

NEW VAT EXEMPTION RULES APPLICABLE TO SMALL ENTERPRISES

The Government has changed the VAT exemption regulations, enabling micro-enterprises with a turnover of up to €15,000 to qualify for this exemption even if they do not maintain organised accounts.

Decree-Law 23/2025 also implements some simplification measures, including the exemption from submitting the recapitulative statement, and the option to issue simplified invoices.

CONTACTS

ANDRE DIAS

ADIAS@MACEDOVITORINO.COM

MARGARIDA ANASTÁCIO

MCORTES@MACEDOVITORINO.COM

Decree-Law 23/2025 introduces amendments to the VAT exemption scheme for small businesses, as well as measures to reduce costs and simplify the process.

Under the former VAT exemption regulations, taxpayers with registered offices in Portugal who did not maintain organised accounting were eligible for the exemption, as long as they met the following criteria:

- Did not engage in import, export, or related activities; and
- Their turnover in the previous calendar year, did not exceed €15,000.

The revised rules now extend this regime to micro-companies with organised accounting, as well as to taxpayers involved in imports and the sale of goods or services listed in Annex E of the VAT Code. The previous rules only applied to companies established in the Member State where the tax was due. However, under the new rules, businesses with headquarters or domicile in other European Union Member States now qualify for the VAT exemption if:

- The internal conditions required for the exemption are satisfied;
- The annual turnover within the European Union does not exceed €100,000;
- The company has notified the Member State of establishment, of its intention to apply for the exemption within its national territory;
- The company has obtained a unique identification number with the suffix 'EX' for exemption purposes.

In addition, companies based in Portugal that operate in other Member States are also eligible for the exemption in transactions involving the transfer of goods or the provision of services, subject to the same conditions.

Taxpayers with their headquarters or domicile in Portugal may request this exemption by applying for a change to their VAT status in June 2025.

Starting from the 1st July 2025, taxpayers with their headquarters or domicile in another Member State, who currently benefit from the previous exemption rules, will no longer be eligible for such exemptions and must end their activity for VAT purposes. Nevertheless, this does not affect their ability to notify the relevant Member State of their intention to continue benefiting from the exemption, provided that the applicable conditions are met.

Under the new rules, it is important to highlight that the exemption will no longer apply if the threshold is exceeded by more than 25% within the current calendar year.

Finally, Decree-Law 23/2025 introduces several simplification measures, including the removal of the requirement for the submission of the recapitulative statement for companies benefitting from the exemption, as well as the option to issue simplified invoices.

© 2025 MACEDO VITORINO

This information is general and should not be considered professional advice.