



Covid-19: Fiscal support measures

Among the main measures we highlight the possibility of differing the payment of VAT and withholding taxes, as well as Social Security contributions.

The Portuguese Government passed Decree-Law 10-F/2020, which approved new fiscal support measures to mitigate the social and economic impacts arising from COVID-19, which are in addition to the measures already approved by Order 104/2020-XXII and Resolution 71-A/2020. In this newsletter, we describe the main fiscal support measures approved sofar.

Extension of deadlines for annual tax returns and advance payments

Order 104/2020-XXII approved the following measures:

- The annual tax returns (Model 22) for the year 2019 may be filed until 31 July 2020;
- The special advance payment (*pagamento especial por conta*) may be delivered until 30 June 2020; and
- The first advance payment (*pagamento por conta*) and the first additional advance payment (*pagamento adicional por conta*) may be delivered until 30 August 2020.

Deferral of delivery of VAT and withholding taxes

Decree-Law 10-F/2020 allowed the payment of VAT and CIT and PIT withholdings in three- or six-monthly instalments, interest free, for self-employed workers and companies with a turnover up to €10 million in 2018, which have begun their activity as of 1 January 2019 or that operate in closed sectors (Decree no. 2-A/2020).

The remaining companies and self-employed workers who do not meet the conditions set out above may apply for a fractionation of the payment when there has been a decrease in the turnover of at least 20% in the average of 3 months preceding the month in which this obligation exists, compared with the same period of the previous year.

Requests for payment in instalments should be submitted electronically by the deadline for voluntary payment and no guarantee is required.

Deferral of social security contributions

Social security contributions due between March and May 2020 can be paid as follows:

- (i) One third in the month in which it is due (in the month of March, exceptionally, by the 31st);
- (ii) The remaining amount will be paid in equal and successive instalments in July, August and September 2020 or in the six months between July and December 2020, interest free.

This measure applies automatically to self-employed workers and to employers with up to 50 employees.

Other employers can also access this mechanism if they have a decrease in the turnover of 20% or more in the months of March, April and May 2020, provided that:

- They have up to 250 employees; or
- They have 250 or more employees, when they are private social security institutions or similar, or operate in closed sectors (Decree 2-A/2020) or in the aviation and tourism sectors.

CONTACTS

André Dias
adias@macedovitorino.com

Rita Carmo
rcarmo@macedovitorino.com

Margarida Laires
mlaires@macedovitorino.com

Measures to mitigate corporate crisis situations

Resolution 71-A/2020, subsequently amended by Resolution 76-B/2020, approved several support measures for companies that have their activity freazed, their establishments closed or a 40% reduction in their turnover:

- (i) **Extraordinary support for employment contracts.** This support consists of the payment by the State of 2/3 of the employee's gross remuneration, 70% of which is ensured by the Social Security and 30% by the employer. The support has a maximum amount of €1,905.
- (ii) **Extraordinary training plan.** This support will be granted to each employee, depending on the hours of training, up to a limit of 50% of the gross remuneration, with a maximum limit of €635.
- (iii) **Exemption of employer social securiy contributions.** Employers are exempted from paying social security contributions in respect of workers covered by measures (i) or (ii) above. Contributions in respect of the members of their statutory bodies will also be exempt. This exemption may also extend to self-employed workers who are employers benefiting from the measures above and their spouses and will be in force for the duration of the measures they benefit from.
- (iv) **Incentive to support the normalization of the company's activity.** Employers are entitled to receive €635 for each employee covered by the measures referred to in (i) or (ii) above.

Other support/incentives

Support for employees

An exceptional financial support in an amount equal to 66% of the basic remuneration (33% to be paid by the employer, 33% to be paid by the Social Security) will be granted to employees who need to be away from work due to unavoidable assistance to a minor under 12 years of age or a dependent, resulting from the closure of an educational establishment, early childhood support or disability, with a minimum limit of €635 and a maximum limit of €1.905, calculated according to the number of days of absence from work.

Portugal 2020 Program - Deductibility of expenses

Within the scope of the projects approved by the Portugal 2020 program, expenses incurred by beneficiaries in initiatives or actions cancelled or postponed for reasons related to COVID-19 will be deductible.

Suspension of tax and social security debt enforcement proceedings

The enforcement proceedings relating to tax and social security debts are suspended until 30 June 2020, as well as the installment plans, without prejudice to the possibility of their fulfillment.