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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect taxation and tax administration
VAT and other turnover taxes

TAXUD/1032/07-EN Part 7

VAT in the European Community

**APPLICATION IN THE MEMBER 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 States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document 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. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, E-MAIL)

Foreign traders wishing to obtain information on the Portuguese VAT system should contact:

DIRECÇÃO-GERAL DOS IMPOSTOS
DIRECÇÃO DE SERVIÇOS DO IVA
AVENIDA JOÃO XXI, 76
1049-065 LISBOA
TEL: (+ 351) 21 761 00 00 (switchboard) or +351 707 206 707
FAX: (+ 351) 21 793 65 08
E-MAIL: dsiva@dgci.min-financas.pt

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT ARE AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGES?

Website address: <http://www.dgci.min-financas.pt/>

Information available on this website includes the Portuguese VAT Code (adopted by Decree-Law No 394-B/84 of 31 December 1984 and its subsequent amendments), VAT rules governing intra-Community transactions (adopted by Decree-Law No 290/92 of 28 December 1992 and its subsequent amendments), administrative rules interpreting certain tax laws (circulars, memoranda and related information), forms and Frequently Asked Questions).

This information is available in Portuguese.

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

This information is available in Portuguese at the website given in Point 2.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHEN DO TRADERS HAVE TO REGISTER FOR VAT?

All natural or legal persons who are involved in production, trade or the supply of services on an independent and habitual basis must be registered for VAT purposes.

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

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR THE TAX? IN SUCH CASES, IS IT POSSIBLE TO REGISTER ON A VOLUNTARY BASIS?

For certain acquisitions of goods and supplies of services, Portuguese law considers that the recipient is the taxable person, where the supplier or provider is an entity which does not have a head office, permanent establishment or domicile on Portuguese territory. These are services listed in Article 9(2)(e) of the Sixth Directive, intra-Community transport services and ancillary transport activities, services performed by agents acting in the name and on behalf of others, work on or valuations of movable tangible property, and the supplies of goods referred to in Article 8(1)(d) and 8(1)(e) of the Sixth Directive under the conditions laid down.

Additionally, the recipients of goods or services, on condition that they are taxable persons liable for VAT in Portugal, are required to discharge and pay the tax if the supplier of the goods or services is an entity without a 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.

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO REGISTER FOR VAT PURPOSES? (DETAILS OF THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE, FAX AND E-MAIL)

Declarations of commencement of trading for VAT purposes may be submitted to any tax office using the appropriate form (form 1828 of the *Imprensa Nacional Casa da Moeda*) or can be made orally. Declarations may also be submitted to business formality centres (*Centros de Formalidades de Empresas*), citizens' advice bureaux (*Lojas do Cidadão*) or offices of the Registry of Companies (*Conservatórias do Registo Comercial*). In the near future, it will also be possible to submit via the Internet.

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

Before submitting the declaration of commencement of trading referred to in question 6, a foreign company with regular business activities in Portugal, regardless of whether or not it has a permanent establishment on Portuguese territory, wishing to obtain a VAT identification number, should apply to:

REGISTO NACIONAL DE PESSOAS COLECTIVAS

Praça Silvestre Pinheiro Ferreira, 1 – C

1500 – 578 LISBOA

TEL: (+351) 21 771 43 00

E-mail address: rnpc@dgrn.mj.pt

Website address: <http://www.dgrn.mj.pt/rnpc/informnpc.asp>

Foreign traders must submit an extract from the trade registry of their country of origin and complete a form obtained from their national registry of legal persons. If the application is submitted by the company's legal representative, he or she must submit the relevant power of attorney.

For natural persons, VAT numbers are issued by the Directorate-General for Taxation (*Direcção-Geral dos Impostos*). Applications can be made to any local tax office.

THRESHOLDS

8. WHAT IS THE THRESHOLD FOR INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

9. WHAT IS THE THRESHOLD FOR ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER ARTICLE 3(2) OF THE VAT DIRECTIVE (2006/112/EC)?

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/traders/vat_community/vat_in_EC_annexI.pdf

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

10. WHEN IS THE APPOINTMENT OF A TAX REPRESENTATIVE OBLIGATORY?

A tax representative must be appointed by non-resident taxable persons having no permanent establishment in Portugal and who do not have a head office, permanent establishment or domicile in another Member State whenever they are engaged in the supply of goods and services subject to VAT.

These traders are only released from the obligation to register and appoint a representative if they are only engaged in the supply of goods referred to in Annex C to the Portuguese VAT Code (Annex J of the Directive) exempted under the terms of Article 15(1)(d) of that Code (Article 16(1) B of the Directive).

11. WHAT ARE THE CONDITIONS GOVERNING 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 requisite power of attorney.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

Tax representatives are liable for the tax on transactions undertaken by their principals in Portugal and must comply with all obligations in terms of registration, submission of tax returns and payment of tax on those transactions.

A taxable person without an establishment on Portuguese territory is jointly and severally liable with the representative for payment of the tax.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER COUNTRY TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

Failure to appoint a tax representative means that the recipient of the goods or services, if the taxable person, is required to pay the tax.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

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 TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. CAN A TAX REPRESENTATIVE OR AGENT BE APPOINTED?

Non-resident taxable persons having no permanent establishment in Portugal, but who have a head office, permanent establishment or domicile in another Member State and who are involved in the supply of goods or services in Portugal are not required to appoint a tax representative, although they are at liberty to do so if they wish.

Where these traders who have not appointed a tax representative supply goods and services to taxable persons in Portugal, the recipient of the goods or services is deemed to be the taxable person, and the non-resident taxable person is not required to comply with any obligation in respect of those transactions.

Any taxable person may appoint an agent to carry out routine formalities or represent them in tax cases which are not personal in nature.

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

See replies to questions 11 and 15.

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

See replies to questions 12 and 15.

18. ARE THERE CIRCUMSTANCES IN WHICH A BANK GUARANTEE IS OBLIGATORY?

There are no circumstances in which traders domiciled in the Community who carry out transactions on Portuguese territory are required to provide a bank guarantee.

INVOICING

RULES ON INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS, GUIDELINES, ETC.) BE FOUND?

Rules governing invoicing are set out in the Portuguese VAT Code, as amended in accordance with Decree-Law No 256/2003 of 21 October 2003. A separate Decree-Law will be issued to cover the computer-related and technological aspects of electronic invoicing.

ISSUANCE OF INVOICES

20. CASES WHERE AN INVOICE NEEDS TO BE ISSUED

(a) Except in the cases covered by paragraph (b) below, the obligation to issue an invoice for each supply of goods or services on Portuguese territory by taxable persons registered for VAT is unrelated to the status of the recipient of the goods or services concerned.

(b) Taxable persons solely undertaking exempt transactions under the terms of Article 9 of the Portuguese VAT Code (Article 13 of the Directive) are not required to issue invoices for VAT purposes in the same way as taxable persons covered by the special exemption arrangements contained in Article 53 of the Portuguese VAT Code. Taxable persons exempt under the terms of Article 53 of the Portuguese VAT Code must always, when issuing invoices for goods or services supplied, add the wording “*IVA – Regime de isenção*” (VAT – exemption scheme). If the recipient is a natural person and the transaction is settled in cash, an invoice does not have to be issued for the following activities, and can be replaced by a sales voucher (Article 39 of the Portuguese VAT Code):

- supplies of goods by pedlars or street traders;
- supplies of goods through automatic vending machines;
- supplies of services for which it is normal to issue a slip, admission or transport ticket, voucher or other printed bearer document proving payment has been made;
- other supplies of services with a value of less than EUR 9.98.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT / DEBIT NOTES)?

Corrective invoices (debit notes, credit notes, etc) are treated as invoices, and must contain the same details and comply with the same rules as invoices.

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

For domestic transactions, invoices must be issued no later than the fifth business day from the day on which the tax becomes due, and for intra-Community transactions, no later than the fifteenth day of the month following the month in which the tax becomes due.

23. WHAT ARE THE RULES ON SUMMARY INVOICING?

Taxable persons may, where they consider it to be more convenient and provided they notify the tax administration in advance, issue summary invoices covering a month or any shorter period. If this option is used, a delivery note or advice must be issued for each transaction. The delivery note or advice in conjunction with the invoice provide all the information legally required for invoices.

24. WHAT ARE THE CONDITIONS FOR SELF-BILLING?

Recipients of goods or services may draw up invoices in the name and on behalf of the taxable person (so-called “self-billing”) if both the following conditions are met:

- if there is a prior written agreement between the taxable person supplying the goods or services and their recipient that the recipient will issue the invoice;
- proof by the recipient that the supplier of the goods or services is aware that the invoice has been issued and accepts its contents.

It should be noted that prior authorisation is needed from the Directorate-General for Taxation for invoices to be issued by the recipients of goods or services who do not have a head office, permanent establishment or domicile in any Member State, and it may set specific conditions.

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICES TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

Prior authorisation is needed from the Directorate-General for Taxation for invoices to be issued in the name and on behalf of the taxable person by a third party (referred to as “outsourcing”) who does not have a head office, permanent establishment or domicile in any Member State, and it may set specific conditions.

CONTENT OF INVOICES

26. WHEN MUST THE CUSTOMER'S VAT NUMBER BE QUOTED ON THE TAX INVOICE?

The customer’s VAT number must always be quoted on the invoice if the customer is a taxable person registered for VAT in Portugal, or, in the particular case of intra-Community transactions, if the customer is a taxable person registered in another Member State.

27. ARE THERE ANY OTHER SPECIFIC RULES IN RELATION TO THE CONTENT OF THE INVOICE?

For VAT purposes, the only mandatory details on invoices are those listed in Article 22(3)(b) of the Directive.

ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE-SIGNATURE-CREATION DEVICES? IF SO, PLEASE GIVE DETAILS.

Portuguese law does not require the use of qualified certificated and secure-signature-creation devices for advanced electronic signatures on electronic invoices.

29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER OBLIGATORY? IF SO, PLEASE GIVE DETAILS OF ITS CONTENT AND PROCEDURE.

The Portuguese VAT Code stipulates that taxable persons issuing or receiving invoices electronically must retain paper lists identifying such documents for each tax period (month or quarter). The lists must identify the invoices – numbers and dates – and show the NIF (tax identification number) of both sender and recipient, as well as the amount of VAT paid and the total amount of the invoice. However, this stipulation of the Code is expected to be deleted.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO ARTICLE 233(1) OF THE VAT DIRECTIVE ("BY USING ANY OTHER ELECTRONIC MEANS")? IF SO, UNDER WHAT CONDITIONS AND FORMALITIES?

Portuguese law does not permit other methods to be used in this area.

31. ARE THERE ANY OTHER SPECIFIC RULES IN RELATION TO ELECTRONIC INVOICING?

There are no other specific rules in relation to electronic invoicing.

STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

Taxable persons who have a head office, permanent establishment or domicile on Portuguese territory are required to keep their books, records and other documents,

including invoices, at an establishment or premises located on Portuguese territory, unless they are stored in electronic form.

Taxable persons resident on Portuguese territory may store in electronic form invoices issued electronically in any Member State of the Community.

Non-resident taxable persons (who do not have a head office, permanent establishment or domicile on Portuguese territory) may keep their paper or electronic files on Portuguese territory or in any other Member State of the Community.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE SPECIFY.

The storage of invoices outside Community territory, either by non-resident taxable persons or by persons resident on Portuguese territory (although in the latter case this possibility is limited to electronic storage) is in all cases subject to prior authorisation by the Directorate-General for Taxation, which may set specific conditions.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

10 years.

35. WHAT ARE THE SPECIFIC RULES ON THE FORM OF STORAGE AND POSSIBLE CONVERSIONS?

As a general rule, electronic storage is only permitted for invoices issued electronically on condition that full, on-line access to the data is guaranteed and the integrity of the source and contents is assured. Only invoices issued electronically may be stored in electronic form, although income tax legislation is considered to be applicable in this area, stipulating that after a period of three years from the year to which the documents relate, and once prior authorisation has been obtained from the Directorate-General for Taxation, the documents may be replaced for tax purposes by microfilm, which must comply with certain legal technical specifications.

36. ARE THERE ANY OTHER SPECIFIC RULES IN RELATION TO INVOICE STORAGE?

The electronic system for storing invoices or equivalent documents must, for the legally-stipulated periods, ensure:

- Accessible and legible information, notably for use by the tax administration, regardless of the systems and technologies used, so that the stored information can be read, exported or extracted in document form;
- Methods for checking the integrity of tax-relevant information, preventing it from being altered, becoming un-usable or being destroyed;
- Storage of information required for reconstruction of transactions carried out;

- Preservation of updated technical documentation for computerised invoicing systems which enable their operational integrity to be assessed in an intelligible manner.

Electronic invoices and equivalent documents which have been filed electronically must be accessible online, whenever requested by the tax administration, from the premises of the taxable person where the inspection is taking place. At present, it is not necessary for them to be accessible directly by the inspection team or to be sent by e-mail.

Electronic invoices must be stored in the format in which they were originally issued or received to ensure all the original details of messages exchanged between the parties are preserved.

The information contained in the invoices must be as legible as a commercial invoice in paper form, so that all the mandatory details in the invoice (as specified in Article 35(5) of the Portuguese VAT Code) can be viewed.

SIMPLIFIED INVOICES

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 238 OF THE VAT DIRECTIVE (2006/112/EC)? AND WHAT ARE THE SPECIFIC RULES?

Portuguese law (Article 39(5) of the Portuguese VAT Code) gives the Minister of Finance discretion to approve dispensation from issuance of an invoice on an exceptional basis and only in the case of categories of taxable persons supplying low-value services of a uniform and repetitive nature to the public.

In those cases, the document to be issued is a simplified invoice, which, in principle, must contain the following details: identification of the supplier of the goods or services (including the tax reference number), the usual description of the goods or services and their price, as well as the amount of VAT due and the rate applicable.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

A periodic VAT return must be submitted by all traders who are not wholly exempt under the terms of Article 9 or Article 53 of the Portuguese VAT Code (Articles 13 and 24 of the Sixth Directive respectively) or who are not covered by the small retailers scheme.

39. AT WHAT INTERVALS ARE VAT RETURNS AND ASSOCIATED PAYMENTS TO BE MADE?

There are two possibilities: monthly for taxable persons whose annual turnover is equal to or greater than EUR 498 797.90, and quarterly for taxable persons with a turnover of less than that amount, although traders in the second category may opt for the monthly system.

Monthly returns must be submitted and the corresponding payments made by the tenth day of the second month following the month of the transactions concerned.

Quarterly returns must be submitted and the corresponding payments made by the fifteenth day of the second month following the month of the transactions concerned.

40. IS THERE A SPECIAL SCHEME AS REGARDS PERIODIC VAT RETURNS FOR SMALLER TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

There is a special scheme for traders who are natural persons selling goods in the same condition in which they buy them and whose turnover does not exceed EUR 49 879.79. These traders are required to submit their VAT return and make the corresponding payments to the competent tax authority by the twentieth day of the second month after the month of the transactions concerned.

This scheme is not open to retailers with an organised accounting system or who are legal persons, or to retailers undertaking imports, exports or intra-Community transactions or supplies of non-exempt services with an annual value in excess of EUR 250, or involved in the supply of goods or services referred to in Annex E to the Portuguese VAT Code (recyclable waste, residues and scrap metal).

41. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF 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 40 pay the State 25% of the tax paid on goods purchased for sale without further processing. The amount of VAT on acquisitions of capital goods may be deducted from this amount.

RECAPITULATIVE STATEMENTS

42. AT WHAT INTERVALS ARE RECAPITULATIVE STATEMENTS TO BE SUBMITTED?

The recapitulative statement for supplies to taxable persons in other Member States is attached to the monthly or quarterly return.

43. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN CHAPTER 6 (RECAPITULATIVE STATEMENTS) OF TITLE XI OF THE VAT DIRECTIVE 2006/112/EC)?

In Portugal, in addition to the information specified in Article 22(6) of the Sixth VAT Directive, details are also required in the recapitulative statement of intra-Community supplies of new means of transport to individuals or equivalent persons.

44. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE (2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

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

ELECTRONIC RETURNS

45. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT RETURNS ELECTRONICALLY?

Under the terms of Ministerial Order No 375/2003 of 10 May 2003. Taxable persons within the normal system must submit their periodic VAT returns and annexes electronically.

To submit returns by Internet, taxable persons must first obtain a personal password for which application must be made via the Directorate-General Taxation's website:

www.dgci.min-financas.pt or

<http://www.e-financas.gov.pt/de/jsp-dgci/main.jsp> .

The personal password will be sent by post and will be accompanied by instructions on how to submit returns electronically.

If VAT has to be paid to the State, payment can be made through the "Multibanco" ATM network, or in tax offices, post offices (CTT) or via the Internet homebanking system.

46. IS IT POSSIBLE TO SUBMIT RECAPITULATIVE STATEMENTS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

For recapitulative statements, the same rules apply as for the periodic VAT returns. They are described in the reply to the previous question.

ADMINISTRATIVE REQUIREMENTS

47. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

In addition to the small retailers scheme, there is a flat-rate scheme for farmers.

NB:

- (a) Taxable persons eligible for the small retailers scheme or flat-rate scheme for farmers may opt for the normal arrangements.
- (b) As already mentioned, 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, with the possibility of deduction of VAT paid on acquisitions of capital goods.
- (c) As regards the farmers' flat-rate scheme, the flat-rate compensation percentage referred to in Article 25(3) of the Sixth Directive is zero. Farmers in the flat-rate scheme are released from the obligations set out in Article 22 of the Sixth Directive, except for the obligation to register.

48. DO YOU APPLY SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

No other simplified administrative requirements exist.

49. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

Portuguese.

RIGHT OF DEDUCTION

50. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

There is no right to deduct the tax included in the following expenditure:

- 1 expenditure on the acquisition, manufacture or importation, hire, utilisation, processing and repair of motor cars, 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;
- 2 expenditure on fuels normally used in motor vehicles, excluding acquisitions of diesel, liquefied petroleum gas (LPG), natural gas and biofuels, which are covered by

the rules described in the answer to question 51;

- 3 expenditure on business transport and travel by the taxable person and his staff, including tolls;
- 4 expenditure on accommodation, meals, beverages and tobacco, and entertainment expenses;
- 5 expenditure on leisure and luxury goods which are not considered, by virtue of their nature or amount, to be normal operating expenses.

51. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

50% of the VAT on acquisitions of diesel, liquefied petroleum gas (LPG), natural gas and biofuels may be deducted, except where they are used for the following vehicles, when the VAT may be deducted in full:

- 1 large passenger vehicles;
- 2 vehicles licensed for public transport, excluding rental cars;
- 3 vehicles powered by diesel, LPG, natural gas or biofuels which are not registered;
- 4 tractors used exclusively or predominantly for agricultural purposes;
- 5 road haulage vehicles weighing over 3 500 kg.

Business transport and travelling expenses, including tolls and the cost of accommodation, food, drink and entertainment expenses are deductible up to 50% where incurred for the direct requirements of participants and can be shown to contribute to the realisation of taxable transactions related to the organisation of symposia, trade fairs, exhibitions, seminars, conferences and similar events, and which are based upon contracts entered into directly with the supplier of the services or through entities legally authorised for that purpose.

Business transport and travelling expenses, including tolls and the cost of accommodation, food and drink, are deductible up to 25% where they relate to participation in symposia, trade fairs, exhibitions, seminars, conferences and similar events, and which are based upon contracts entered into directly with the organisers of the events and can be shown to contribute to the realisation of taxable transactions.

ANNEX 1: THRESHOLDS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexI

ANNEX 2: VAT IDENTIFICATION NUMBERS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexII

ANNEX 3: ABBREVIATIONS

http://europa.eu.int/comm/taxation_customs/taxation/vat/traders/vat_community/index_en.htm#annexIII