

Dear Customer and Partner

There is published and shared information that may lead our clients to erroneous and inaccurate conclusions regarding the measures effectively taken by the Government as well as their impact on companies and their employees.

Speedwell would like to share in this email the main **tax, social security as well as financial measures** officially launched by the Government:

1) Extension of tax reporting obligations

Order 104/2020-XXII, determined that:

- The Special Payment on Account, to be made in the month of March, may now be made until 30 June 2020;
- The submission of the Corporate Income Tax return - Model 22 - for the 2019 tax period may now be made until July 31, 2020;
- The first Payment On Account and the first Additional Payment On Account to be made in July, may now be made until August 31.

2) Measures relating to tax and contribution obligations

In addition, and following the press release of March 18, new measures were announced by the Minister of State, Economy and Digital Transition, and by the Minister of State and Finance aimed at ensuring a relaxation of tax and contribution obligations in the payment of VAT, IRS and IRC.

This announced flexibility will allow the payment obligation to be met on the due date in one of the following ways:

1. Payment on time in the usual terms;
2. Fractional payment in 3 monthly instalments without interest; or
3. Fractional payment in 6 monthly instalments and subject to interest on the last 3 monthly instalments.

For any of these situations of instalment payment, workers and companies will not be required to provide any guarantee.

Moreover, the remaining companies or self-employed workers may request the same flexibility in the payment of these tax obligations in the 2nd quarter of 2020, when there has been a reported decrease in turnover of at least 20% in the average of 3 months prior to the month in which this obligation exists, compared to the same period of the previous year.

On the other hand, and with regard to social contributions, it was also announced that the contributions due during the months of March and May 2020 are reduced to 1/3 in March, April and May;

the remaining amount, for the months of April, May and June, will be settled as from the 3rd quarter of 2020, following similar term to those of the instalment payment solution adopted for taxes payable in the 2nd quarter. This means that the due contributions may be paid from July onwards in instalments in three monthly instalments, without interest; or in six monthly instalments with interest applicable to the last three instalments.

This announced measure will be applied to companies with up to 50 jobs, with immediate effect. Companies with up to 250 jobs can access this mechanism of reduction and instalment payment of social contributions in the 2nd quarter of 2020, if they have seen a drop in turnover of 20% or more.

3) Social Security: immediate extraordinary support for employers

Subsequently, and based on the Council of Ministers' resolution no. 10-A/2020, Ordinance no. 71-A/2020 were published on March 15, 2020 (with entry into force on March 16, 2020), regulating the extraordinary, temporary and transitory nature of the order for workers and employers affected by the outbreak of the VOCID-19 virus, with a view to maintaining jobs and mitigating corporate crisis situations.

The companies that are covered by these measures are those that find themselves in business crisis situations as a result of:

- (i) a complete stoppage of the company's or establishment's activity resulting from the interruption of global supply chains, the suspension or cancellation of orders; or
- (ii) an abrupt and sharp drop of at least 40% in invoicing in the 60 days preceding the application to the social security authorities with reference to the same period or, for those who started the activity less than 12 months ago, to the average of this period

3.1 Extraordinary support for maintaining the employment contract in a business crisis situation (with or without training)

The Government, inspired by the lay off regime foreseen in the Labour Code, established a financial support per worker, attributed to the company exclusively for the payment of remunerations, in the amount equal to 2/3 of the gross remuneration

of the worker, up to a maximum of 3 RMMG (EUR 1,905.00), 70% of which is guaranteed by the Social Security and 30% by the employer, with a duration of one month extendable monthly, up to a maximum of 6 months.

This measure can also be combined with a training plan approved by the IEFP, with a grant supported by the IEFP corresponding to 30% of the IAS (EUR 131.64), intended in equal parts for the employee and the employer (EUR 65.82).

3.2 Temporary exemption from the payment of social security contributions by the employer

A temporary exemption from the payment of social security contributions by the employer is envisaged for the companies covered by Order No 71-A/2020.

Thus, employers are entitled to total exemption from the payment of social security contributions by the employer for the employees covered and members of the statutory bodies, during the period of validity of the same.

This right to exemption also applies to self-employed workers who are employers benefiting from the measures and their spouses.

On March 20, the payment to Social Security of all contributions due was postponed.

ATTENTION

A number of measures have been published which make it possible to postpone the payment of some taxes or contributions to the State. Unfortunately, **in no case has payment been forgiven.**

Usefull links

Direção Geral do Emprego e das Relações de Trabalho

<https://www.dgert.gov.pt/covid-19-perguntas-e-respostas-para-trabalhadores-e-empregadores-faq>

Segurança Social

<http://www.seg-social.pt/COVID-19-PERGUNTAS-E-RESPOSTAS>