

COVID-19

Overview of the tax and financial support measures
in response to the current State of Emergency

@ April 21, 2020

Wherever you are in the world, we face the same challenges and the need to be ready to respond effectively.

COVID-19 pandemic brings uncertainty to the economy and further challenge in company management, with effects in the present, and anticipating significant impacts in the future, what has led the Portuguese Government to implement a set of exceptional and temporary measures, aimed to employees and companies, in order to maintain the country working.

We know that no one was prepared to respond to such event and the challenges it places. To face these challenges and flourish takes confidence. And confidence is born out of trust.

That's why our independent member firms collaborate openly and move rapidly, being and acting close and in collaboration with clients, to face the challenges that arise to businesses and open up your world to possibilities of growth.

In this exceptional situation, difficult but challenging, we keep close and focused in support you.

This communication intends to present an overview of the current climate change adaptation and mitigation measures, due to COVID-19. This communication will be updated according to announcement / publication of laws with measures that come to be approved by the Portuguese Government.

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Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [SPGM – Supporting facility lines to the economy](#)
- [EU Regulation nº 651/2014 from June 17](#)

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1. Financing support (page 1/3)

1.1 Portuguese Government – credit lines

The Portuguese Government approved a set of credit lines worth a total of € 6.2 billion aimed at specific sectors and € 400 million for the overall economy (meanwhile fully executed), to support businesses’ liquidity.

❖ Set of € 6.2 billion credit lines

- ➔ € 600 million credit line for the **restaurant & similar** sector aimed for micro-sized, SME, small mid cap and mid cap companies.
- ➔ € 200 million credit line for the **travel agency, tourism entertainment and events organization and similar** aimed for micro-sized, SME, small mid cap and mid cap companies.
- ➔ € 900 million credit line for **tourism companies (including tourist developments and accommodations)** aimed for micro-sized, SME, small mid cap and mid cap companies.
- ➔ € 4.5 billion credit line for the **economic activity (other sectors)** aimed for micro-sized, SME, small mid cap and mid cap companies.

❑ Specific **conditions** of these 4 credit lines:

- Maturity up to 6 years, 18 months grace period, use of credit lines up to 12 months, guarantee of up to 90% for Micro and up to 80% for SME, small mid cap and mid cap companies, and fixed or variable interest rate + spread between 1% and 1.5%.
- For the credit lines for the **tourism companies and other sectors, funding per company is limited to** € 50k for Micro-sized companies, € 500k for small companies, € 1.5 million for medium-sizes companies and € 2 million for small-mid cap and mid cap enterprises.

- For the credit lines for **restaurants, travel agencies (...)** **funding per company is limited** to € 50k for micro-sized companies, € 500k for small companies and € 1.5 million for medium-sizes companies, small-mid cap and mid cap enterprises.
- The maximum funding limits, for loans with maturities beyond 31 December 2020, may not exceed, under the terms of the European Commission’s authorization:
- The double of the 2019’s payroll or last year available (including social charges as well as the cost of personnel working on the company site but formally in the payroll of subcontractors). In the case of companies incorporated on or after 1 January 2019, the maximum funding amount must not exceed, duly evidenced, the estimated annual payroll for the first two years in operation;

or

- 25% of the total turnover in 2019;

or

- with appropriate justification and based on plan of the beneficiary liquidity needs, the amount of the loan may be increased to cover the liquidity needs from the granting date for the coming 18 months for SMEs and for the coming 12 months for small-mid cap and mid cap enterprises

Links and legislation in force:

- [Council of Ministers Resolution \(Resolução do Conselho de Ministros n.º 10-A/2020\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Turismo de Portugal – Financing facility support to tourism micro-businesses’ treasury](#)
- [IAPMEI – Financing facility support to tourism micro-businesses’ treasury](#)
- [IAPMEI – Financing facility for working capital \(“Linha de Crédito Capitalizar – Covid 19 – Fundo de Maneio”\)](#)
- [IAPMEI – Financing facility for treasury \(“Linha de Crédito Capitalizar – Covid 19 – Plafond de Tesouraria”\)](#)
- [“SPGM – Linha de Crédito COVID-19”](#)

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1. Financing support (page 2/3)

1.1 Portuguese Government – credit lines (cont.)

❖ € 60 million credit line for micro-entities in the tourism sector (“Linha de micro-crédito Turismo”)

➔ For **micro-entities** in the **tourism** sector, with a maximum of 10 employees and a turnover or total balance sheet up to € 2 million.

❑ Specific **conditions** of this credit line:

- Lease of € 750/month/employee, up to € 20 thousand per micro entity, maturity up to 3 years, 12 months grace period, without interest charges, and a personal guarantee of a shareholder needed. This credit line is only available by the Tourism of Portugal.

❖ Credit lines “Capitalizar 2018– Covid-19”

➔ For the overall **Portuguese economy**, preferably for SME, granted with € 400 million, of which € 320 million for working capital support and € 80 million for treasury needs.

❑ Specific **conditions** of this credit line:

- Maximum funding per company of € 3 million, limited to € 1.5 million in the working capital credit line and € 1.5 million in the treasury credit line.
- Working capital credit line: maturity up to 4 years, 12 months grace capital, guarantee up to 80% and fixed or variable interest rate + spread between 1.928% and 3.278%.
- Treasury credit line: maturity between 1 and 3 years, no grace period, guarantee up to 80% and fixed or variable interest rate + spread between 1,943% and 3,278%.

➤ Common conditions for the 7 credit lines

- ❑ A positive net position with reference to the last approved balance sheet or the interim balance approved up to the date of the operation, this last in case of a negative net position. Exception for companies incorporated less than 12 months before the date of the application.
 - To comply with the positive net position, companies are allowed for corporate restructurings: (i) shareholder capital loans conversion into supplementary and accessory capital contributions and/or, (ii) capital increase by contributions in kind through debt conversion and/or through the transfer of debt to the shareholder.
- ❑ An exception also to the positive net balance, regarding the credit line for micro-entities in the tourism sector, in which it should be observed that companies are not in financial distress and were not subject to any administrative or judicial sanction in the 2 years before the date of the application.
- ❑ Full compliance with Tax Authorities, Social Security, Banks, according to credit lines, Mutual Guarantee Systems (SPGM) and, in case of the “Linha de micro-crédito Turismo” also to the Tourism of Portugal.
- ❑ Maintenance of employment contracts until December 31, 2020, for the permanent employers as at February 1, 2020.
- ❑ Not being considered a company in distress as defined in n.º 18 of article 2 of the European Commission Regulation nº 651/2014 of 17 June 2014, thus arising the distress situation from Covid-19 impact.

Links and legislation in force:

- [Council of Ministers Resolution \(Resolução do Conselho de Ministros n.º 10-A/2020\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [EU regulation nº 651/2014 de 17 de junho](#)

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1. Financing support (page 3/3)

1.1 Portuguese Government – credit lines (cont.)

➤ Common conditions for the 7 credit lines (cont.)

- ❑ The credit lines are guaranteed by the Portuguese State in the proportions presented on the previous page under 'Conditions'.

1.2 Moratorium on loans granted by financial institutions

The Government approved a moratorium on exiting credits with banking institutions, suspending all installments of capital and interest.

Whom may benefit:

- ➔ Individuals (mortgages for tax residence), individual entrepreneurs (ENI), private institution of social solidarity (IPSS), SMEs and other non-financial entities, with income losses and resident in Portugal.

Conditions:

- ➔ For companies, **credits include** loans and other existing credit operations, exclusively related with the beneficiary's activity, including leasing and factoring.
- ➔ **Suspension**, partially or fully, of payments of principal, interest and other expenses until September 30, 2020, being loans and other credit operations' maturity extended for 6 months, with capitalization of interest and expenses.
- ➔ Full compliance with Social Security, Tax Authorities and Banks (overdue and default credits of +90 days are not considered).

- ➔ The Moratorium **excludes**: (i) credits to purchase securities or positions in other financial instruments, (ii) credits granted to beneficiaries of schemes, subsidies or benefits (namely tax benefits) to establish headquarters or residence in Portugal, incl. for investment (except Return Program) and (iii) credits granted to these companies for individual use by means of credit cards.

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [CIT: Order 104/2020-XXII from SEAF](#)
- [Decree-Law 10-F/2020, from March 26](#)
- [Retification.º 13/2020, from March 28](#)

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2. Tax measures (page 1/4)

Tax measures to postpone the payment of taxes and the tax filing obligations.

❖ Corporate Income Tax (CIT)

The following payments and tax filing obligations may be postponed without any penalties as follows:

- ❑ The special payment on account to be made in March can be made until June 30, 2020.
- ❑ The Annual Income Statement (Modelo 22) for the 2019 tax period, can be filed until July 31, 2020 (instead of May 31).
- ❑ The first payment on account and the first additional payment on account to be made in July can be made until August 31, 2020.

Taxpayers or certified accountants may apply for the postponement of the tax filing obligations, in situations of infection and prophylactic isolation declared or determined by the health authorities.

❖ VAT and withholding tax - CIT and Personal Income Tax (PIT)

Whom may benefit:

- ➔ These immediately applicable measures are intended for companies and self-employed workers who meet one of the following conditions:
 - ❑ Turnover up to € 10 million in 2018.
 - ❑ Start of activity as from January 1, 2019 or that has restarted its activity on or after January 1, 2019, when it did not obtain turnover in 2018.
 - ❑ Activity within sectors described in Article 7 of Decree No. 2-A / 2020, of 20 March.

- ➔ For taxpayers that do not meet any of the above conditions, they are still eligible as long as they show a decrease in billing (communicated via E-invoice) of at least 20% on the average of the three months before the month in which this obligation exists compared to the previous homologous period. The demonstration of the decrease in turnover must be certified by Statutory auditor (ROC) or Certified accountant (CC).

Deferral of payments to the State:

- ➔ There is the option of deferring VAT payments to the State and delivering withholding taxes to the State (CIT and PIT), being the modalities as follows:
 - ❑ Immediate payment, or,
 - ❑ In 3 or 6 monthly instalments without interest.
- ➔ The payment in instalments implies:
 - ❑ The first payment until the payment deadline date.
 - ❑ The subsequent payments made every month.

How

- ➔ Submission of a notification form at the Tax Authorities website until the voluntary payment deadline.
- ➔ For those taxpayers whose measures are not immediately applicable, submission of a request application form at the Tax Authorities website until the end of the voluntary payment deadline, as well as submission of certification by Statutory auditor or certified accountant of the decrease of activity.

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Law 1A, from March 19](#)
- [Decree-Law 10-F/2020, from March 26](#)
- [Retification.º 13/2020, from March 28](#)

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2. Tax measures (page 2/4)

❖ Social Security

Whom may benefit:

➔ The payment deferral measures apply immediately to:

- ❑ Self-employed workers.
- ❑ Employers up to 50 jobs.

The same payment rules may also apply to:

- ❑ Employers with workers between 50 and 249, as long as they present a decrease of at least 20% of the invoices communicated through the e-invoice in March, April and May 2020, compared to the homologous period of the previous year or, for those who started the activity less than 12 months ago, the average of the elapsed activity period;
- ❑ Employers with a total of 250 or more workers, as long as they present a drop of at least 20% of the invoice communicated through the E-Invoice in the months of March, April and May 2020, compared to the same period of the previous year or, for those who started the activity less than 12 months ago, at the average of the elapsed activity period, and falls into one of the following situations:
 - ❑ Whether it is a private institution of social solidarity or similar;
 - ❑ The activity of these employers falls within the sectors described in the Decree No. 2-A / 2020, of 20 March, or in the aviation and tourism sectors, in relation to the establishment or company effectively closed;

- ❑ The activity of these employers has been suspended, under the terms of Decree-Law no. 10-A / 2020, of 13 March, regarding the establishment or company effectively closed.

The number of workers is measured by reference to the declaration of wages for February 2020.

Deferral of social security contribution contributions

- ➔ The payment of the employer's responsibility social security contributions for the due date in March, April and May 2020 may be made at only 1/3 of their amount at the due date.
- ➔ The remainder 2/3 of the contributions, must be paid as from the 3rd quarter, under the same terms applicable to VAT and withholding taxes, i.e., in 3 or 6 instalments.
- ➔ For employers that have already paid all the contributions due in March 2020, the deferral starts in April 2020 and ends in June 2020.

How

- ➔ There is no need to apply for the payment deferral.
- ➔ In July 2020, employers or self-employed workers must indicate their payment plan option in Direct Social Security website.
- ➔ In the case of employers with 250 or more workers, the billing requirement must be demonstrated during July 2020, together with certification from the company's certified accountant.

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Law 1A, from March 19](#)
- [Decree-Law 10-F/2020, from March 26](#)
- [Retification.º 13/2020, from March 28](#)
- [SD: Order 121/2020-XXII from SEAF](#)

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2. Tax measures (page 3/4)

Non-compliance

- ➔ The non-payment of 1/3 of the contributions by the employer implies the immediate loss of the possibility of deferring the payment.
- ➔ Non-compliance with the requirements to benefit from the payment deferral implies the expiry of the benefit and the payment of late assessment interest.

Payment of the March Social Security Contributions

- ➔ The deadline for payment of contributions due in March 2020, exceptionally, ends by March 31

❖ Stamp Duty (SD)

It was published today on the Portuguese Tax Authorities’ website the Dispatch 121/2020-XXII of 24 March, issued by the Secretary of State of the Tax Affairs on the delivery of the new Monthly Duty Tax Declaration (DMIS)

Considering the public health emergency, and the implementation constraints of the new DMIS, it was determined:

- ❑ The new DMIS, which should be delivered by April 20, 2020, for January, February and March 2020, comes into force only in 2021, i.e., with reference to the transactions and facts subject to SD carried out after January 1, 2021.
- ❑ The obligation to settle and pay SD during 2020 will be fulfilled through the settlement model that was in force until December 2019, and for January, February and March 2020 can be fulfilled until April 20, 2020.

- ❑ The settlement and payment obligations for the remaining months of 2020 must be fulfilled by the 20th of the month following the month to which it relates (no changes under the current law).
- ❑ The SD compensation system, which had been revoked on January 1, 2020, is now possible to use again during 2020 and until January 20, 2021.

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Law 1A, from March 19](#)
- [Decree-Law 10-F/2020, from March 26](#)
- [Retification.º 13/2020, from March 28](#)
- [Law 4A, from April 6l](#)

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2. Tax measures (page 4/4)

❖ Suspension of deadlines

→ Procedural and procedural acts

The deadlines for the practice of procedural and procedural acts, are suspended until the exceptional situation ceases within the scope, among others, of:

- ❑ Administrative and tax courts and arbitral tribunals.
- ❑ Tax enforcement agencies.
- ❑ Notary and registry offices.

The exceptional situation also triggers the suspension of the limitation and prescription periods for all types of processes and procedures.

→ Suspension of tax acts

This suspension applies, with the necessary adaptations, to administrative and tax procedures with respect to the practice of acts by taxpayers. The suspension of tax periods concerns only the acts of filing: (i) judicial claim, (ii) administrative appeal, (iii) hierarchical appeal, or other procedures of the same nature, as well as procedural or procedural acts subsequent to those.

The practice of any procedural and procedural acts is permitted through appropriate means of distance communication, namely by teleconference or video call.

This regime is in force as of March 9.

→ Tax enforcement

Suspension of tax enforcement proceedings in progress or to be taken by the Tax Authorities.

→ Social Security

Ongoing instalment plans related to tax enforcement proceedings and outside the scope of executive proceedings are suspended, without prejudice to the possibility of continuing to be adhered to on time.

If the exceptional situation ceases before June 30, the tax enforcement proceedings will remain suspended until this date

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Decree-Law 10-G/2020](#), from March 26

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3. Incentives for job retention (page 1/2)

❖ Support for job retention, training and business normalization

Whom may benefit:

- ➔ Companies who are in a business distress, and their employees, if observed one of the following:
 - ❑ Total or partial closure of the company or establishment, arising from the duty of closure imposed in the current pandemic outbreak.
 - ❑ Full stoppage of the company or establishment that results from:
 - global supply source shutdown, or,
 - the suspension or cancellation of orders, that underlies documents evidencing company or business unit production capacity or occupation is reduced by more than 40%, in the month following to the request for support.
 - ❑ Abrupt and sharp decrease of at least 40% of turnover, within the 30-day period prior to the application to the Social Security, with reference to one of the following indicators:
 - monthly average of the two months prior to that period, or,
 - compared to the same period of the previous year, or,
 - for entities that started their activity in less than 12 months, on average for that period.

Available **support** when business distress is observed:

- ➔ Possibility of employment contract suspension or reduction in working hours, with covered employees having the right for 2/3 of their gross remuneration, with a maximum of € 1,905 and minimum of € 635, being 70% granted by Social Security and the remaining 30% by the company (simplified lay-off).

In case of only a reduction in working hours, the company is responsible to pay the employee the corresponding worked hours, being the remaining up to the limit of 2/3 of the employee gross remuneration supported in 70% by Social Security and 30% by the company.

This financial support can be cumulative with an approved training plan by IEFP (unemployment and training institute), to which is added an amount of € 131.64 per employee, half of which to be granted to the employee € 65.82 and the other half to the company.

This measure lasts for one month, exceptionally extendable monthly, up to a maximum of 3 months.

- ➔ Exemption from Social Security contributions by the company in relation to the employees covered, during the simplified lay-off period.

This measure lasts for one month, exceptionally extendable monthly, up to a maximum of 3 months.

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Decree-Law 10-G/2020](#), from March 26

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3. Incentives for job retention (page 1/2)

❖ Support for job retention, training and business normalization (cont.)

Available **support** when business distress is observed (cont.):

- ➔ Extraordinary financial incentive to support the revamping of company’s business, to be granted by the IEFP at once, in the amount of 1 RMMG (guaranteed minimal monthly remuneration; € 635) per employee.
- ➔ Companies that have not used the simplified lay-off can access an IEFP financial support for professional training in part-time, granted according to the number of hours attended by the employee, with a limit of 50% of the gross remuneration, with a maximum of 1 RMMG per employee.

❖ Extraordinary support for Self-Employees (Freelancers)

Who can benefit:

- ➔ Self-employees that (i) are not pensioners; (ii) are covered by the self-employment social security regime only; and (iii) during the last 12 months have paid contributions for at least 3 consecutive months, or 6 interpolated months.

This support is available when one of the following conditions is met:

- ➔ Total shutdown of the self-employment activity or the sector of activity; or
- ➔ Abrupt breakdown of at least 40% of billing, registered in the 30 days before the application and compared with the monthly average of billing of the 2 months prior to those 30 days, or with the same period in 2019. If the activity started during the last 12 months, the average of the period of the activity will be considered.

➔ The financial support is equal to the monthly revenue if less than € 658,22, with a maximum amount of € 438,81.

➔ If the monthly revenue is equal to or higher than € 658,22, the financial support will be 2/3 of the revenue, with a maximum amount of € 635.

➔ This financial support is valid for 1 month and extendable up to a maximum of 6 months.

❖ Extraordinary support for board members

Who can benefit:

➔ Board members of companies with no employees.

The **support** is available when:

➔ The board members are enrolled and covered only by the board members social security regime; and

➔ The invoicing registered in the *e-fatura* portal for 2019 cannot exceed € 60.000.

➔ The financial support is equal to the board members salary if less than € 658,22, with a maximum amount of € 438,81.

➔ If the monthly salary is equal to or higher than € 658,22, the financial support will be 2/3 of such salary, with a maximum amount of € 635.

➔ This financial support does not grant the employer the exemption from social contributions.

Links and legislation in force:

- [Law Decree n.º 10-A/2020, from March 13](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Decree-Law n.º 10-K/2020, from March 26](#)

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4. Social protection measures for sickness and parental leave

❖ Support measures

- ➔ It is equivalent to sickness when an employee is in a 14-day prophylactic isolation declared by health authorities.
 - ❑ This absence determines the loss of remuneration, with the employee entitled to a sickness benefit corresponding to 100% of the reference remuneration.
- ➔ It is considered authorized absence the 14-days prophylactic isolation accompany of child or another dependent, arising from situations of serious risk for public health declared by health authorities.
 - ❑ This absence determines the loss of remuneration, with the employee entitled to a subsidy for child or grandchild assistance aged less than 12 years or, regardless of the age, in cases of disable or chronic disease. This allowance corresponds to: (i) 100% of the employee's reference remuneration for aiding the employees' children; and (ii) 65% of the reference remuneration for assisting grandchildren.
- ➔ It is also considered, authorized absence, the immediate and necessary assistance to a child or other dependent less than 12 years old, or, regardless of the age, with disabilities or chronic disease, resulting from the suspension of educational and non-educational activities in school or supporting facilities for early childhood or disability (it does not apply during the official school holidays).
 - ❑ If the employee's work cannot be performed by other means, namely teleworking, the employee is entitled to receive an exceptional monthly allowance, or proportional, corresponding to 2/3 (66.67%) of the employees' base remuneration, paid in

equal parts by the company and Social Security.

- ❑ The monthly supporting amount has a minimum limit of € 635 and a maximum limit € 1,905. The Social Security part (33.33%) is delivered to the company, which pays the entire support amount to employee. This support is subject to the employee social contribution and 50% of the company's social contribution, which must be subject to an independent declaration of remuneration. This support cannot be received simultaneously by both parents and is only received once, regardless of the number of children or dependent dependents.

➔ Authorized absence – family assistance and volunteer firefighter duties

- ❑ Absences in specified situations are considered justified: (i) assistance to the family during school holidays or (ii) suspension of the activity of social equipment frequented by a family member in charge of the worker (e.g. nursing home). The absences given by the worker are also considered justified, when motivated by the provision of assistance or transportation as a volunteer firefighter in the current pandemic context.
- ❑ Justified absences do not result in the loss of any rights, except for remuneration.

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Technical order “Orientação Técnica N.º 1/2020” on incentive schemes to companies with related Covid-19 measures](#)
- [aicep – Incentive programs \(“Sistemas de incentivos PT2020”\)](#)
- [Portugal 2020 – website](#)
- [Early repayment - DL 10-L/2020, from March 26](#)

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5. Community funds / Incentive programs

The Portuguese Government approved a set of changes on the ongoing incentive programs, for projects approved under the Portugal 2020 and, in projects terminated with active repayment plans of QREN and QCA III.

❖ Acceleration of incentive repayments

- ❑ Settlement of incentives should occur in the shortest time possible after payment requests have been submitted, which may be made, in the limit, as an advance payment, these being subsequently regularized with the determination of the incentive to pay by the intermediate agency / paying agency without any formality for the beneficiaries.
- ❑ When the Managing Authority issues a payment request, due to the impossibility of requesting reimbursement within the established period, or when the advance payment is converted into payment for reimbursement, through the validation of expenses, in less than 60 days. In these cases it can be applied reduction of 15% on the request for payment of the balance of the support amount, in order to streamline it.

❖ Extension of the repayment term of repayable subsidies

- ❑ Extension for 12 months of the outstanding installments until September 30, 2020, without interest and other penalties, for the companies with repayable subsidies granted within the scope of the QREN or PT2020.
- ❑ This applies to companies with a decrease of at least 20% in the turnover or reservations or clients' orders, in the 2 months preceding the submission of the request for the extension of the repayment plan, compared to the equivalent period of the previous year.

❖ Expenses incurred in cancelled or postponed events

- ❑ Evidenced expenses incurred by beneficiaries, in events postponed or cancelled due to the Covid-19, are eligible for repayment, if covered under projects approved by PT2020, *Instituto do Vinho e da Vinha* or other operational programs.

❖ Rescheduling of projects

- ❑ The possible negative evaluations, due to Covid-19 outbreak, on the contractual objectives' achievement assessment in the context of PT2020, cannot be attributable to the beneficiaries due to reasons force majeure. Reprogramming requests must substantiate and detail the changes that call into question the assumptions of the investment project.

6. Autonomous Region of Madeira (RAM) – companies and employees’ measures overview (page 1/2)

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Madeira Region – temporary measures](#)

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In addition to the measures approved by the Portuguese Government, the Government of RAM implemented a set of measures to support the business sector, of which the following are worth mentioning, briefly:

❖ Invest RAM Covid-19 credit line

- ❑ € 100 million credit line preferentially aimed for micro-sized and SMEs, with SME certification obtained electronically at IDERAM, with activity included in the Annex I of the Protocol (PKF clarifies), exclusively to cover wage costs, and that meet the following criteria:
 - Legally constituted.
 - Establishment and headquarters in RAM.
 - Settled situation with the financial support paying entities.
 - Settled situation with the Tax Administration, Social Security, Banks and Mutual Guarantee system.
 - Positive net position with reference to the last approved balance sheet or the interim balance approved up to the date of the operation, this last in case of a negative net position.
 - Organized statutory accounts in accordance with SNC.
 - Maintenance of permanent jobs in accordance with Annex II of the Protocol.
- ❑ **Conditions** of the credit line:
 - Maturity of 5 years, grace period of 18 months, application until 31 Dec.2020.
 - 0% interest rate, fully subsidized by the Government of RAM.

- Partial or total conversion in non-refundable support if both of the following:
 - If permanent jobs are maintained at the end of the 18 months of contracting the credit line.
 - Records a drop in turnover + 40% for companies on the island of Madeira and 15% for companies on the island of Porto Santo, between March and May 2020, when compared to the previous 90 days or homologous period.
- ❑ Funding amount per company **calculation**:
 - Payroll (inc. TSU) x Multiplier x Weight
 - The Payroll refers to the monthly payroll, plus TSU, corresponding to the last statement submitted to the ISSM, of the month prior to the submission of the financing request.
 - The Multiplier corresponds to factor ‘10’ in the case of micro companies, factor ‘8’ in the case of small companies and factor ‘6’ in case of medium and large companies.
 - The Weight refers to 20% if the company appealed to the lay-off mechanism and 40% if it has not.
 - The amounts resulting from the above calculation are subject to the maximum funding limits per company: € 30k for Micro companies, € 150k for Small companies, € 300k for Medium companies and € 600k for Large companies

* PKF Madconta is the name of the firm PKF in Madeira.

6. Autonomous Region of Madeira (RAM) – companies and employees’ measures overview (page 2/2)

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Madeira Region – temporary measures](#)

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❖ Other supports

- ❑ Access to the remaining credit lines approved by the Portuguese Government, as described in chapter 1 of this document.
- ❑ Between April and June of 2020, exemption of the payment of rents for companies located in RAM’s business parks, exemption of rents and fees for companies with RAM concessions.
- ❑ Between March 31st and May 31st, exemption of fees for the tourist entertainment, maritime-touristic activity, restaurants and activities located in the marinas of Funchal, Porto Santo and Cais São Lázaro.
- ❑ Acquisition of dairy products to local agro-industries for re-distribution to IPSS, up to € 120k; reinforcement and rapid payment of POSEI aid; guarantee of 95% POSEI 2020 for sugar cane processing.
- ❑ Moratorium of 12 months on the repayment of subsidies of Intervir+ and POMadeira 14-20, that are due until September 30.
- ❑ Extension of the payment and declarative obligations deadlines as approved by the Portuguese Government.

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Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Arrendamento – Lei nº4-C/20, de 6 Abril](#)

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7. Real estate leases (page 1/2)

The Government approved an exceptional regime for situation of delay in the payment of residential and non-residential rents.

Non-residential

Who can benefit:

→ **Establishments open to the public for retail and service provision activities** that have been closed or which activities have been suspended under Decree nº 2-A/2020, of 20th march, or by legislative or administrative determination, in terms provided for in Decree-Law no. 10-A / 2020, of 13th March, in its current wording, or under the Basic Law for Civil Protection, approved by Law no. 27/2006, of 3rd July, in its current wording (of the Basic Law on Health, approved by Law no. 95/2019, of 4th September) or of other provisions aimed at implementing the state of emergency, including in cases where they maintain e-commerce activities, or to provide services remotely or through an electronic platform.

→ **Restaurants and similar**, including in cases where they maintain activity for the exclusive purpose of making food for consumption outside the establishment or home delivery, under the terms in Decree No. 2-A / 2020, of 20th March, or in any other provision that allows it.

❖ Residential

Who can benefit:

→ Tenants and landlords who check, cumulatively:

- **Tenants:** depending on the income of the lessee's household, a drop of +20% compared to the previous month or similar period of the previous year, **and** an effort rate of more than 35%

(calculated as a percentage of the income of all members of that household for the payment of rent);

- **Landlords:** 20% fall in the income of the landlord's household, compared to the previous month or similar period of the previous year, **and** this fall in income is caused by the non-payment of rents by the tenants.

❖ Deferral of rent payments :

→ The payment of rents due during the state of emergency and the first subsequent month, can be deferred for the 12 months after the end of this period, in monthly installments of not less than one-twelfth of the total amount due, paid together with the rent of the month in question.

❖ Termination of contract and other penalties:

→ Failure to pay due rents in the months in which the state of emergency prevails and in the first subsequent month cannot be invoked by landlords as a basis for resolution, denunciation or other form of contract termination, nor as a basis for the obligation to vacancy of real estate, unless the tenant fails to pay within 12 months after the period in which the state of emergency is in effect and the first month thereafter.

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Arrendamento – Lei nº4-C/20, de 6 Abril](#)

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7. Real estate leases (page 2/2)

❖ Termination of contract and other penalties (cont’d):

- ➔ Tenants are not required to pay any other penalties based on late payment of rent during the state of emergency and the first month thereafter and, as with housing leases, the indemnity legally provided for in the no. 1 of art. 1041 of the Civil Code, of 20% due to the lack of payment of rents during the referred period.
- ➔ Tenants who are unable to pay the rent have a duty to inform the landlord, in writing, up to five days before the expiration of the first rent on which they intend to benefit from the regime, enclosing the documentation proving their situation.

❖ Financial support

The Institute of Housing and Urban Rehabilitation, I.P. (IHRU, I.P.) grants interest-free loans to support the difference between the amount of monthly rent due and the amount resulting from the application of a maximum effort rate of 35% to household income, in order to allow the payment of the rent due, as long as the remaining available income of the aggregate is not less than the social support index (IAS).

Who can benefit:

- ➔ Tenants and landlords, for residential rents:
 - **Tenants:** residential tenants, students who do not earn income from work and guarantors of these students, who registered the 20% drop referred to on the previous page, for housing that constitutes their permanent residence or, in the case of students, that constitute residence by frequency of establishments of education located at a distance greater than 50 km from the household's permanent residence.

Exception to housing tenants, whose drop in income determines the reduction of rents owed by them, under the terms established in special rental or income regimes, such as supported leasing, supported rent and social rent.

Landlords: housing landlords with the 20% drop mentioned on the previous page, whose tenants do not resort to IHRU.

❖ Public entities

- ➔ Public entities with properties leased or assigned under another contractual form may, during the term of this law:
 - reduce rents to tenants who are proven to have an income drop of more than 20% compared to the income of the previous month or the same period of the previous year, when the same results in an effort rate greater than 35% in relation to income; **except** for those who are beneficiaries of special housing or income rental schemes, such as supported rent, supported rent and social rent;
 - exempt renters who prove that they have ceased to receive any income after March 1st, 2020;
 - establish moratoriums for its tenants.

Links and legislation in force:

- [Council of Ministers Resolution \(“Resolução do Conselho de Ministros n.º 10-A/2020”\)](#)
- [EstamosON > Government overview of supporting measures to employment and companies](#)
- [Apoio IPSS – Portaria 85-A/2020](#)
- [Gulbenkian Foundation – Emergency Fund Covid-19](#)

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8. Other applicable legislation and other supports

❖ Deadlines for General Meetings

- ❑ The general meeting of commercial companies, associations and cooperatives that must take place by legal or statutory enforcement, may be held until June 30, 2020.

❖ Acceptance of expired documents

- ❑ Acceptance by the public authorities, for all legal purposes, of the display of documents subject to renewal whose validity ended on 9 March or in the immediate previous or following 15 days.
- ❑ The citizen’s card (personal ID) and certificates issued by the registration and civil identification services, driving licenses, as well as the documents and visas related to the stay in national territory, whose validity expired from March 9, 2020, are accepted in the same terms until June 30, 2020.

❖ Exceptional regime for public procurement

- ❑ Given the current situation, it was established an exceptional public procurement regime for public expenditure authorization, for the corporate and administrative public sector entities and Municipalities.

❖ Other support to the social sector

- ❑ Among other measures, IPSS may resort to:
 - Moratorium on loans (chapter 1 of this document).
 - Credit lines through SPGM
 - Non-repayable funding through the Gulbenkian Foundation.

- Deferral up to 12 months, of benefits to the solidary sector restructuring fund.

❖ Export support

- ❑ Export credit insurance with State guarantees, in support of customer diversification and exports for markets outside the EU.
 - € 100 million – metal, metalworking and molds sectors.
 - € 100 million – deposit guarantee construction works abroad.
 - € 50 million – short-term export.



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