

## Changes to the VAT Code

Decree-Law 197/2012, of August 24, transposes Article 4 of Directive 2008/8/EC of the Council of 12 February, and Directive 2010/45/EU of 13 July, which amended Directive 2006/112/EC of 28 November, on the common value added tax (VAT) system.

Within the framework of Portuguese legislation sundry legislation is amended, in particular the Value Added Tax Code, the VAT on Intra-Community Transactions Legislation and other legislation relating to special VAT enforcement mechanisms.

### 1. Place of provision of long-duration means of transport hiring services to non-taxable persons

With the transposition of Article 4 of Directive 2008/8/EC of the Council of February 12, the VAT Code is amended and provides that the place of hiring, other than short-term hiring, of a means of transport to a non-taxable person shall be the place where the customer is established, has his permanent address or usually resides.

The rule does not apply to hiring pleasure boat, which is considered to be located at the place where the pleasure boat is put at the disposal of the non-taxable person, when the service is performed by a provider from his place of business or a fixed establishment situate in that place.

### 2. Chargeability of the Tax

In the transfer of goods exempted under the VAT on Intra-Community Transactions Legislation, conducted continuously for a period exceeding one month, the corresponding amount of tax is due and becomes chargeable at the end of each month.

In the provision of Intra-Community services, the tax on which is due in the territory of another Member State as a result of application of Article 6.6(a), chargeability occurs under Article 7, i.e., the corresponding amount of tax is due and becomes chargeable at the end of each month.

In the transfer of goods exempted under VAT on Intra-Community Transactions Legislation the tax becomes chargeable on issue of the invoice or, if this has not been issued within the period specified Article 27.2 of the said Legislation (by the 15th day of the month next following that in which the goods were made available to the purchaser), at the time that deadline expires.

### 3. Billing

The requirements for the use of electronic billing by traders are simplified.

At European Union level, the references to the applicable tax mechanisms to appear on invoices are harmonised, and, in particular, the concept of "equivalent document" is eliminated, the term "self-billing" must be included in invoices prepared by the purchaser of the goods or services and the term "VAT-self-assessment" must be included whenever the purchaser is liable for the tax.

A uniform deadline is set for the issue of the invoice in the case of intra-Community services in which the tax is payable in the Member State of the purchaser and simplified invoices are introduced.

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- The obligation is established of issuing invoices for all transfers of goods and provisions of services regardless of the standing of the purchaser of the goods or recipient of the services even if they do not request one, no matter what sector of activity is involved, and it is determined that the entire content of invoices issued by electronic means must be processed electronically.
- The issue of simplified invoices is allowed in transfers of goods by retailers and individuals when the invoice amount is less than €1,000, as well as in any other transfers of goods and provisions of services for an amount not exceeding €100, in this case whether the purchasers are taxable persons or individuals.
- The obligation is established of taxpayers not being able to issue and deliver documents of a nature other than the invoice to cover the transfer of goods or the provision of services.

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