Key tax factors for efficient cross-border business and investment involving Portugal

**EU Member State**
Yes.

**Double Tax Treaties**
With:

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(a) Treaties signed, but not yet effective.

**Most important forms of doing business**
Legal entity capital requirements

The minimum capital required will depend on the legal form of the entity:

- Private Limited Liability Company: EUR 1;
- Public Limited Liability Company: EUR 50,000;
- Partnership Limited by Shares: EUR 50,000;
- General/Limited Partnership: N/A.

The general partners have full liability for the company’s obligations, while the limited partners have limited liability up to the amount of their investment.

Residence and tax system

Companies are deemed resident in Portugal for tax purposes if the head office or place of effective management (regardless of the head office’s jurisdiction) is located there. These two requirements often occur simultaneously, providing consistency within tax law. Nonetheless, where this is not the case, the place of effective management is the decisive argument in the equation.

Resident companies are taxed on their worldwide income. Non-resident companies are taxed on their Portuguese source income only.

Compliance requirements for CIT purposes

- Generally, the tax year corresponds to the calendar year, but companies may opt for a different tax year.

- Filing the corporate income tax (CIT) return (Modelo 22) annually by the last day of May or the fifth month subsequent to the end of the tax year.

- Filing the Annual Return of Simplified Corporate Information (IES) by July 15, or the 15th of the seventh month subsequent to the end of the tax year.

- Statement returns regarding the beginning of the activity should be submitted within 90 days after the registration of the companies in the Companies’ National Registry or 15 days after the registration at the Commercial Registration Office (in case the registration in the Companies’ National Registry is not mandatory).

- Statement returns regarding the change of activity should be submitted within 15 days after the date of such change in the activity.

- Statement returns regarding the termination of the activity should be submitted within 30 days after the termination of the activity.

- Filing a form regarding income subject to withholding tax paid or placed at the disposal of non-resident taxpayers (Modelo 30) by the end of the second month following the date of payment or the date in which the income was placed at the disposal of non-resident taxpayers.

Corporate income tax rate

The standard CIT rate is 21 percent (plus: municipal surcharge of up to 1.5 percent and state/regional surcharge levied at 3 percent on profits between EUR 1,500,000 and 7,500,000, 5 percent on profits between EUR 7,500,000 and 35,000,000; and 9 percent on profits exceeding EUR 35,000,000).
In the Autonomous Region of the Azores, the CIT rate is 16.8 percent (plus: municipal surcharge of up to 1.5 percent and state/regional surcharge levied at 2.4 percent on profits between EUR 1,500,000 and 7,500,000, 4 percent on profits between EUR 7,500,000 and 35,000,000; and 7.2 percent on profits exceeding EUR 35,000,000).

In the Autonomous Region of Madeira, the CIT rate is 14.7 percent (plus: municipal surcharge of up to 1.5 percent and state/regional surcharge levied at 2.1 percent on profits between EUR 1,500,000 and 7,500,000, 3.5 percent on profits between EUR 7,500,000 and 35,000,000; and 6.3 percent on profits exceeding EUR 35,000,000).

Additionally, an autonomous flat-rate tax targeting certain expenses is levied depending on their nature (e.g. undocumented expenses, representation expenses, *per diem* allowances, light passenger vehicles, compensations/bonuses payable to board members or managers). If the company is in a tax loss position, the autonomous taxation rate increases by 10 percentage points (small and medium-sized companies are not subject to this penalty during 2020 and 2021).

**Withholding tax rates**

On dividends paid to non-resident companies

25 percent unless the EU Parent-Subsidiary Directive or a relevant double tax treaty (DTT) applies.

On interest paid to non-resident companies

25 percent unless the EU Interest and Royalties Directive or a relevant DTT applies.

However, 35 percent is applicable if the entity obtaining the interest income is resident in a tax haven or the payment is being made to an account opened in the name of one or more owners but on behalf of a non-identified third party, except when the beneficial owner is identified, in which case the general rules apply.

On patent royalties and certain copyright royalties paid to non-resident companies

25 percent unless the EU Interest and Royalties Directive or a relevant DTT applies.

However, 35 percent is applicable if the entity obtaining the royalties is resident in a tax haven or the payment is being made to an account opened in the name of one or more owners but on behalf of a non-identified third party, except when the beneficial owner is identified, in which case the general rules apply.

On fees for technical services

25 percent, unless a relevant DTT applies.

On other payments

25 percent, unless a relevant DTT applies.
Branch withholding taxes
The repatriation of profits by a branch to its head-office is not subject to dividend withholding tax.

Holding rules

Dividends received from resident/non-resident subsidiaries
In the case of a dividend distribution by EU subsidiaries and non-EU subsidiaries (resident in countries with which Portugal has entered into a DTT that foresees an administrative cooperation mechanism regarding taxation similar to the one established within the EU), the exemption method can be applied if the following requirements are met.

- Subject to tax requirement: must be subject and not exempt from CIT, or similar tax.
- Participation requirement: 10 percent.
- Minimum holding period: one year uninterruptedly or commitment.

In order to apply the dividends exemption regime, proof of fulfillment of the requirements must be obtained.

This regime does not apply to entities established in tax havens.

The participation exemption regime also does not apply to dividends arising from hybrid instruments nor to dividends deriving from an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the participation exemption regime, are not genuine having regard to all relevant facts and circumstances.

Capital gains obtained from resident/non-resident subsidiaries
The participation exemption regime applies (participation requirement: 10 percent – regardless of the percentage disposed of; minimum holding period: one year uninterruptedly; subject to tax requirement). The participation exemption regime for capital gains does not apply in case more than 50 percent of the assets of the company consist of real estate located in the Portuguese territory (some exceptions apply).

Tax losses
Tax losses may be carried forward for twelve years in case they were assessed in 2014, 2015 and 2016 and for five years for tax losses assessed in 2017, 2018 and 2019 (small and medium-sized enterprises may still benefit from the twelve year period from 2017 onwards).

Tax losses assessed in 2020 and 2021 may be carried forward for twelve years.

In addition, due to Covid-19 related tax measures, in the fiscal years 2020 and 2021, tax losses carried forward from previous years that were available in the beginning of the fiscal year 2020, should be disregarded for the purpose of the respective carry forward period. In practical terms, this means that the tax
losses assessed in 2014, 2015 and 2016 may be carried forward for fourteen years and the tax losses assessed in 2017, 2018 and 2019 for seven years.

The deduction of tax losses assessed in prior years cannot exceed 70 percent of the taxable profit of the year in which they are being deducted.

Due to Covid-19 related tax measures, this limit may be increased to 80 percent in case the additional tax losses to be deducted (10 percent) were assessed in 2020 and 2021.

In case more than 50 percent of the company’s direct ownership or majority of voting rights changes, the tax losses carried forward will be lost.

However, the right to carry forward tax losses may be maintained in case the Minister of Finance approves it, following a request to be filed by the company to the Portuguese Tax Authorities up to 30 days after the change has occurred.

Tax consolidation rules/Group relief rules

Yes. The parent must hold, directly or indirectly, for a minimum of one year, at least 75 percent of the subsidiaries’ share capital and 50 percent of the voting rights. All companies (i) must be tax resident in Portugal, (ii) must be subject to Portuguese CIT on their worldwide income at the standard CIT rate and (iii) must take the form of a Public Limited Company, a Private Limited Liability Company or Partnership Limited by Shares.

The parent company cannot be regarded as dominated by any other Portuguese resident company which meets the requirements to qualify as dominant and cannot have renounced to the tax group relief regime in the preceding three years.

Registration duties

The following acts are subject to commercial registration.

- Incorporation of a company. Once the company’s incorporation is made, the VAT registration is needed.

- Transfers, divisions and unifications of shares in Private Limited Liability Company.

- Creation, transfer of the of use, seizure, or attachment of the shares.

- Appointments and dismissals of members of the board of directors, supervisory board, and secretary of the company.

- Dismissals and exclusions of shareholders in Private Limited Liability Company.

- Extension, winding up, merger or split-up of companies, transformation, and dissolution of the Company.

- Capital increase, change of head office, corporate purpose, or other changes in the articles of association.
Transfer duties

On the transfer of shares

Real Estate Transfer Tax (RETT) is due on the acquisition of shares or quotas in Public Limited Liability Companies (S.A.) and Private Limited Liability Companies (companies limited by “quotas”), a General Partnership or a Limited Partnership, if the company owns real estate located in Portugal and all the following requirements are met:

i) the value of the company’s assets results, directly or indirectly, from more than 50 percent of real estate located in the national territory, taking into account the balance sheet value or the tax equity value, if higher;

ii) such properties are not directly linked to an agricultural, industrial or commercial activity, excluding the purchase and sale of real estate assets; and,

iii) through that acquisition, amortization or any other factors, one of the shareholders owns at least 75 percent of the share capital or, whenever the number of quota holders or partners is reduced to two married individuals or unmarried life partners.

RETT will be due and must be paid by the acquirer of the share capital at a rate of 6.5 percent.

On the transfer of land and buildings

As a general rule, all onerous transfers of ownership rights or parts thereof on real estate located within the Portuguese territory, regardless of how such transfers are carried out, are subject to RETT.

RETT is due by any individual or legal person to whom the property is transferred and is levied on the amount shown in the respective deed or agreement or, on the property tax value, depending on which is higher, at rates that vary according to the nature of the property.

Stamp duties

Stamp Duty is due on specified acts, contracts, documents, titles, etc., which take place in Portugal and are not subject to or are exempt from VAT.

Funding operations (including guarantees) rank amongst the most relevant operations subject to Stamp Duty, although several exemptions are available, provided certain requirements are met.
Real estate taxes

The ownership of real estate triggers Municipal Property Tax (MPT) which is due on an annual basis (paid in three installments) at a rate that varies between 0.3 percent and 0.45 percent for urban buildings, 0.8 percent for rural properties and 7.5 percent for urban or rural properties held by a company resident in a tax haven.

In 2017, another tax was introduced in addition to the MPT and is levied on the sum of the tax value of the taxpayer's real estate assets that are not classified as commercial, industrial or for service use, according to the applicable legislation.

If the taxpayer is a company, the addition to the MPT is levied on the total real estate tax value at a rate of 0.4 percent.

If the taxpayer is an individual, the addition to the MPT is levied as follows:

- 0.7 percent, on the amount of the property tax value between EUR 600,000 and EUR 1,000,000;
- 1 percent, on the amount of the property tax value between EUR 1,000,000 and EUR 2,000,000;
- 1.5 percent, on the amount of the property tax that exceeds EUR 2,000,000.

For entities resident in a tax haven, the addition to the MPT tax is levied on the total real estate tax value at a rate of 7.5 percent.

Controlled Foreign Company rules

Yes. Profits or other income derived by a non-resident company that is subject to a more favorable tax regime can be attributed to the Portuguese resident shareholders who hold, directly or indirectly, at least 25 percent of the share capital, voting rights or equity rights of these entities.

Transfer pricing rules

General rules

Portuguese transfer pricing legislation generally follows the methodologies and principles foreseen in the OECD Transfer Pricing Guidelines. Nevertheless, specific rules are provided in Article 63 of the CIT Code and in Ministerial Order no. 1446-C/2001, of December 21 (which provides detail regarding, among others, documentation rules).

The arm’s length principle applies both to domestic and cross-border transactions involving tangible or intangible assets, rights or services, including cost sharing arrangements and intragroup service provision, as well as to financial transactions and to restructuring transactions involving changes to the business structures, the termination or substantial renegotiation of existing contracts, namely those that involve the transfer of tangible or
intangible assets, rights over intangible assets or compensation for emerging
damages or lost profits.

The term ‘related entity’ is defined widely for this purpose. According to the
CIT Code, special relationships are deemed to exist between two entities
when one entity has or may have, directly or indirectly, a significant influence
over the management of another entity, including:

— an entity and the shareholders of the respective share capital or
voting rights, or their spouses, ascendants or descendants, who hold
directly or indirectly a stake of not less than 20 percent of the capital
or voting rights;

— entities in which the same shareholders or their spouses, ascendants
or descendants, hold directly or indirectly a stake of not less than 20
percent of the capital or voting rights;

— entities whose legal relationship allows, by its terms and conditions,
the control of the management decisions of the other, arising from
facts outside the commercial or professional relationship itself;

— transactions established between a resident entity and entities
resident in a clearly more favorable tax regime (as listed in Ministerial
Order no. 309-A/2020, December 31); and,

— other situations.

The transfer pricing rules apply also to transactions between a permanent
establishment (PE) located in the Portuguese territory and its foreign
headquarters or other foreign PEs, and to transactions established between
Portuguese resident entities and its foreign PEs and among its PEs.

Adjustments to the taxable income made by taxpayers are limited to positive
transfer pricing adjustments with reference to cross-border transactions. Year-
end adjustments recorded in the following year are limited to certain
situations.

Pre- and post-restructuring value contribution functional analysis, review
procedures and market profitability tests are crucial to evaluate the impact of
the business model reorganization and assess, define and implement a
consistent and robust group pricing policy.

Alignment of the transfer pricing policies under a restructuring process with
reference to the business models should be considered. Pre- and post-
restructuring disclosure is mandatory in the annual transfer pricing
documentation.

Transfer Pricing requirements

1. Transfer Pricing documentation

Corporate taxpayers that recorded total net sales and other income equal to
or greater than EUR 3 million, with reference to the previous fiscal year, are
required to prepare and maintain, for a period of 10 years,
contemporaneous transfer pricing documentation supporting the arm’s
length nature of the commercial, financial or other transactions with related parties.

Additionally, all Major Taxpayers shall submit the transfer pricing documentation to the Portuguese Tax Authorities no later than the 15th day of the seventh month after the corresponding tax year-end, for 2020 onwards.

Major Taxpayers comprise the following entities.

a) Entities:
   i. Under the supervision of the Bank of Portugal;
   ii. Under the supervision of the Insurance and Pension Funds Supervision Authority, with the exception of those that exercise the insurance mediation activity (insurance brokers);
   iii. Covered by the Collective Investment Scheme and under the supervision of the Securities Market Commission (CMVM);
   iv. With a turnover higher than EUR 200 million.

b) Holding companies incorporated under Decree-Law no. 495/88 dated of December 30, with total income higher than EUR 200 million;

c) Entities with a global amount of taxes paid higher than EUR 20 million;

d) Companies not covered by any of the preceding paragraphs that are considered relevant, in particular in view of their corporate relationship with the companies covered by those paragraphs;

e) Companies under the tax group relief, if any entity of the tax group, either dominant or dominated, is covered by the conditions defined in any of the preceding paragraphs [(a) to (d)];

f) Individuals with a total income higher than EUR 750,000;

g) Individuals who hold, directly or indirectly, or are the beneficial owners of assets, including property and rights, exceeding EUR 5 million;

h) Individuals whose wealth income are consistent with the income or assets referred to in paragraphs (f) and (g); or

i) Individuals, as well as companies and other entities, which are not covered by any of the preceding paragraphs that are considered relevant in view of their legal or economic relationship with the taxpayers covered by those paragraphs.

For those taxpayers which do not fall under the above criteria and meet the EUR 3 million threshold, the transfer pricing documentation is only submitted if requested by the Portuguese Tax Authorities.

Transfer pricing documentation should comprise the following information:

— group organizational structure and description of the respective business strategy;

— identification of the economic circumstances prevailing in the industry and its impact on the taxpayer’s activity;

— identification of the value-added activities performed within the group, as well as a functional and risk analysis of the taxpayer and its related entities with reference to each controlled transaction;
— identification, description and quantification of the controlled transactions, for the last three years, including the description of the pricing methodology associated with those transactions;
— selection of the most appropriate transfer pricing method for the controlled transactions, the respective economic analysis, its results and supporting information;
— appendices/list of the agreements and other legal documents supporting the transactions analyzed.

The concept of Masterfile/Local File in line with Action 13 was not yet introduced in the local legislation, with exception to the Country by Country Report (CbC Report).

Nevertheless, Portuguese multinational corporations have been adopting the Master File/Local File documentation approach in line with the 2004 Code of Conduct issued by the European Union Joint Transfer Pricing Forum (EU JTPF).

Local documentation must be prepared in Portuguese, as a rule, and the local independence criterion must be attended for benchmarking purposes. Moreover, if appropriate local comparables cannot be identified, or if the available data about the local comparable companies is incomplete or not reliable, then a Pan European benchmark is acceptable.

2. Appendices A and H of the Annual Return of Simplified Corporate Information (IES)

The main transfer pricing disclosure requirements are contained in appendices A and H of the IES form, which shall be filled on a yearly basis with the following information:

— identification of related entities and the ultimate parent company (including the nature of the special relationship);
— the activity code (SIC Code) of each related entity;
— further information on the Group and its consolidated accounts;
— amounts of the related-party transactions, per transaction category, for both domestic and cross-border transactions;
— the transfer pricing methods applied to the related-party transactions and any changes with reference to previous years;
— modifications in the taxpayer business model, with reference to the previous fiscal year;
— identification of the amount of any transfer pricing adjustment, resulting from non-compliance with transfer pricing rules; and
— whether the transfer pricing documentation was compiled when filing the IES.

3. Advance pricing agreements
Unilateral, bilateral and multilateral advance pricing agreements (APAs) are binding for four years.

The submission of the request at the preliminary phase is free of charge. The submission of the proposal entails a fee that may vary, up to EUR 35,000, depending on the taxpayer’s revenue.

APAs renewals or reviews require a filing fee, calculated in a similar way, but with a discount of 50 percent of the initial fee.

4. Mandatory automatic exchange of information

Country-by-country reporting

a) Portugal has signed the Multilateral Competent Authority Agreement for the exchange of tax information, which follows Action 13 of the OECD Base Erosion and Profit Shifting (BEPS) project. Portugal has signed several qualifying competent authority agreements with other jurisdictions that enable the exchange of country-by-country (CbyC) reports.

b) This obligation applies to multinational enterprises with annual consolidated group revenue equal to or exceeding EUR 750 million in the previous year.

c) The CbyC report is a requirement for the ultimate parent entity of a multinational group, as well as for an entity resident in Portugal, owned or controlled by one or more non-resident entities not covered by a similar obligation or if a qualified agreement between the competent authorities is not in force at the date of submission, or if a systemic failure occurs in the tax residence of the ultimate parent entity. When more than one constituent entity exist, the multinational group may appoint any of those as the reporting entity.

d) The CbyC reporting requirement applies for fiscal years beginning on or after January 1, 2016. The secondary local filing requirement for non-parent constituent entities in Portugal applies for fiscal years beginning on or after January 1, 2017. The surrogate parent entity option is not applicable in Portugal.

e) Taxpayers need to notify the tax authorities by the last day of the fifth month following the fiscal year of the identification and the country or tax jurisdiction of the Group’s reporting entity (Form 54).

The CbyC report must be filed electronically no later than 12 months after the last day of the entity’s accounting period. The Ministerial Order 383-A/2017, dated of December 21, 2017, approved the form and instructions for meeting the CbyC reporting requirement (Form 55).

Other

Mandatory automatic exchange of information is also required for cross-border tax rulings and APAs issued, amended or renewed in the national territory. The information to be reported to the competent authorities of all the member states and to the European Commission includes (among others) the
identification of the company, a summary of the tax rulings and/or the APAs, the expiration date of the tax rulings and/or APAs and the amount(s) of the cross-border transaction(s).

Transfer pricing audit and penalties

Transfer pricing adjustments are regulated by the general tax penalty regime. If an adjustment is made, general penalties may be assessed, ranging from EUR 375 to EUR 45,000 and the correspondent tax assessment subject to compensatory interest of 4 percent per year, plus default interest if tax is not paid before the applicable deadline.

Moreover, penalties of up to EUR 10,000 plus a 5 percent increase per day of delay apply for not complying timely with the transfer pricing documentation reporting requirements, failing to file the CbyC report, or failing to file a notification. Additionally, failing to submit the transfer pricing documentation is subject to a penalty of up to EUR 150,000.

Thin capitalization rules / Earnings stripping rules

Thin capitalization rules were replaced by earnings stripping rules as of January 1, 2013. Under the earning stripping rules currently in force, financial expenses are deductible up to the higher of the following amounts: EUR 1 million or 30 percent of the “tax adjusted EBITDA” which corresponds to the taxable profit or loss before net financial expenses and tax deductible depreciations and amortizations.

The interest which, during a certain fiscal year, exceeds the higher of the abovementioned limits and therefore is not deductible for tax purposes may be carried forward in the five subsequent periods. The full amount of interest deductible in each of the subsequent fiscal periods may not exceed the said limits.

The unused tax adjusted EBITDA limit, may also be carried forward for the five subsequent fiscal periods.

Please note that, similarly to the treatment of tax losses, the Portuguese tax law foresees that in case more than 50 percent of a company’s direct ownership changes, both (i) the part of the tax adjusted EBITDA limit which was not used and (ii) the interest not deducted in previous years will be lost/not recoverable unless the company files a request to the Portuguese Tax Authorities within a period of 30 days after the transfer of the shares.

General Anti-Avoidance rules (GAAR)

Yes.
1. Specific Anti-avoidance rules

There a significant number of specific anti-avoidance rules.

The most relevant can be found in:

- the participation exemption regime in respect to capital gains on the sale of a Portuguese company which holds directly or indirectly real-estate located in the Portuguese territory;

- the participation exemption regime in relation to dividends distributed to a Portuguese resident entity arising from hybrid instruments or deriving from an arrangement or a series of arrangements which were put into place with the purpose of obtaining a tax advantage;

- the interest and royalties exemption regime in relation to payments made to an EU entity, if more than 50 percent of its share capital or the majority of its voting rights are held by residents in countries outside the EU (except when the taxpayer proves that the chain of participations was not structured with the purpose of obtaining such tax exemption);

- the regime applicable to payments indirectly made to entities resident in tax haven jurisdictions through related parties;

- the tax depreciation regime applicable to intangible assets acquired from residents in a tax haven jurisdiction and from related parties;

- the reinvestment relief regime applicable to intangible assets sold to or acquired from related parties;

- the sale of real estate assets below its property tax value;

- the special tax regime applicable to mergers, demergers, contributions of assets and share for share contributions whenever they were not performed based on valid economic reasons;

- the liquidation of companies resident in tax haven jurisdictions;

- in case immovable properties are held by companies resident in jurisdictions identified in the domestic Blacklist or by Portuguese companies that are held by companies resident in jurisdictions identified in the domestic Blacklist (i) real estate tax is due at a rate of 7.5 percent regarding immovable properties held on December 31 of each year; (ii) on the acquisition of immovable properties, RETT is due at a rate of 10 percent; (iii) any tax exemption or tax benefit related to real estate taxes would not be applicable.

2. Anti-Hybrid rules

The ATAD II Directive was transposed in Portuguese tax legislation during 2020 and the majority of the rules are applicable for fiscal years starting as from January 1, 2020.

The Portuguese legislation is aligned with the text of the Directive and does not introduce new rules.
3. No anti-treaty shopping rules

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<td><strong>IP / R&amp;D incentives</strong></td>
<td>Tax credit of 32.5 percent of total R&amp;D expenses. In addition, 50 percent of the increase in R&amp;D expenses relative to the average of the two preceding years is also deductible, up to EUR 1,500,000.</td>
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<td><strong>Other incentives</strong></td>
<td>Under specific eligibility conditions, incentives on some qualifying investment expenses are available. These incentives may achieve 25 percent of the qualifying investments and the corresponding tax credit may be deducted up to 50 percent of the tax due (or 100 percent in the case of recently created companies). A notional interest deduction is available for share capital contributions in cash or arising from the conversion into share capital of shareholder loans or the annual profits of the company. The deduction for CIT purposes corresponds to 7 percent of the amount of the share capital increase up to EUR 2,000,000 (which corresponds to a tax deduction of maximum EUR 140,000), and will be made in the taxable period in which the share capital contribution or the conversion takes place, as well as in the following 5 fiscal years.</td>
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<td><strong>VAT</strong></td>
<td>According to the Portuguese Value Added Tax (VAT) Code, a sale of assets (or services) is considered a supply of goods (or services) subject to VAT. However, the transfer of assets as a going concern, whether for consideration or not, or as a contribution to a company, is not subject to VAT, provided certain requirements are met. This no-supply rule serves the purpose of simplicity and is aimed at preventing the successor from being overburdened with a large VAT payment, which can normally be recovered through the input VAT deduction. Where the assets being transferred do not constitute a business unit, the transferred assets (or services) have their own VAT treatment, and the seller is normally required to charge VAT on the goods (or services) that are being sold, such as stocks and movable goods. There are three different VAT rates applicable to taxable transactions performed in Portugal mainland: a reduced rate of 6 percent, an intermediate rate of 13 percent and a standard rate of 23 percent. Regarding the transactions performed in the Autonomous Region of Azores the rates are 4, 9 and 18 percent, respectively. With respect to the transactions located for VAT purposes in the Autonomous Region of Madeira, the rates are 5, 12 and 22 percent.</td>
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Other relevant points of attention

There are extraordinary contributions applicable to specific economic sectors or businesses (e.g. Banking and Finance, Energy and Natural Resources, Pharmaceutical Industry, companies that sell medical devices to the National Healthcare Service).

Mandatory Disclosure Rules Updates

For country specific information and updates on the EU Mandatory Disclosure Rules please visit KPMG’s EU Tax Centre’s MDR Updates page.

Source: Portuguese tax law and local tax administration guidelines, updated 2021.
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