



PORTUGUESE FISCAL NUMBERS

What you don't know can hurt you!

When foreigners first come to Portugal, one of the early steps to adapting to local bureaucratic prerequisites is acquiring a Portuguese Fiscal Number. This tax identification card is essential for performing almost any legal act in Portugal: buying property, a car or mobile phone, taking on utilities for your house, signing just about any legal document or notarial instrument. However, once you have it, don't be lulled into thinking that everything will be all right. Surprisingly, danger can lurk just below the surface whether you are new or old to Portugal. Having out-of-date or inaccurate information may lead to serious headaches, far-reaching liabilities and major tax bills that might otherwise have been avoided.

The Fiscal Number Card

Let's begin by gathering a few basics. There are three types of cards that are currently accepted and in use: the oldest is an oversized beige document showing your name, fiscal number, local tax office and code. The same information is shown on a somewhat smaller red, grey and white card issued in the 1990's. (these wear quite poorly and the ink used for the name and numbers tends to flake off with use.) Finally, the present-day variety is a green and black plastic "credit card" style card, equipped with a magnetic strip and an "intelligent" chip. Although these have an expiration date, they continue to be accepted even after they would appear to have run out. All three are valid. When paying your taxes, signing official documents or opening a bank account, you will need to show the card (or a legible photocopy) along with your passport, identification card or *Residência*. Needless to say, the spelling of your name must coincide on all documents in order to avoid bureaucratic torment.



Not shown on the card is the information given at the time of registration. This data contains simple but key elements about you: current address, nationality, date and place of birth, residency status, etc. In addition, *Non-Residents* need to identify their Fiscal Representative who should also sign in the appropriate box to acknowledge acceptance of this appointment. Normally, this information is furnished by the person applying for the card: usually a lawyer, estate agent or a Portuguese-speaking friend, but rarely you, the taxpayer. Besides information going out-of-date, inaccuracies and mistakes are all too common, leading to unforeseen consequences that can prove disastrous if left unchecked.

POTENTIAL PROBLEMS

Once you have been registered and received your Fiscal Number Card, don't be lulled into complacency. Incorrect identity information problems can be more than just an inconvenience or a "hassle". They can create serious liabilities as well as prove very expensive. Being unaware of the problem does not mean that you won't be held accountable.

Wrong Address

All registered information is presumed to be current by *Finanças*. However, if your lawyer applied for your number at the beginning of the property purchase process, your address may appear as his office, not where you are living. Or perhaps an alternative address was used, such as a local café or a neighbour's house, during the construction phase of your new home. Such temporary arrangements are fine in the short run but is obviously only a quick fix.

A second common occurrence happens if you move house. *Finanças* won't be aware of the change in address unless explicitly informed. If you have lived at your current home for several years yet have never received a "Rates" bill ("*IMP*"), an incorrect address is usually the most common explanation. If allowed to persist, such non-payments could eventually lead to the property being seized for back taxes.



Vanished Fiscal Representative

An often related problem for *Non-Residents* is: *Who is listed as your Representative?* This is likely to be someone who was involved in the purchase of your first property. In other words, someone who most likely is no longer an active part of your life. They may have retired, gone out of business, moved away, etc. Meanwhile, this is where *Finanças* continues to send your tax demands and other communications, only to be returned as “*Addressee Unknown*”.

Residency Status Changes

After a period of time, many foreigners decide to move to Portugal and become *Resident*. However, if you are still listed as “*Non-Resident*”, you will not be seen as eligible for rollover relief from Capital Gains Tax when you sell your home. Although not yet enacted into Portuguese legislation, reinvestment in a new primary residence anywhere in the European Union should soon qualify for CGT exemption. If your address is out-of-date or your status incorrect, you will find yourself excluded from this tax benefit. Since these assessments can run into many thousands of Euros, such an oversight could cost you dearly.

More Pitfalls

If you are *non-resident* but yet receive your Rates bill (“*IMI*”) at your home address (rather than via a Fiscal Representative), it is more than likely that you are recorded as “*resident*”.

Non-Resident Misrepresentation

In the application process, it is not uncommon for the person applying for your Fiscal Number to tick the “*resident*” box, thereby sidestepping the responsibilities entailed in acting as a foreigner’s *Fiscal Representative*. The potential downside for you is that *Finanças* will expect annual tax declarations on your worldwide income. Since by definition *Non-Residents* are based in other jurisdictions, this alleged dual tax residency status could prove to be an expensive nightmare. Appointing a *Fiscal Representative*, as required by law, will sidestep an otherwise avoidable assessment.



Marital Status

While not required specifically in the application, another piece of common identity information that can change quickly is your *marital Status*. This condition can have an immediate bearing on your tax position, most notably in your annual income tax declaration. With the application of the “*Marital Coefficient*”, couples - whether married or just cohabiting - inevitably pay less income tax than two single individuals. Conversely, if you are separated, divorced or have recently lost your spouse, change is in order. Documents with mismatched information can lead to needless expense and delay in any dealings with officialdom.

Conclusion

Keeping your registered information current with *Finanças* is not only wise but also clearly in your best interest. Your Tax Advisor or qualified Fiscal Representative should be able to confirm your status and nip a problem in the bud. In fact, this is just one of many ways that competent professional service can prove to be a money saver in the long run. Assuring the accuracy of your data confirms the adage:

“An ounce of prevention is worth a pound of cure”

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