



## Tax Simplification

VAT reporting is undergoing an ambitious process of simplification. Changes are also anticipated in IRS and IRC, especially in terms of automated reporting by taxpayers starting in 2019. The Council of Ministers has approved a decree-law that begins what is expected to be a succession of changes that are expected to be implemented in 2019, 2020 and beyond.

The key objective will be to use the information already being collected by the “AT” to pre-fill a significant portion of the declarations due by taxpayers. These developments should simplify taxpayers' lives as they did last year with the elimination of paper forms in IRS. The changes will also make it possible to ensure more accuracy in reporting and enhance *Finanças*' ability to cope with non-compliance, fraud and tax evasion.

For simplification to be implemented, it is now necessary to change some of the reporting procedures in the VAT, IRS, IRC and related codes to remove anachronisms that cease to make sense in a digital world. This is part of the spirit of Simplex+.

The decree-law regulates the processing of invoices and other tax documents as well as the obligations to maintain books, records and respective supporting documents. The diploma is fundamental to comply with the Local Finance Law regarding the participation of local authorities in VAT by allowing for the territorialisation of invoices. It is also intended to promote the potential of the e-invoice system in the fight against tax evasion as well as creating conditions for the end of printed paper invoices.