

I Série - Summary in Plain English

Date: January 20th, 2011

Number: 14 Série I

Issuer: Ministério das Finanças e da Administração Pública

Document: Decreto-Lei nr. 10/2011

Summary in Plain English

What is it?

This decree-law creates the possibility of solving disputes between taxpayers and the Tax Office through arbitration.

Arbitration is a way of resolving a dispute without taking it to court. One or more impartial arbitrators will listen to both parties and decide who is right. The decision has the same validity as a decision issued by a court.

What will change?

Taxpayers will be able to resort to arbitration when they disagree with a Tax Office decision – for instance, the amount of their personal income tax, the valuation of their property for tax purposes or the value deducted monthly from their paycheck.

The taxpayer may choose one of the arbitrators.

To encourage taxpayers to resort to arbitration, during the next twelve months the procedure expenses will not be charged. This applies only to disputes that have been unresolved in court for more than two years.

Who arbitrates

Arbitration is done by an arbitration court that works at the Administrative Arbitration Board. These courts can be composed of:

- One arbitrator – if the taxpayer chooses not to appoint an arbitrator and the amount in question does not exceed 60 000 euro
- Three arbitrators – if the taxpayer chooses to appoint an arbitrator or the amount in question exceeds 60 000 euro.

Arbitration courts with three arbitrators can be appointed by:

- the Administrative Arbitration Board
- the taxpayer and the Tax Office.

In this last case, an arbitrator is appointed by the taxpayer, another arbitrator is appointed by the Tax Office and the third one (the chief-arbitrator) will be appointed by the first two.

Arbitrators must be lawyers with at least 10 years of experience in this field. If necessary, management or economics experts can be appointed as arbitrators.

To ensure that arbitrators are independent and impartial they must not have had any professional relationship (direct or indirect) with the taxpayer or the Tax Office within the previous two years.

How arbitration works

The taxpayer informs the Administrative Arbitration Board that they intend to seek arbitration. The Board then chooses the arbitrator or arbitrators or, in certain cases, asks the taxpayer and the Tax Office to appoint their arbitrators.

The arbitration court will make a decision on the case within six months. If, after six months, the arbitration court has not reached a decision, this period can be extended for up to six months.

The final decision reached by the court must be obeyed.

What are its benefits?

This decree-law aims to:

- ensure taxpayers' rights
- resolve, in a fast and simple manner, the disputes between taxpayers and the Tax Office
- reduce the number of pending cases in court.

When does it come into effect?

This decree-law comes into effect five days after being published.