



Electronic Rent Receipts

Questions and Answers

The requirement to register rental contracts and issue electronic rent receipts via the Internet with *Finanças* has raised many doubts among landlords. Here are 14 key questions and answers regarding these new receipts and their application under the IRS Reform legislation.

1/14: I have a house for rent. Do I have to issue electronic rent receipts via Internet?

Yes, with two exceptions. Landlords must issue electronic rent receipts for income received under Category F, even when it is for security deposits or advances without being subject to fines.

2/14: Who is exempt from issuing rent receipt electronically?

Landlords who opt for Category F may be exempt from issuing electronic rent receipts if:

- a) In the previous year, they had annual rental income below €838.44 and also do not have an email address.
- b) Landlords over 65 years old.

Landlords may still opt to declare electronically or they can have an intermediary report on their behalf.

3/14: What happens if I only start issuing receipts in November?

Landlords can continue to issue paper rent receipts until November without paying fines. At that time, they must issue the electronic rent receipts for the months from January to October as well as the receipt for November.

4/14: Can I change an electronic rent receipt without having to alter the original contract registration itself?

Yes, prior to issuing the receipt, you can change some elements such as the amount of income, the time period, or the parties involved.



5/14: What are the “Minimum Contract Elements”?

The *Minimum Elements* of the contract have to be recorded to permit issuing of electronic rent receipts. Data can be changed at any time.

The *Minimum Elements* of the contract are:

- “NIF” (fiscal number) of the landlord and tenant;
- Property Registration Number;
- Contract type (ie. lease, sublease or promissory contract);
- Contract purpose (ie. Residence, tourist lease, etc);
- Starting date of the contract;
- Amount of Payment;
- Frequency of payments.

6/14: How should I issue electronic rent receipts?

In this case, it is necessary to submit a declaration *Modelo 2* to report the rental contract for settlement of Stamp Duty, registered into the “AT” database.

7/14: I started renting before 01 April 2015. How do I issue electronic rent receipts?

In this case, you should register on the *Finanças* website to identify the *Minimum Contract Elements* which will allow the issuing of electronic rent receipts.

8/14: The lease is in the name of several tenants. Must I give separate receipts to each one?

It is not necessary to issue a receipt to each tenant. However, you may issue a receipt individually to each, declaring the proportional share of the payment.

9/14: We lease a property belonging to several owners. How do we issue receipts?

(*Modelo 2*) or in the *Minimum Contract Elements*. The electronic rent receipt can be issued either by just one of them, with the permission of the others, or by all, in respective shares.



10/14: Can I authorise a third party to issue electronic rent receipts on my behalf?

Yes, you can authorise a third party. These agents do not have access to other tax information of the Owner.

11/14: What are the procedures to authorize a third party to issue receipts in my name?

If the lease was created after 01/04/2015 and is already registered with *Finanças*, the landlord may authorize a third party in Table VII of *Modelo 2*. For contracts prior to that date, you must access your personal area through the *Finanças* website.

12/14: I have a Power of Attorney to issue receipts on behalf of the Owners. How should I proceed?

You should go to a local *Finanças* office with the authorising documents for them to verify and record the authorisation that complies with the obligations of *Modelo 2* and the issuing of electronic rent receipts.

13/14: The condominium leases a property. Who should communicate the elements of the contract and issue the electronic receipts?

The condominium administrator should go to the local *Finanças* office with the *Condominium Board Minute* showing that he was duly appointed.

14/14: It is possible to cancel an electronic rent receipt?

Yes, receipts can be cancelled if done before the end of the corresponding fiscal year. To do so, cancellations must be requested directly by the issuer of the receipt on the “AT” website.

Conclusion

Many of these changes have come about to counter widespread failure to report rental income. On the positive side, the reforms should help more tenants to receive tax credits to which they are entitled. Unfortunately, the changes also add new layers of red tape, albeit in electronic form, in an already cumbersome system.