

# Special tax and social security amnesty

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*Decree-Act 67/2016 of 3 November (hereinafter "DA 67/2016"), approving a special tax and Social Security amnesty, entered into force on 4 November 2016, the day immediately following its publication date.*

## 1. Scope of the regime

### *Tax debts*

The regime provided in DA 67/2016 covers tax debts derived from taxable events occurring up to 31 December 2015 with a legal deadline for payment on or before 31 May 2016 and which were assessed prior to 4 November 2016 (i.e., prior to the date on which DA 67/2016 entered into force).

Thus, considering that a tax assessment must have been carried out prior to the date on which the Act entered into force, one must conclude that, as opposed to what was provided in previous tax amnesty acts, the regime provided in DA 67/2016 covers only tax debts of which the Portuguese tax authorities were already aware.

This regime applies to any tax debts, whether the debtor is a natural or legal person, with the exception of customs and extraordinary contributions such as the contribution for the banking, energy and chemical sectors.

### *Social Security debts*

Social Security (SS) debts with a legal deadline for payment on or before 31 December 2015 are also covered by the regime provided in DA 67/2016.

## 2. Main features of this regime

Under DA 67/2016, tax and SS debts can be paid upfront in a single payment or in several instalments during a certain period. As regards SS debts, the Act provides that the choice of a single payment or instalments must be taken in respect of the overall value of the debt, while for tax debts, the method of payment can be chosen individually in respect of each debt.

### *Single upfront payment*

With respect to tax debts, all single upfront payments must be made by 20 December 2016, while single upfront payments of SS debts must be made by 30 December 2016.

The single upfront payment of tax and SS debts has the advantage of enjoying an exemption from late payment interest, compensatory interest and court fees for enforcement and penalty proceedings, as well as a reduction of the administrative penalties as follows:

- (i) Up to 10% of the legal minimum, with a minimum limit of € 10.00;
- (ii) In the case of penalties that are being claimed within enforcement proceedings, up to 10% of the penalty that was effectively applied, with a minimum limit of € 10.00.

*Payment in instalments*

In order for these debts to be paid in instalments, DA 67/2016 requires the taxpayer to pay at least 8% of the total value of the principal amount by 20 December 2016 (in the case of tax debts) or by 30 December 2016 (for SS debts).

After this initial and mandatory payment has been made, the subsequent instalments will be payable on a monthly basis by the last day of the relevant month.

The portion of the debt payable in instalments will benefit from a reduction of the late payment interest, compensatory interest and court fees for enforcement and penalty proceedings, as follows, depending on the number of instalments:

(i) 10% - from 73 to 150 instalments;

(ii) 50% - from 37 to 72 instalments;

(iii) 80% - up to 36 instalments.

Pursuant to DA 67/2016, payment of the debt in instalments does not require any additional security.

Failure to pay three instalments may cause the total amount of the debt to be claimed immediately.

### **3. How and when can one apply for inclusion in this regime?**

Applications for inclusion in this regime must be made electronically, via the tax authorities' website, in the case of tax debts, and via the Social Security's website, in the case of SS debts.

The deadline for inclusion is 20 December 2016.

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