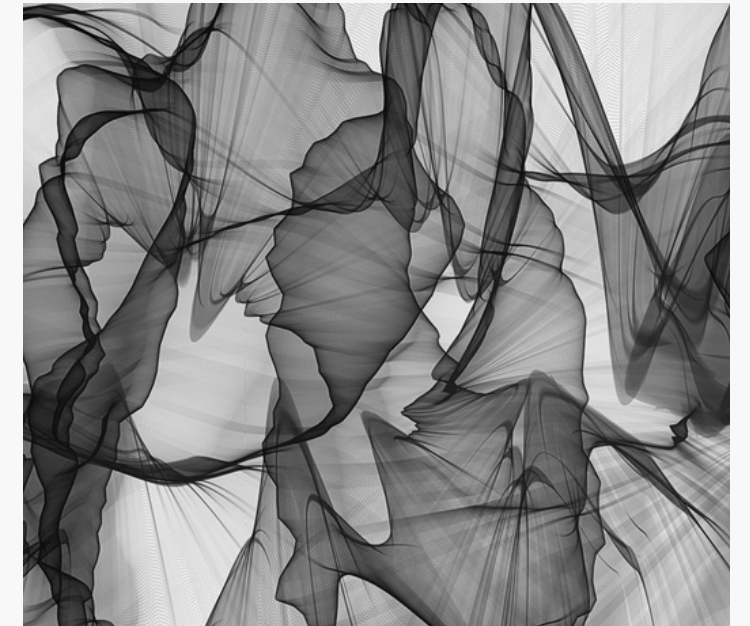


Currently, the waiver of penalties depends on a grant from the tax administration, based on a judgment of the taxpayer's guilt and loss of the tax revenue. In 2022 this waiver is automatic upon conditions laid down in the law being met

Entry into force: **01.01.2022**

Reduction of penalties for tax infractions upon request of the taxpayer

- to **12,5%** of the minimum amount applicable considering negligence, **provided no tax infraction procedures** have been opened by the tax administration against the infraction and the tax infraction is voluntarily settled by the taxpayer
- to **50%** of the minimum amount applicable considering negligence, **provided** the request is presented during an **ongoing tax audit** until the end of the deadline to present preliminary hearing and the tax infraction is voluntarily settled by the taxpayer



Currently, a reduction to 12,5% of the minimum amount is possible if the request for reduction is filed within 30 days after the tax infraction is committed. There is an extension of the possibilities to benefit from this reduction in 2022

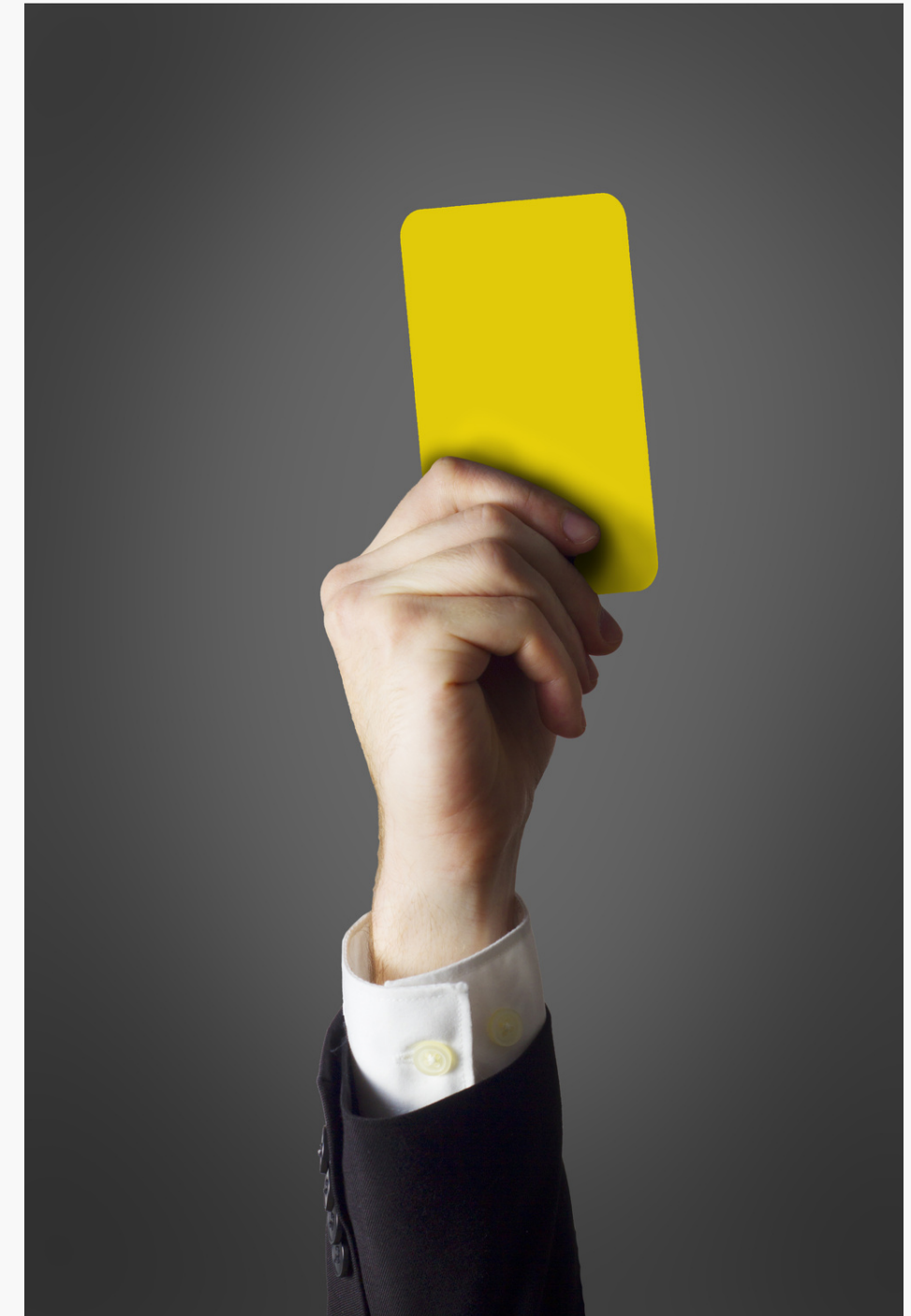
Entry into force: **01.01.2022**

Admonition by the tax administration

- the **tax penalty may be replaced by an admonition** in cases of
 - a. reduced seriousness of the infraction; **and**,
 - b. minor guilt of the taxpayer

The express inclusion of admonition within the powers of tax administration (previously done by referral to the general infractions code) will make the use of this alternative sanction more effective

Entry into force: **01.01.2022**



Amendments during tax audits

- can only be performed after notification for the preliminary hearing on the tax audit report project is received
- have to be requested by the taxpayer
- are discussed with the tax inspection in a meeting held 15 days after the amendment request
- must be completed, including payment of taxes, within 15 days of the meeting
- taxpayers can not claim against corrections made under the agreed amendment procedures; Because of this limitation, the new rules may limit the scope and extent to which they will be used



Entry into force: **01.01.2022**

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