

The Portuguese Government announces the “Program to Accelerate the Economy”

5TH JULY 2024

The Portuguese Government just announced the Program to Accelerate the National Economy, consisting of 60 measures, to be implemented during a period of 4 years (current legislature period). Most of these measures – in particular, the tax measures - also need to be approved by the Portuguese Parliament.

We highlight the following tax measures:

- Reduction of CIT rate from 21% to 15% until 2028.
- For Small MidCap companies, the CIT reduction shall occur during a period of 3 years, from 17% to 12.50%, applicable to the first € 50.000 of taxable income.
- Transposal of Pillar 2 Directive – It introduces a global minimum effective tax rate of 15% for multinational enterprises.
- Creation of VAT Groups, allowing for offset VAT due to the Portuguese Revenue or VAT to be reimbursed by the Portuguese Revenue.

- Enlargement of VAT simplified regime to entities that had a turnover on the previous fiscal year up to € 2 million (currently, the limit is 0.5 million euros).
- Enlargement of participation exemption regime, dividends and capital gains received by entities resident in Portugal are not subject to taxation, as long as, they hold, for a period at least 1 year, 5% of the share capital or voting rights of the entity that distributes the profits (currently, 10%).
- Exemption of Stamp Duty on cash pooling arrangements, by clarifying the concept of relation of dominion or group aligned with the Companies Law.
- As from 2025, increase the tax deductibility of net financial expenses to € 2 million (currently, 1 million euros) related with acquisitions of more than 50% of shares or voting rights.
- As from 2025, the 20% deduction for PIT purposes of capital contributions to dividends and capital gains is applicable to all capitalization operations (currently, it is only applicable to capitalize companies with low equity).
- Enlargement of IFICI (also known as NHR 2.0) – 20 % PIT flat rate for employment and self-employment income – in order to cover other qualified professionals and companies.
- Revision of SIFIDE II.

- Enlargement of deductibility of goodwill in operations of concentration, in particular for assets and operation currently excluded (e.g. shares acquisitions).
- Revision of criteria for definition of Small MidCap companies.

This News Flash was prepared by GPA Law Firm's Tax team that will follow up any developments on the implementation of the above-mentioned announced measures.

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