

CLAREIRA

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DECREE-LAW NO. 49/2025: TAX SIMPLIFICATION MEASURES

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On March 27, Decree-Law no. 49/2025 was published in the Portuguese Official Gazette, approving new tax simplification measures. The Decree-Law introduces more than 20 measures, 12 of which had been previously announced in the Tax Simplification Agenda, presented in January of this year.

The Tax Simplification Agenda aims to promote the competitiveness of the Portuguese economy and better serve taxpayers, by reducing contextual costs, increasing transparency and understanding of tax obligations and improving the services provided by the Portuguese Tax Authority.

The Decree-Law introduces amendments to various tax codes and legislation, in order to simplify some procedures and reporting obligations, as well as to reduce the costs of complying with tax obligations.

The amendments will come into force on July 1, 2025.

Among the various changes introduced approved, we highlight the following:

I. Amendments to Personal Income Tax Code (PIT)

1. Extension of deadlines for several reporting obligations

The deadline for various reporting obligations related to tax deductions has been extended to the end of February of each year, namely the deadline for:

- Communication of attendance at an educational institution by a dependent student;
- Communication of the existence of alternating residence established in a parental responsibility agreement and the percentage of expense sharing provided for in the agreement (if different from 50%);
- Communication of the allocation to business or professional activity of expenses and charges related to income from the provision of services under the simplified category B regime;
- Communication of relevant personal information, including the household composition, for the purpose of the automatic income declaration (*IRS automático*);
- Communication and classification of invoices on the *Portal E-Fatura*;
- Communication of user fees and other transfers of goods and services provided by public healthcare institutions without an invoice;
- Communication of the value of tuition fees and other education costs, as well as other transfers of goods and services provided by public education institutions without an invoice;
- Communication of rental costs for students;

- Communication of expenses with nursing homes and other transfers of goods and services provided by public institutions without an invoice;
- Communication of category F income (Form 44 - property income) earned by taxpayers who are exempt from issuing an electronic rent receipt and who have not opted for such issuance;
- Communication of income and withholdings (Form 10);
- Communication of operations involving crypto assets;
- Communication of interest and amortization of permanent housing, health, life and personal accident insurance premiums, PPR, pension funds and complementary regimes (Form 37).

2. Exemption from withholding tax

Income from categories B (business and professional income), E (capital income) and F (property income) are exempt from withholding tax whenever the tax withheld is less than €25.

II. Amendments to Corporate Income Tax Code (CIT)

1. Impairment losses on non-current assets

The procedure of recognition of impairments losses on non-current assets has been simplified.

If the net tax value of the asset is equal to or less than €10.000, it is no longer required:

- The communication to the Portuguese Tax Authority or to the Unit of Large Taxpayers (Unidade dos Grandes Contribuintes), of the date and time of the physical scrapping, dismantling, abandonment or destruction of these assets, as well as their total net tax value; and
- A reasoned statement of the facts that led to the exceptional depreciation of these assets, provided that the relevant supporting documentation is included in the tax documentation process.

2. Profits and losses of a permanent establishment located outside Portuguese territory

It is now established that a taxpayer with a head office or effective management in Portugal must notify the Tax Authority of their choice to opt for or waive the exclusion of profits and losses attributable to a permanent establishment located outside Portuguese territory. This notification must be submitted within 30 days from the date of the establishment's constitution and no later than the last day of the tax period in which the regime is intended to apply.

3. Exemption from withholding tax

Exemption from CIT withholding tax on income earned by residents which withholding amount is less than € 25.

III. Amendments to Value Added Tax (VAT)

1. Automatic periodic VAT return

Article 29-A has been added to the Portuguese VAT Code, introducing a provisional periodic VAT return. This provision enables taxpayers to verify that the information provided by the Tax Authority includes all taxable transactions and the corresponding VAT due.

If a taxpayer has no taxable transactions in a given period and does not validate or submit the periodic VAT return by the deadline, the provisional periodic VAT return will be considered as filed.

The taxpayers who might benefit of this regime will be defined by an ordinance of the member of the Government responsible for the finance area.

2. Isolated Act - VAT declaration of commencement of activity

Dismissal from the obligation of presenting the commencement of activity declaration when there is only one taxable operation even if the amount exceeds €25.000.

3. Deadline for submitting the periodic VAT return

Taxpayers with a turnover of less than €650.000 who opt for the monthly VAT regime are no longer required to remain in this regime for a minimum period of three years.

The option for the monthly regime remains valid as long as the taxpayer does not submit a statement of changes to the quarterly regime.

Taxpayers covered by the quarterly regime who, in the previous year, had a turnover of €650.000 or more, must submit a statement of changes in January of the following year in which this limit has been exceeded, being obliged, from that date, to send the monthly periodic VAT return.

Taxpayers who have opted for the VAT reverse charge system on the importation of goods cannot be included in or opt for the quarterly regime for submitting the periodic VAT return.

4. Special regime for small retailers

Small retailers (individuals who do not have or are not required to have accounting system and whose turnover in the previous year did not exceed €50.000) may confirm the automatic provisional tax return by the 20th day of the second month following each quarter of the year, being the tax due by the 25th day of that month.

IV. Amendment to the Stamp Duty Code

Articles 52 and 56 of the Stamp Duty Code, which established the obligation to submit the annual stamp duty return (Annex Q of the IES), were revoked.

V. Amendment to the Complementary Regime for the Tax and Customs Inspection Procedure (RCPITA)

The meeting between tax services and tax payer within the inspection period becomes optional.

The Tax Authority is obligated to provide the taxpayer (inspected entity), in the private area of *Portal das Finanças*, a document with the terms of the amendmends proposed and a proposal of regularization. The inspected entity may, within 10 days: (i) Accept the terms proposed by the Tax Authority; (ii) Request a meeting with the Tax Authority to define the terms of the regularization.

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