

Portugal

Value Added Tax

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Abbreviations, Terms and References

IRC	: Corporate income tax (<i>imposto sobre o rendimento das pessoas colectivas</i>)
IRS	: Individual income tax (<i>imposto sobre o rendimento das pessoas singulares</i>)
RGIT	: General Regime for Tax Infringements (<i>Regime Geral das Infracções Tributárias</i>)
RITI	: Intra-Community VAT Regime (<i>Regime do IVA nas Transacções Intracomunitárias</i>)
VAT Code	: VAT Code of 1984 as amended (<i>Código do Imposto sobre o Valor Acrescentado</i>)
VAT Directive	: Council Directive 2006/112/EC

1. Introduction

1.1. General

Portugal adopted VAT (*Imposto sobre o Valor Acrescentado*, IVA) by DL 394-B of 26 December 1984, which implemented the VAT Code (*Código do Imposto sobre o Valor Acrescentado*, CIVA) to fulfil one of the conditions for the entry into the European Union. The provisions of the Sixth VAT Directive were brought into Portuguese law by DL 195/89 of 12 June 1989.

On 16 December 1991, the European Council adopted Directive 91/680, which supplements the common system of VAT and amends the Sixth Directive with regard to the abolition of fiscal frontiers within the European Union. As a result, from 1 January 1993 all customs checks at internal EU borders have been abolished. The 1993 changes affected movements of goods between Member States. The movement of goods between Member States and third countries are still treated as imports and exports. The provisions of Directive 91/680 were implemented into Portuguese law by DL 290/92 of 28 December 1992, which introduced the intra-Community VAT Regime (RITI), separate from the CIVA. Hence, the Portuguese legal framework of VAT is contained in both the CIVA and the RITI.

The consequences of tax frontier removals are twofold. First, the collection of VAT on intra-Community acquisitions is shifted from declarations made by importers at the moment of importation to the periodic VAT returns of taxable persons. Second, as goods are no longer checked at the borders, the collection of Portuguese trade statistics on trade with other EU Member States now takes place on the basis of information from suppliers and acquirers.

On 1 January 2007, the Sixth Directive was replaced by Directive 2006/112/EC on the common system of value added tax.

On 20 February 2008, the following directives were published in the Official Journal of the European Union:

- Directive 2008/8 as regards the place-of-supply rules for services; and
- Directive 2008/9 laying down detailed rules for refunds of VAT to taxable persons resident in another Member State.

Both directives amend the VAT Directive. With effect from 1 January 2010, Portugal transposed these amendments into its national law by Decree-Law 186/2009 of 12 August 2009.

1.2. Structure of VAT legislation

Portuguese VAT rules are contained in:

- the VAT Code (*Código do Imposto sobre o Valor Acrescentado*); and
- Intra-Community VAT Regime (*Regime do IVA nas Transacções Intracomunitárias*).

1.3. Administrative organization

On 1 January 2012, the Tax and Customs Authority (*Autoridade Tributária e Aduaneira*) was established. It resulted from the merger of the Directorate-General for Taxation, the Directorate-General for Customs and Excise, and of the Directorate-General for Technology and Support to Tax and Customs Services. Its mission is to administer taxes, duties and other assigned taxes, as well as to control the external border of the European Union and the national customs territory for tax and economic purposes in accordance with the policies established by the government and EU Law.

The Tax and Customs Authority, in addition to its central bodies, has also decentralized units at a regional level (so-called “tax and customs directorates”) and at a local level (tax offices, delegations and customs posts).

VAT is administered by the VAT Service in Lisbon, which functions within the Tax and Customs Authority.

2. Taxable Persons

2.1. General

Generally speaking, a taxable person for VAT purposes is any taxable person who is liable either to corporate income tax (IRC) or to individual income tax (IRS) on his business or professional activities. The VAT Code does not contain a general definition of taxable persons, but lists those that are deemed to be taxable persons (article 2(1) of the VAT Code):