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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
TAX POLICY
VAT and other turnover taxes

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VAT in the European Community

**APPLICATION IN THE MEMBER
AND ACCESSION STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS
INFORMATION NETWORKS ETC....**

Note

This document collates a range of basic information on the application of VAT arrangements in the Member and Accession States which has been obtained from the tax authorities concerned. The information relating to the Member States was updated July 2002. The information provided by the Accession States is provisional, based on the anticipated application of VAT arrangements once Community legislation has been transposed.

The exchange rates used for the Accession Countries are those for the 1st October 2003, taken from the Official Journal of the European Union.

The sole purpose of distributing details of national provisions is to create a work-tool. In no way does this document necessarily reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

PORTUGAL

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GENERAL INFORMATION

1. WHERE CAN FOREIGN TRADERS OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM?

Foreign traders wishing to obtain information about Portugal's VAT system can contact:

DIRECÇÃO-GERAL DOS IMPOSTOS
DIRECÇÃO DE SERVIÇOS DO IVA
AVENIDA JOÃO XXI, 76
1049-065 LISBON
TEL: (+ 351) 21 761 00 00 (switchboard)
(+ 351) 21 761 03 37 (direct)
(+ 351) 21 761 03 38 (direct)
FAX: (+ 351) 21 793 65 08
E-MAIL: dsiva@dgci.min-financas.pt

2. WHAT IS THE PORTUGUESE TAX AUTHORITIES' WEBSITE ADDRESS? WHAT TYPE OF VAT INFORMATION IS AVAILABLE AND IN WHAT LANGUAGES?

Website: www.dgci.min-financas.pt

The website contains information on the Portuguese VAT Code (adopted by Decree-Law No 394-B/84 of 31 December 1984 and subsequent amendments), VAT rules governing intra-Community transactions (adopted by Decree-Law No 290/92 of 28 December 1992 and subsequent amendments), the administrative rules interpreting tax laws (circulars and memoranda), the forms to be used by businesses effecting occasional transactions subject to VAT and answers to Frequently Asked Questions.

This information is available in Portuguese.

3. WHERE CAN INFORMATION ON VAT LEGISLATION AND IMPLEMENTING RULES BE FOUND AND IN WHAT LANGUAGES?

This information is available in Portuguese and can be found on the website indicated in the answer to question 2.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHEN DO TRADERS HAVE TO REGISTER FOR VAT PURPOSES?

All natural and legal persons carrying out a commercial, industrial or professional activity on their own account must register for VAT purposes.

Entities exempted under Article 9 of the Portuguese VAT Code (Article 13 of the Sixth Directive) must also register for VAT purposes.

5. WHEN DO CUSTOMERS WHO ARE LIABLE FOR VAT NOT HAVE TO REGISTER? IN SUCH CASES CAN FOREIGN TRADERS REGISTER VOLUNTARILY?

For certain services Portuguese law treats customers as taxable persons where the services are provided by entities which do not have their head offices, permanent establishments or domicile on Portuguese territory. These are services listed in subparagraph (e) of Article 9(2) of the Sixth Directive and intra-Community transport services and ancillary services, services performed by agents on behalf of others and work on or valuations of movable property effected under the conditions laid down.

However, customers who are deemed to be taxable persons in Portugal must discharge and pay VAT if the provider of the goods or services is an entity which does not have its head office, permanent establishment or domicile on Portuguese territory and has not appointed a tax representative in Portugal and notified the recipient of this fact.

NB: The draft law amending the Portuguese VAT Code to take account of Council Directive 2000/65/EC of 17 October 2000 amending the Sixth Directive as regards the determination of the person liable for payment of VAT was, in accordance with the Portuguese Constitution, submitted in good time to Parliament for its approval but has not been promulgated by the President of the Republic under the Constitution and has therefore not entered into force.

6. WHERE DO FOREIGN TRADERS HAVE TO APPLY TO REGISTER FOR VAT PURPOSES?

A declaration of the commencement of trading for VAT purposes can be submitted to any local tax office on a special form (National Mint form 1698) or can be made orally; in the latter case once tax offices have the necessary computer equipment.

7. DESCRIBE IN DETAIL THE PROCEDURE (INDICATING THE DOCUMENTS TO BE SUBMITTED) FOR THE ISSUING OF VAT IDENTIFICATION NUMBERS TO FOREIGN TRADERS.

Before submitting the declaration of commencement of trading referred to in question 6, foreign traders carrying out regular business activities in Portugal, irrespective of whether they have a permanent establishment on Portuguese territory, who wish to obtain a VAT number should apply to:

REGISTO NACIONAL DE PESSOAS COLECTIVAS
Praça Silvestre Pinheiro Ferreira, 1 – C
1500 – 578 LISBON
TEL: (+351) 21 771 43 00

Foreign traders must submit an extract from the trade register in their country of origin and complete a form obtained from their own national register of legal persons. If an

application is made by a company's legal representative power of attorney must also be submitted.

VAT numbers for natural persons are issued by the Directorate-General for Taxation. Applications can be made at any local tax office.

THRESHOLDS

8. WHAT IS THE THRESHOLD FOR INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 28B(B)(2) OF THE SIXTH VAT DIRECTIVE?

€31 424.27.

9. WHAT IS THE THRESHOLD UNDER SUBPARAGRAPH (A) OF ARTICLE 28A(1)(A) OF THE SIXTH VAT DIRECTIVE (ACQUISITIONS FOR ENTITIES QUALIFYING FOR DEROGATIONS)?

€8 978.36.

APPOINTMENT OF A TAX REPRESENTATIVE BY FOREIGN TRADERS (NOT ESTABLISHED IN THE EU)

10. WHEN DOES A TAX REPRESENTATIVE HAVE BE APPOINTED?

A tax representative has to be appointed by non-resident taxable persons who do not have a permanent establishment in Portugal and who effect supplies of taxable goods or services in Portugal.

11. WHAT ARE THE RULES APPLYING TO THE APPOINTMENT OF A TAX REPRESENTATIVE?

A tax representative must be a taxable person with a head office or permanent establishment in Portugal and must hold the relevant power of attorney.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

Tax representatives are jointly and severally liable with the person they represent for all the latter's tax obligations.

Tax representatives may require that all the goods of the person they represent be seized before becoming liable for any debts incurred by that person (although persons represented may not have a permanent establishment in Portugal, they may hold assets in Portugal).

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER ESTABLISHED IN ANOTHER MEMBER STATE TO APPOINT A TAX REPRESENTATIVE IN YOUR TERRITORY?

If no tax representative is appointed, recipients of the goods or services may be required to pay the VAT if they are taxable persons.

14. IS A BANK GUARANTEE REQUIRED?

No. Although a tax representative has to be appointed, no bank guarantee has to be provided by the representative or the person represented.

APPOINTMENT OF A TAX REPRESENTATIVE BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. CAN A TAX REPRESENTATIVE OR AGENT BE APPOINTED?

For the reasons outlined in the answer to question 5, Council Directive 2000/65/EC of 17 October 2000 has not been transposed into Portuguese law and taxable persons established in the EU are, under the Portuguese VAT Code, treated in the same way as taxable persons established outside the EU and are covered by the rules referred to in the answer to question 10.

16. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

See answer to questions 11 and 15.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

See answer to questions 12 and 15.

18. ARE THERE OTHER CIRCUMSTANCES IN WHICH A BANK GUARANTEE IS REQUIRED.

See answers to questions 14 and 15.

INVOICING

19. WHAT ARE THE CONDITIONS GOVERNING THE ISSUING OF INVOICES?

An invoice must always be issued for customers who are taxable persons, even if they are exempt. An invoice must also be issued, irrespective of the customer's tax status, for a transaction involving distance selling in another Member State.

The invoice must be issued not later than the fifth working day following that on which VAT is payable in the case of domestic transactions and not later than the fifteenth day of the following month in the case of intra-Community transactions. The invoice must contain:

- (1) the name or business name, place of business or home address of the supplier of goods or services and of the customer or recipient together with their respective VAT identification numbers;
- (2) the quantity and usual description of the goods or services supplied, together with the information required to assess the rate of tax applicable;
- (3) the price, exclusive of tax, and other components of the taxable amount;
- (4) the applicable rates and amount of tax payable;
- (5) if applicable, the reason for no VAT being charged.

Where an invoice is issued for new means of transport, the VAT arrangements for intra-Community transactions require that those means be identified, i.e. by means of their registration number, serial number, characteristics and mileage or sailing or flying hours as at the date of delivery, depending on whether these means are a motor vehicle, vessel or aircraft.

Under Article 28(6) of the VAT arrangements governing intra-Community transactions, an invoice must be issued for:

- (1) distance selling by Portuguese companies not exceeding the threshold applied by other countries;
- (2) distance selling by Community companies exceeding the threshold;
- (3) distance selling by Community companies not exceeding the threshold where they have opted for taxation.

NB:

- (1) Invoices or equivalent documents must be drawn up in Portuguese, although they may also include translations into one or more languages.

- (2) Invoices must be issued for sales to taxable persons, even if they are exempt from VAT.
- (3) In the case of triangular transactions, the vendor/taxable person B (EM2) must expressly indicate, on the invoice that the buyer/taxable person C is liable for VAT by virtue of the transfer of goods on national territory (EM3).

20. ARE THERE DEROGATIONS FROM THE OBLIGATION TO ISSUE INVOICES? IF SO, TO WHICH CATEGORIES OF ACTIVITY DO THEY APPLY?

An invoice does not have to be issued where the vendor is a retailer and the buyer a private individual resident in Portugal.

PERIODIC VAT RETURNS

21. WHEN DOES A TRADER HAVE TO SUBMIT A VAT RETURN?

All traders who are not exempt under Article 9 (Article 13 of the Sixth Directive) or Article 53 (Article 24 of the Sixth Directive) of the Portuguese VAT Code and are not covered by the special scheme for small retailers must submit periodic VAT returns.

22. AT WHAT INTERVALS MUST VAT RETURNS BE SUBMITTED AND ASSOCIATED PAYMENTS BE MADE?

At monthly intervals in the case of taxable persons whose annual turnover exceeds €498,797.90, and at quarterly intervals in the case of taxable persons whose annual turnover does not exceed this amount.

Monthly returns must be submitted and associated payments made by the tenth day of the second month following the month of the transaction.

Quarterly returns must be submitted and associated payments made by the fifteenth day of the second month following the end of the calendar quarter.

23. ARE THERE SPECIAL RULES ON PERIODIC VAT RETURNS FOR SMALL TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS?

There is a special scheme for traders who are natural persons selling goods in the same state in which they buy them whose volume of purchases does not exceed €49 879.79. They must submit their VAT return and make the associated payments to their local tax office no later than the twentieth day of the second month following the end of each calendar quarter. Retailers who have an organised accounting system or who are legal persons, and those carrying out imports, exports or intra-Community transactions do not qualify for these arrangements.

24. ARE THERE SIMPLIFIED PROCEDURES FOR CALCULATING TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

Traders covered by the special scheme for small retailers referred to in question 13 pay to the State 25% of the tax paid on goods purchased for sale without further processing. This amount may be deducted from the amount of VAT liable on the acquisition of capital goods.

RECAPITULATIVE STATEMENTS

25. AT WHAT INTERVALS DO RECAPITULATIVE STATEMENTS HAVE TO BE SUBMITTED?

A recapitulative statement is attached to the monthly or quarterly return.

26. IS ANY FURTHER INFORMATION REQUIRED IN ADDITION TO THAT STIPULATED BY ARTICLE 22(6) OF THE SIXTH VAT DIRECTIVE AS AMENDED BY DIRECTIVE 91/680/EEC?

In Portugal, in addition to the information specified in Article 22(6) of the Sixth VAT Directive, a statement concerning the intra-Community supplies of new means of transport to private individuals or equivalent persons is also required so that the total amount thereof can be checked against the amount of intra-Community supplies included in the return.

The model form for the recapitulative statement must include triangular transactions (sale effected from Member State 2) in accordance with Article 22(6) of the Sixth Directive.

27. DO YOU INTEND TO OPERATE SIMPLIFIED PROCEDURES FOR RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 22(12) OF THE SIXTH VAT DIRECTIVE AS AMENDED BY DIRECTIVE 91/680/EEC? IF SO, WHAT THRESHOLDS APPLY?

There are no plans to introduce simplified procedures for recapitulative statements.

ELECTRONIC INVOICING AND ELECTRONIC RETURNS

28. IS ELECTRONIC INVOICING AUTHORISED? IF SO, UNDER WHAT CONDITIONS AND WHAT PROCEDURES ARE USED?

The use of electronic invoicing is authorised under Portuguese law by Decree-Law No 375/99 of 18 September 1999, Implementing Decree No 15/2000 of 2 October 2000

and Decree No 52/2002 of 12 January 2002. Taxable persons wishing to use electronic invoicing must apply for authorisation from the Directorate-General for Taxation using the model approved by the above Decree.

However, use of electronic invoicing has been temporarily suspended following letter No C (2001) 4234 from the European Commission of 6 December 2001 in which the Commission states that the legal provisions implementing electronic invoicing are technical regulations that can only be adopted once the Commission has been notified, at the draft stage, under Article 8(1) of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998.

29. CAN VAT RETURNS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHAT TECHNOLOGY? WHERE SHOULD APPLICATIONS FOR RETURNS TO BE SUBMITTED ELECTRONICALLY BE MADE?

The periodic VAT return can be submitted electronically provided that it does not have to be accompanied by a recapitulative statement of intra-Community transactions. A personal password must be obtained in order to access the website of the Directorate-General for Taxation. This will be sent by post with details of how returns are to be submitted electronically.

If VAT has to be paid to the State this can be done via the “Multibanco” network or by cheque made out to the Direcção de Serviços do Tesouro, Apartado 8121 – 1802 Lisbon Codex, endorsed to the Direcção-Geral do Tesouro, crossed and with details of the VAT number and the period to which the payment relates on the back.

30. CAN RECAPITULATIVE STATEMENTS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHAT TECHNOLOGY? WHERE MUST APPLICATIONS BE MADE?

It is not yet possible to submit recapitulative statements of intra-Community transactions electronically. These have to be attached to periodic VAT returns and have to be sent by post to the Direcção de Serviços de Cobrança.

ADMINISTRATIVE REQUIREMENTS

31. DO YOU OPERATE FLAT-RATE SCHEMES AND TO WHOM DO THEY APPLY?

There are no flat-rate schemes other than that for small retailers.

(a) Taxable persons qualifying for the special small retailers scheme may opt for the normal arrangements.

(b) As has already been indicated, the special scheme for small retailers involves payment to the State of 25% of the tax paid on goods purchased for sale without further processing and deduction of the VAT liable on acquisitions of capital goods.

32. DO YOU APPLY SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, DESCRIBE THEM.

A special simplified VAT scheme for small taxpayers may be introduced in certain cases.

33. IN WHICH LANGUAGES ARE THE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED?

Portuguese.

RIGHT TO DEDUCT

34. WHAT ARE THE GOODS OR SERVICES FOR WHICH THERE IS NO RIGHT TO DEDUCT?

The following expenditure is excluded:

- expenditure on the acquisition, manufacture or importation, hire, utilisation, processing or repair of coaches, recreational craft, helicopters, aircraft or motorcycles except where the sale or operation of such means of transport forms the object of the taxable person's activity;
- expenditure on fuels normally used in motor vehicles (petrol), excluding acquisitions of diesel, liquefied petroleum gas and natural gas covered by the rules explained in the answer to question 35;
- expenditure on business transport and travel by the taxable person and his staff, including tolls and user fees;
- expenditure on accommodation, meals, beverages and tobacco and entertainment expenses;
- expenditure on leisure and luxury goods which are not considered, by virtue of their nature or their amount, to be normal operating costs.

35. ON WHAT GOODS OR SERVICES MAY PARTIAL DEDUCTIONS BE MADE? PLEASE GIVE THE PERCENTAGE.

50% of the VAT on acquisitions of diesel, liquefied petroleum gas and natural gas may be deducted except where they are used for the vehicles indicated below, in which case the total VAT may be deducted:

- heavy passenger vehicles;
- vehicles licensed for public transport, excluding rental cars;
- vehicles using diesel, LPG or natural gas which are not registered;
- tractors used exclusively or predominantly for agricultural purposes;
- road haulage vehicles of over 350 kg.

ANNEX 1: THRESHOLDS

Member State	Threshold for application of the special scheme for acquisitions by taxable persons not entitled to deduct input tax and by non-taxable legal persons ¹		Threshold for application of the special scheme for distance selling ²		Exemption for small enterprises ³	
	National currency	Euro equivalent	National currency	Euro equivalent	National currency	Euro equivalent
Belgium	€11.200		€35.000		€5.580	
Czech Republic		10.000		35.000		35.000
Denmark	80.000 DKK	10.722	280.000 DKK	37.528	50.000 DKK	6.667
Germany	€12.500		€100.000		€16.620	
Estonia	160.000 EEK	10.226	550.000 EEK	35.151		16.000
Greece	€10.000		€35.000		€9.000 or €4.000	
Spain	€10.000		€35.000		None	
France	€10.000		€100.000		€76.300 or €27.000	
Ireland	€41.000		€35.000		€51.000 or €25.500	
Italy	€8.263		€27.889		None	None
Cyprus	6.000 CYP	10.226	20.000 CY Pounds	34.220		15.600
Latvia	7.000 LVL	10.778	24.000 LVL	36.952		17.200
Lithuania	35.000 LTL	10.138	125.000 LTL	36.207		29.000
Luxembourg	€10.000		€100.000		€10.000	
Hungary						35.000
Malta		10.000		35.000		37.000 ⁴ 24.300 ⁴ 14.600 ⁴

¹ See second subparagraph of Article 28(a)(1) of Directive 77/388/EEC, as amended.

² See Article 28b, (2) of Directive 77/388/EEC, as amended.

³ See Article 24(2) of Directive 77/388/EEC, as amended. This scheme is reserved for taxable persons established within the territory of the country.

⁴ €37 000 when the economic activity consists principally in the supply of goods, €24 300 when the economic activity consists principally in the supply of services with a low value added (high inputs), and €14 600 in other cases, namely service providers with a high value added (low inputs)

ANNEX 1: THRESHOLDS

Netherlands	€10.000		€100.000		None	None
Austria	€11.000		€100.000		€22.000	
Poland						10.000
Portugal	€8.978		€31.424		€9.976 or €12.470	
Slovenia		10.000		35.000		25.000
Slovak Republic		10.000		35.000		35.000
Finland	€10.000		€35.000		€8.500	
Sweden	90.000 SEK	10.071	320.000 SEK	35.809	None	None
United Kingdom	55.000 GBP	86.112	70.000 GBP	109.598	55 000 GBP	86.112

ANNEX 2: VAT IDENTIFICATION NUMBER

- BE** le numéro d'identification à la taxe sur la valeur ajoutée
BTW - identificatienummer
- CZ**
- DK** momsregistreringsnummer
- DE** Umsatzsteuer - Identifikationsnummer
- EE** käibemaksukohustuslasena registreerimise number
- EL** Αριθμός Φορολογικού Μητρώου ΦΠΑ
Arithmos Forologikou Mitroou FPA
- ES** el número de identificación a efectos del Impuesto sobre el Valor Añadido
- FR** le numéro d'identification à la taxe sur la valeur ajoutée
- IE** value added tax identification no.
- IT** il numero di registrazione IVA
- CY** Αριθμός Εγγραφής Φ.Π.Α.
Arithmos Egrafis FPA
- LV** pievienotās vērtības nodokļa (PVN) reģistrācijas numurs
- LT** PVM mokėtojo kodas
- LU** le numéro d'identification à la taxe sur la valeur ajoutée
- HU**
- MT** numru ta' l-identifikazzjoni tat-taxxa fuq il-valur miújud
value added tax identification number
- NL** BTW - identificatienummer
- AT** Umsatzsteuer - Identifikationsnummer
- PL**
- PT** o número de identificação para efeitos do imposto sobre o valor acrescentado

ANNEX 2: VAT IDENTIFICATION NUMBER

- SI** identifikacijska številka za DDV
- SK** identifikačné číslo pre daň (IČ DPH)
- FI** arvonlisäverorekisteröintinumero
Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- SE** Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- GB** value added tax (VAT) registration no.

ANNEX 3: ABBREVIATIONS

	COUNTRY	CURRENCY
BELGIUM	BE	EUR
CZECH REPUBLIC	CZ	CZK
DENMARK	DK	DKK
GERMANY	DE	EUR
ESTONIA	EE	EEK
GREECE	EL	EUR
SPAIN	ES	EUR
FRANCE	FR	EUR
IRELAND	IE	EUR
ITALY	IT	EUR
CYPRUS	CY	CYP
LATVIA	LV	LVL
LITHUANIA	LT	LTL
LUXEMBOURG	LU	EUR
HUNGARY	HU	HUF
MALTA	MT	MTL
NETHERLANDS	NL	EUR
AUSTRIA	AT	EUR
POLAND	PL	PLN
PORTUGAL	PT	EUR
SLOVENIA	SI	SIT
SLOVAK REPUBLIC	SK	SKK
FINLAND	FI	EUR
SWEDEN	SE	SEK
UNITED KINGDOM	GB	GBP