

In view of the alert situation, derived from the COVID19 pandemic, the Portuguese government has activated some means of supporting the companies we highlight below, we warn that the information is being updated repeatedly.

#1 - Financial Incentives Companies:

Credit Lines (Phase 1 - 200 million Euros)

Government has created 2 credit lines for micro, small and medium-sized enterprises:

- Capitalize Credit Line - "Covid -19
- Working Fund" Credit Line Capitalize "Covid - 19
- Treasury Plafond"

The measures are available from the previous 12 March 2020, and will have an amount of 200 million Euros, with the following conditions:

- (i) a maximum of 1.5 million Euros per company,
- ii) guarantee up to 80%, with counter-guarantee of 100%;
- iii) total guarantee fee bonus. More information on IAPMEI | Contact ANI, National Innovation Agency

Regarding the Credit line we inform the following:

Source: <https://www.spgm.pt/pt/catalogo/linha-de-credito-covid-19/>

Other links of interest on this topic:

IAPMEI: <https://financiamento.iapmei.pt/inicio/home/pesquisa?texto=Covid>

Attached can find the necessary declaration for activation of the line, as well as a document with the detailed characteristics on each of these credit instruments.

- **The participating banks to contact if there is an interest in this measure are:**
 - Abanca Corporacion Bancaria, S.A. - Branch in Portugal
 - Banco Bilbao Vizcaya Argentina, S.A. - Branch in Portugal
 - Banco BPI, S.A.
 - Banco Comercial Portuguese, S.A.
 - Banco Portuguese De Gestão, S.A.
 - Santander Totta Bank, S.A.
 - Central Mutual Agricultural Credit Fund, CRL
 - Leiria Mutual Agricultural Credit Box, CRL
 - Montepio General Savings Bank
 - Caixa Geral de Depósitos, S.A.
 - New Bank, S.A.
 - Banco BIC Portuguese, S.A.
 - New Bank of the Azores, S.A.



- Bankinter, S.A. - Branch in Portugal
- Chamusca Mutual Agricultural Credit Box, CRL
- Mafra Mutual Agricultural Credit Box, CRL

Credit Lines (Phase 2 - 3 billion euros)

Four credit lines guaranteed by the State and made available through the banking system that are addressed to the most affected sectors, as a whole credit for companies in the amount of 3 billion euros:

In total, these new Credit Lines have a **grace period of up to 12 months, are amortized up to four years** and are intended for the following sectors:

- 1) **Restoration and Similar:** 600 ME, of which 270 ME for Micro and Small Enterprises
- 2) **Tourism - Travel Agencies; Animation; Organization of Events and Similar:** 200 ME, of which 75 ME for Micro and Small Enterprises
- 3) **Tourism - Developments and Accommodations:** 900 ME, of which 300 ME for Micro and small
- 4) **Industry – Textile, Clothing, Footwear, extractive industries (ornamental rocks) and the row of wood and cork:** 1,300 ME, of which 400 ME for Micro and Small Enterprises.

#2 – 4 extraordinary measures to provide immediate support to businesses and workers with a view to maintaining jobs in companies in a situation of business crisis, motivated by the Covid virus19

- **Measure 1 - Extraordinary support for the maintenance of employment contracts in a situation of business crisis Lay-off**

A business crisis situation is considered:

- Undertakings or establishments whose total or partial closure has been ordered by decision of the political or health authorities
- Companies experiencing a total or partial stop of their activity resulting from the disruption of global supply chains, or the suspension or cancellation of orders
- the abrupt and sharp drop of at least 40 % of the turnover, by reference to the previous month or homologous period.

The above circumstances are attested by the employer's declaration together with the certificate of the certified accounting officer of the company. The entities receiving this



support may be inspected at any time by the competent public authorities and shall prove the facts on which the application is based and their renewals, by documentary evidence, and documents may be requested, in the applicable cases, in particular:

- (a) the accounting balance sheet for the month of support and its homologous month.
- (b) value added tax return (VAT) for the month of support as well as the two months immediately preceding, or the declaration for the last quarter of 2019 and the first quarter of 2020, as the applicant is in the monthly or quarterly VAT system respectively, which show the bursting or interruption of supply chains or the suspension or cancellation of orders;
- (c) additional supporting evidence to be fixed by order of the member of the Labor and Social Security Government

The employer must, demonstrably, have the contributory and tax situations regularized before the Social Security and the Tax and Customs Authority

Procedures for benefiting from support

- Employer communicates in writing to workers, who will require extraordinary support
- Hearing of trade union delegates and workers' committees, if any
- Indicates the foreseeable period of the measure
 - This support may be exceptionally extendable monthly up to a maximum of 6 months
 - Submission of the application to THE ISS - Social Security Institute, with the following documents:
 - Employer's statement and certificate from the Certified Accountant
 - Nominative listing of the workers concerned, with an indication of their NISS

Workers' remuneration and the amount of support to be granted

- During the period of the support measure, workers are entitled **to 2/3 of the monthly gross remuneration, with the minimum limit of the NMS (635 €) and the maximum limit of 3 SMN**
- This figure is supported by **30% by the employer and 70% by social security**
- The support (70% of 2/3 of the remuneration, never less than 445,50 €) is intended for the remuneration of each worker, but is granted to the employer, who will have to pay 2/3 of the remuneration (never less than 635 €), supporting 30% of this amount (never less than 190,50 €).
- The Salary of 2/3 of the remuneration is Taxed in the seat of Social Security and IRS only in the part concerning the employee.

One of the criteria of the measure of the *lay-off* scheme is that workers cannot be made redundant and for the application to be valid, the entity may not have debts to the tax authorities.

➤ Measure 2 - Extraordinary support for training



Companies that do not benefit from the outstanding support referred to (use of the so-called lay off) can use extraordinary support for vocational training

➤ **Measure 3 - Temporary exemption from social security contributions**

Companies benefiting from extraordinary support for the maintenance of jobs are entitled to:

- Total exemption from contributions (23.75%) Social Security - Concerning workers and EOMs - During the period of social security

Procedures for benefiting from support

- The employer delivers the declarations of self-pay relating to the workers covered by the
- And proceeds to pay the contributions (11%)

➤ **Measure 4 - Extraordinary support for the resumption of the company's activity**

Having benefited from the above-mentioned support measure, the company may also benefit from an extraordinary financial incentive

- To support the resumption of the company's activity
- To be granted by the IEFP
- Paid at once
- Corresponding to 1 SMN per worker Procedures -
 - Application to the IEFP
 - Accompanied by a statement by the employer and the Certified Accountant, evidence of the company's crisis situation

Note: That the employer's failure to comply with the obligations relating to the support granted implies its termination, with the obligation to replenish it in the following situations:

- Dismissal, unless attributable to the worker
- Punctual non-compliance with compensation due to workers (2/3 of the remuneration, with a minimum of one NMS)
- Non-compliance with legal, tax or contributory obligations
- Distribution of profits, or withdrawals on account, in the period of support
- Non-compliance with the obligations assumed
- Provision of false statements

Note : The additional elements will still be regulated.



#3 - Other Tax Information

➤ **Amendment of the deadline for the General Meetings**

The general meetings of commercial companies, associations or cooperatives that must take place by legal or statutory imposition **may be held until June 30, 2020**, as provided for in Article 18 of Decree-Law No. 10-A/2020 of March 13, available for consultation here.

➤ The deadline for the delivery of **the SAF-T** and the **VAT** of March is not legally established the extension of the deadlines for submission of periodic declarations or the payment of their tax, while the known deadlines are kept in force.

➤ The deadline for submission of the Single Report



The delivery **of the Single Report** for 2019 takes place from March 16, 2020, the final delivery date will be postponed will be timely communicated the new delivery deadline, according to information from the Ministry of Labor, Solidarity and Social Security.

➤ Postponement of the first **Special Payment on Account** from March 31 to June 30, 2020 (only for taxable persons with a tax period coincident with the calendar year)

➤ Extension of the deadline for submission of the **Model 22** declaration, and the payment of IRC, to July 31, 2020 (only for taxable persons with a tax period coinciding with the calendar year)

➤ Extension of the **1st payment on account** from July 31 to August 31, 2020 (only for taxable persons with a tax period coinciding with the calendar year)

➤ **VAT and withholding tax and IRC** (in payment obligations for the second quarter of 2020, the Government decided to **make tax payments more flexible** for companies and self-employed people)

▪ On the due date of the payment obligation it can be fulfilled in one of three ways:

- - immediate payment in the usual terms,
- - split payment in 3 monthly instalments without interest, or
- - in 6 monthly instalments, with interest on late payment applicable to the last three

These measures apply only to self-employed persons and companies with turnover of up to EUR 10 million in 2018 or starting from 1 January 2019. Other companies or self-employed persons may request the same flexibility in the payment of tax obligations in the second quarter, when they have experienced a decrease in turnover of at least 20% in the average of the three months preceding the month in which this obligation exists, compared to the same period of the previous year

➤ **Social Security Contributions**

- With regard to social contributions due between March and May 2020, and to preserve employment, the Government decided to reduce them to 1/3 in March, April and **May**.
- The remaining amount for the months of May, June and July is settled as of the third quarter of 2020, in terms similar to the split payment adopted for taxes payable in the second quarter
- However, companies, wanting, can make immediate payment on the usual terms.



It should be noted that the measure applies immediately only to companies with up to 50 jobs. Companies up to 250 posts can access this mechanism of reduction and fractionation of contributions for the 2nd quarter of 2020, if there has been a fall in turnover equal to or greater than 20%.

The Government also decided **to suspend for 3 months the procedures for tax or contributory enforcement**

#4 - Financial Information

- Credits suspended only for companies and families in difficulty because of this crisis
 - Suspension of capital payment and interest on bank credits until 30 September
 - It should be noted that the credits are extended for 6 mese, i.e. a credit that would end in March 2021 ends in August 2021
- Who can request the Payment of Credit
 - Individuals in unemployment situation
 - Persons working in entities that have had to close in this period,
 - People who are in prophylactic isolation, or due to illness,
 - People who provide assistance to the family (children, grandchildren), etc.
 - Companies under Simplified Lay-off Regime.
- How to request the Payment of Credit
 - You must request the bank's request for a moratorium, which will enter into force on the day it is requested (even if the bank takes longer to formalize). It should be noted that it is up to each bank to decide the duration of this moratorium, and each bank may go further than the six months now provided for bylaw.
 -
- An exceptional and temporary regime for late payment of rents - housing and non-housing - has been approved and enables the Institute of Housing and Urban Rehabilitation (IHRU) **to grant loans to pay rents to tenants who have suffered income breaks.**

➤ #5 - Employee Support

- > Support is not maintained during pascoa holidays unless the children are in day care centers
 - The justification for missing work is maintained during the Easter holiday period — provided that the worker has children under the age of 12.
 - Parents who are looking after their children and who will see the support withdrawn during the Easter holidays, will, however, be able to schedule holidays, "even without the agreement of the employer", not losing income in this way.

