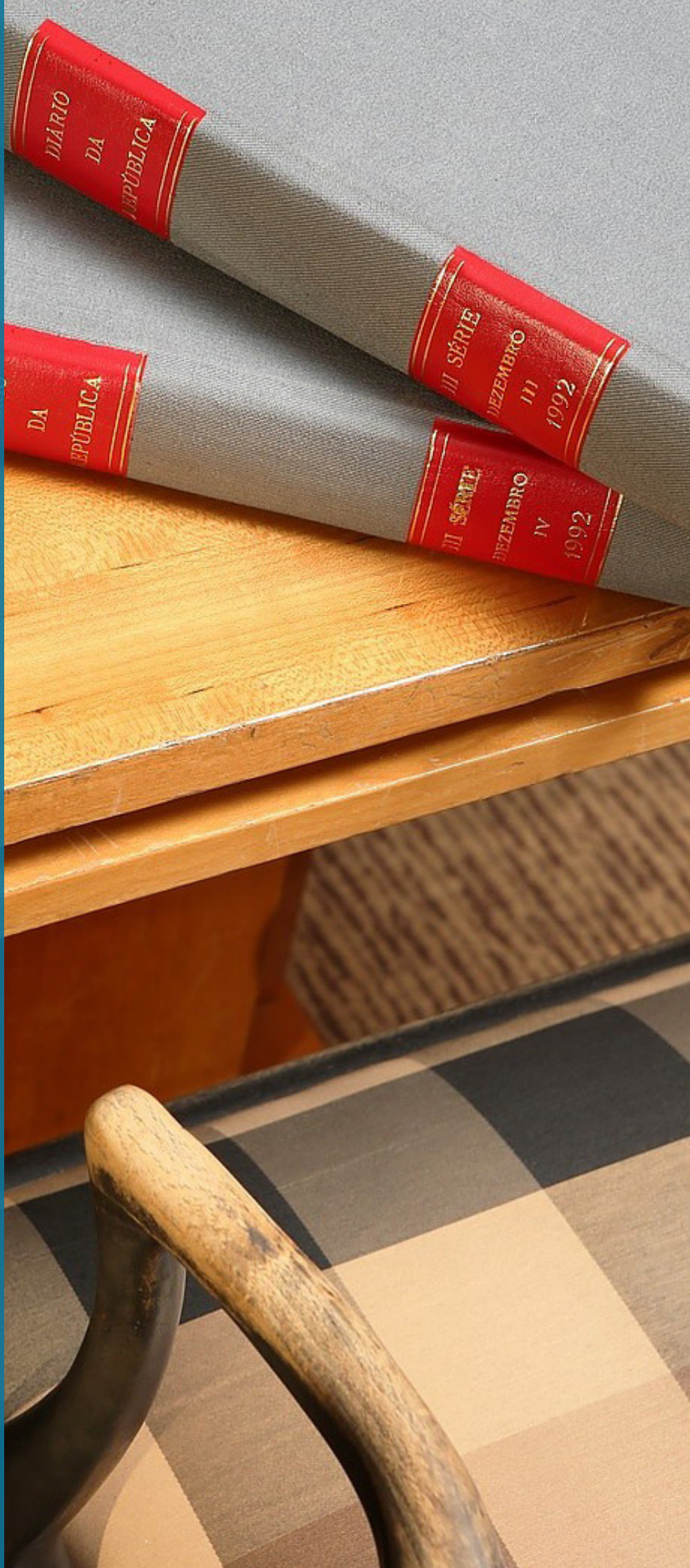


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SOCIEDADE DE ADVOGADOS SP, RL
BOUTIQUE LAW FIRM

NewsLetter

18.03.2020



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Government eases the payment of taxes and contributions

It is eliminated the cost of payment by card without being necessary to establish a minimum amount.
Maximum limit for contactless cards - **up to 30 euros now.**

The Government has approved new credit lines for companies in the amount of three billion euros with a grace period until the end of the year and amortised within 4 years.

The credit line is meant for the affected companies, but specifically for the tourism sector.

- A budget of 600 million euros will be available for restaurants and similar facilities;
- A budget of 200 million euros for travel agencies and event organizations;
- A budget of 900 million euros for other companies of the tourism sector;
- A budget of 1.3 billion euros for the textile, clothing, footwear mining and wood industry.

This new package of measures follows the EUR 200 million support for the companies and the partial payment of the wages of lay-off workers, being assured 2/3 of the gross remuneration, up to a maximum of 1905 euros.

Of the amount paid, 70% is covered by Social Security and 30% by the employer.

The law provides the temporary exemption from the payment of social security contributions by companies "covered by any of the measures set out in the Order" which was approved to contain the epidemic.

Who benefits from the easing of tax payments?

- Self-employed workers;
- Companies with turnover up to 10 million euros in 2018 or starting operations as of January 1, 2019;
- The remaining companies or self-employed workers, when there has been a decrease in **turnover of at least 20% in the average of the three months** preceding the month in which this obligation arose compared with the same period of the previous year.

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To which taxes does this measure apply?

- VAT on monthly and quarterly schemes;
- The return of the **IRS** withholding taxes to the State;
- The return of the **IRC** withholding taxes to the State.

In what terms?

- Immediate payment;
- Payment **divided in three monthly instalments with no interest**;
- Payment divided in **six monthly instalments with interest applicable to the last three instalments**.

And also...

- Social Security payments due between March and May 2020 will be reduced by one third in the second quarter of the year;
- The remaining amount for the months of April, May and June is settled as from the third quarter of 2020 in similar terms to the tax instalments;
- This measure is immediately applicable to companies with up to 50 employees; companies with up to 250 jobs can access this scheme in the event of a drop in turnover of 20% or more (which must be proved by the balance sheets and accountants' reports).

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The Government has decided to suspend the execution of tax and contributive ongoing procedures.

As for IRS, the following measure was taken:

- The special payment on account that is due on march can be made **until 30th of June 2020**.

Regarding IRC:

- The periodic tax return of IRC related with the tax period of 2019 may be submitted **until the 31st of june 2020**;
- The first special payment and the first special additional payment due in July may be paid **until 31st of august 2020**.

It has also been acknowledged that a medical certificate proving the situation of infection with COVID-19 or the isolation measure is sufficient to use as justifiable reason for tax compliance.

This measure covers both taxpayers who are unable to perform acts and certified accountants.

It has also been made available the credit line **“Covid -19 - Fundo de Maneio”** in order to support the needs of the companies' working capital.

- Preferably small and medium-sized companies (PME) certified by the electronic declaration of IAPMEI, I.P.;
- Large companies.

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The following operations are not eligible:

- Financial restructuring and/or consolidation of outstanding loans;
- Transactions intended to settle or replace, directly or indirectly, the financing previously agreed with the bank;
- Purchase of real estate, goods in a state of use, light vehicles which are not “means of production” and goods vehicles purchased by road hauliers on behalf of third parties. **However, it is accepted:**
 - That the beneficiary companies that develop activities within the primary sector, namely Agriculture, Livestock, Forestry and Extractive Industries, may purchase real estate, as well as movable assets subject to registration, provided they are proven to be intended for the production activity of the company;
 - The purchase of real estate that is related to the business activity, as long as they do not operate in the “CAE of division 68” and providing that the maximum amount of financing for purchase does not exceed 50% of the total investment.
- **Financial transactions** for activities related to exportation to third countries and Member States, including the establishment and operation of distribution networks.

Eligibility Conditions of the Beneficiary

- Location (head office) in Portugal;
- Activity included in the “CAE” defined list;
- No debts before FINOVA and no due payments to the banking sector at the date of application;
- No debts before Tax Authorities and Social Security at the date of the financing (the companies who have a payment plan are eligible);

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Condições de Elegibilidade do Beneficiário

- Positive net on the last approved balance sheet. Companies with negative net worth on the last approved balance sheet may access the line if they present this situation settled in an interim balance sheet approved until the date of the operation;
- In case of large companies, the company must at least be in a similar position in terms of credit assessment;
- Presentation of a statement proving the negative impact of the Covid-19 outbreak on the company's activity, namely the drop of sales by at least 20% in the last 60 days, in relation to the same period of the previous year, according to a draft made available by the participating banks.

Type of operations provided:

- Credit - Mutual Guarantee - Bank Loan

Maximum Financing per Company

€1,5 million.

Return of Capital

Equal, monthly, quarterly or half-yearly instalments and postpaid.

Maximum Term of the Operation

Up to 4 years.

Capital's Maximum Period of Grace

Up to 12 months.

Interest Rate Applicable

Fixed

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Participating Banks:

Abanca Corporacion Bancaria, S.A. – Portugal branch

Banco Bilbao Vizcaya Argentina, S.A. - Portugal branch

Banco BPI, S.A.

Banco Comercial Português, S.A.

Banco Português de Gestão, S.A.

Banco Santander Totta, S.A.

Caixa Central de Crédito Agrícola Mútuo, CRL

Caixa de Crédito de Agrícola Mútuo de Leiria, CRL

Caixa Económica Montepio Geral

Caixa Geral de Depósitos, S.A.

Novo Banco, S.A.

Banco BIC Português, S.A.

Novo Banco dos Açores, S.A.

Bankinter, S.A. - Sucursal em Portugal

Caixa de Crédito Agrícola Mútuo da Chamusca, CRL

Caixa de Crédito Agrícola Mútuo de Mafra, CRL

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Associate Lawyer

cristiana.sobreiro@dlas.pt



Senior Partner

margarida.santos@dlas.pt

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