

LEGAL ALERT

MANDATORY REPORTING OF FINANCIAL INFORMATION

BALANCES EXCEEDING EUR 50,000.00

What is it about?

[Law No. 17/2019, of 14 February](#), has entered into force. This law expands the **mandatory reporting of financial information** under the regime previously in force.

Reporting financial institutions now have an additional obligation to communicate to the Portuguese Tax Authority **information regarding financial accounts when the balance or added value at the end of the calendar year exceeds EUR 50,000.00 (fifty thousand euros), when their holders or beneficiaries are resident in Portuguese territory**. This communication must be electronically submitted using the form which shall be approved until 31 July of each calendar year in respect of the information relating to the previous calendar year.

What information will be communicated?

Reporting financial institutions shall communicate to the Portuguese Tax Authority, namely the following information of the holder or beneficiary of the account: (a) name, address, home state and tax number; (b) account number; (c) designation and identification of reporting entity; (d) balance or value of the account, including, in the case of a cash value insurance contract or an annuity contract, the cash value or the redemption value at the end of the calendar year concerned or, if the account was closed during that year, its closure, among others.

What accounts will be covered by this new communication obligation?

The new law distinguishes between ‘pre-existing accounts’ – which constitute financial accounts held by a financial institution at 31 December 2017 – and ‘new accounts’ – which consist of financial accounts held by a financial institution opened on 1 January 2018 or after that date. Mandatory communication of ‘pre-existing accounts’ with a balance of more than EUR 50,000.00 (fifty thousand euros) must be made by the reporting financial institutions until 16 April 2019. With respect to ‘new accounts’, reporting financial institutions shall implement and apply the new due diligence procedures until 16 May 2019, without prejudice to the obligation to make the communication until 31 July 2019.

Unfortunately, it seems that this law is not clear on whether the analysis of the pre-existing accounts determines the mandatory reporting of information relating to 31 December 2017 or only the obligation of maintaining internal records of the reporting entities on the accounts in question, as it appears that this law only applies to information concerning the year of 2018 and the following years.

This law provides that the lack of presentation or untimely submission of information, inaccurate reporting and non-compliance with due diligence procedures by reporting financial institutions constitute a punishable offense by a fine from EUR 250.00 (two hundred and fifty euros) to EUR 22,500.00 (twenty-two thousand and five hundred euros).

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