

At a time during which the tourism sector is experiencing great dynamism, embodying an important factor for economic recovery of the country, there are various forms of support available throughout the sector. The **Support Line for the Enhance of Tourism** Offer promoted by Turismo de Portugal in partnership with fifteen banking institutions ought to be highlighted for being of particular interest and utmost relevance to the area of entrepreneurship and innovation.

With an overall budget of 120 million euros (of which 60 million allocated by Turismo de Portugal) and under the motto “Enhancing and Differentiating the Touristic Product”, the Support Line is **strongly directed towards innovative projects**, aiming at supporting the creation and development of touristic entertainment activities and the formation or renovation of existing tourism enterprises, restaurants and other catering establishments.

Therefore, projects for the creation and renovation of enterprises and **entertainment activities**, including those relating to **maritime-touristic activities** and to the creation and renovation of **restaurants and tourism enterprises**, are eligible for financing. The key point is that they must differentiate and diversify from the existing supply in the region or, in the specific case of res-

taurants and tourism enterprises, that they be associated with the recovery and enhancement of cultural heritage buildings.

This Support Line provides a **mechanism that enables access to financing designed for firms in the tourism sector** including small and medium enterprises. The maximum amount of financing per company is **75% of the eligible investment per project**, which is supported in part by Turismo de Portugal and in part by the partner banks. The repayment term is in principle 10 years, with a grace period of up to 3 years.

The requests for financing should be submitted to the partner banks, which, after review and approval of the project, send the application to Turismo de Portugal, for the verification of fulfillment of the necessary conditions and final approval.

The term to request access to the Support Line has been extended until **December 31st 2015**. During this period the conditions of access to the Line and to the conditions of the aforementioned financing may be subject to changes by Turismo de Portugal.

Débora Melo Fernandes

TAX INCENTIVES FOR INVESTMENT AT THE PRESENT

1. Patent box

The corporate income taxation reform (in force since January 1st 2014) introduced that **50% of gross income** derived from contracts concluded by companies resident in Portugal dedicated to the assignment or temporary use of certain **industrial property** rights subject to registration (patents and industrial designs or models) may be **exempt from IRC**, according to a new tax regime: the **Patent Box** regime. The applicability of the exemption is subject to the following conditions:

- i. the industrial property rights must have resulted from research and development activities undertaken or contracted by the taxable person. The qualifying intellectual property must therefore be self-developed;
- ii. the assignee is committed to using the industrial property rights in pursuit of an activity of commercial, industrial or agricultural nature; and
- iii. the assignee is not an entity residing in a blacklisted jurisdiction

2. Participation exemption

From January 1st 2014 onwards a regime **eliminating the double taxation of distributed profits** overall is applicable, according to which the **profits and reserves** distributed to IRC taxpayers resident in Portugal shall not contribute to the determination of the taxable income, provided that they occur concurrently with the following requirements:

- i. the taxpayer holds, directly or indirectly, no less than a **5% share of capital** or voting rights of the entity that distributes the profits or reserves;

- ii. the participation must be held, uninterrupted, during the **24 months** prior to distribution or, if held for less time, is maintained for the time necessary to complete that period;
- iii. the taxpayer is not covered by the regime of fiscal transparency;
- iv. the distributing entity is *grosso modo* subject to and not exempt from IRC or any tax similar to IRC nature and the statutory rate applicable to the entity is not less than 60% of the general corporate income tax rate (23%);
- v. the entity that distributes the profits or reserves is not resident in a blacklisted jurisdiction.

3. Simplified scheme for SMEs

In effect since January 1st 2014, the scope of the new **simplified scheme** has been extended to encompass the taxpayers who, in the exercise of their activity, have not exceeded, in the tax period immediately preceding, a **gross annual income** of this category **EUR 200,000**. This scheme allows for the taxable basis to be determined by pre-defined coefficients applied to gross income (which implies an automatic assumption of deductible costs).

4. Reduced tax rate on SMEs taxable income

Taxpayers that qualify as **SMEs** benefit from a reduced **17%** corporate tax rate, applying to the **first EUR 15,000** of taxable amount.

Pedro Cruz Gonçalves / António Queiroz Martins

The information contained in this review is of a general nature and does not constitute legal advice.

teamgenesis@mlgts.pt

www.mlgts.pt/en/are_genesis.php

Follow us on 



MLGTS LEGAL CIRCLE
INTERNATIONAL TIES WITH THE PORTUGUESE-SPEAKING WORLD

MORAIS LEITÃO, GALVÃO TELES, SOARES DA SILVA

ASSOCIADOS
SOCIEDADE DE
ADVOGADOS

Member

LexMundi
World Ready