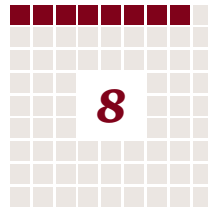


Total Tax Rate



Number of hours



Number of payments

Portugal now stands at 77 in the ranking of for Paying Taxes 2013. While the number of payments indicator has been stable throughout the eight years of the study and the Total Tax Rate has fallen only slightly, the time to comply has fallen by 53 hours.

In the past, a distinctive characteristic of the Portuguese tax system was that tax compliance was not an easy or agile process. However, with the introduction of E-government measures (electronic filing and payment), in 2006 with the “Simplex” programme, the entire process of filing tax returns was streamlined, and the interaction with taxpayers has substantially improved.

Although these measures have taken Portugal in the right direction, sustained improvement is still required in a number of areas, as suggested by the results of the Paying Taxes study where the time to comply (275 hours) remains above the world average (267 hours). An example is, the frequency of change to the tax rules which often leads to significant effort to update procedures, and which contributes to significant uncertainty around the tax system.

Recognising these problems, the Portuguese Tax Authorities’ are recruiting further support personnel to help make the process for complying with tax obligations simpler, faster, and less expensive, putting significant effort into providing quick and effective answers to taxpayers’ queries, and helping to establish the development of a relationship of mutual trust.

Another aspect which requires significant improvement is to help with resolving the long term tax disputes which exist between taxpayers and the tax authorities, which can often prove discouraging for investors. In order to overcome these issues a tax arbitration regime was introduced in 2011, aimed at increasing the speed of the resolution of disputes and helping to reduce the time taken.

Despite the fact that these measures are welcomed by the public in general, it is commonly believed that there is a need for action to implement more structural tax reforms which may help lead to an improvement in the Paying Taxes ranking, hopefully fostering an easier environment for doing business in Portugal.