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TAX

Coronavirus: Recent tax measures to support micro, small and medium-sized enterprises

A major economic crisis has been caused by the pandemic associated with the new SARS-CoV-2 Coronavirus and the COVID-19 disease. In this context, Law 29/2020 was published on 31 July to establish new tax measures to support cooperatives, micro, small and medium-sized enterprises. The aim of these measures is to mitigate the impacts of the pandemic on these businesses.

Among the measures established by this Law is the temporary suspension of the obligation to make payments on account and special payments on account of corporate income tax (referred to here by its Portuguese initials “IRC”. In addition, provision is made for the early return of special non-deductible payments on account, and a maximum period is also set for refunds of VAT, IRC and personal income tax (“IRS”).

These measures came into force on 1 August 2020 and will be in force until the end of the year when the exceptional and temporary measures introduced to respond to the COVID-19 pandemic cease.

Temporary suspension of the payment on account and the special payment on account of IRC

Micro, small and medium enterprises, and cooperatives may be exempted from making the payments on account and the special payments on account of IRC currently provided for in articles 105, 106 and 107 of the IRC Code.

However, the entities covered by this dispensation, if they intend to make the payment on account, may do so under the terms and within the time limit defined by law, and taking into account the change resulting from Order 104/2020 - XXII, of the Secretary of State for Tax Affairs. Under this Order, the first payment on account and the first additional payment on account can be made until 31 August 2020, without any charge or liability.

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Early return of unused special payments on account

In 2020, micro, small and medium-sized enterprises and cooperatives can apply for full reimbursement of that part of the special payment on account that could not be deducted until the year 2019.

The 90-day period defined in the IRC Code to submit the application for reimbursement of the special payment on account does not apply to this application.

Maximum time limit for VAT, IRC and IRS refunds

The refund of withholding tax, payments on account in respect of personal and corporate income tax, and VAT assessments in excess of the tax due must be made within a maximum period of 15 days after the taxable person has submitted their return. ■