



Paying taxes in instalments

Taxpayers can pay IRS and IRC levies in instalments if they cannot rectify their tax situation within the prescribed period. These two taxes allow for a phased payment plan under certain conditions as explained in the following questions and answers.

1. When can you ask for tax payment in instalments?

Taxpayers can request payment in instalments within 15 days after the deadline to pay the tax voluntarily but before the establishment of the executive process that can lead to the seizure of assets. However, to qualify, one must not have any other fiscal debts related to other taxes. With the instalment plan, late interest will still be due on the outstanding amount in debt.

2. How do I make the request?

Applications may be made electronically via the internet on the *Finanças* Portal or may be completed in person at the local tax office in the area where the taxpayer is resident.

3. How long will Finanças take to respond?

The head of the local *Finanças* Office must issue a decision on the case within 15 days of receipt of the taxpayer's request.

4. Does the taxpayer have to give a guarantee?

Not always. For outstanding taxes up to €2,500, the taxpayer is exempt from the provision of providing collateral. When the value owed exceeds this amount, a bank guarantee is necessary. Alternatively, you can use a *guarantee insurance* done by a legally authorized insurance institution or by a mortgage.



5. In how many instalments can I pay?

When no guarantee is required and for debts up to €355, the taxpayer is required to settle the amount in a single payment.

For debts between €1,068 - €2,500, the debt may be paid in a maximum of six instalments. In the case where a guarantee is required, the taxpayer can pay in up to a maximum of 36 instalments.

6. Is there a minimum amount for each payment?

There is no minimum value but the number of instalments must be completed as prescribed by law.

7. What happens if an instalment is not paid?

If the taxpayer fails to pay any of the instalments, the Tax Authority establishes a fiscal lien for the amount owed that can lead to the seizure and sale of assets.

8. Are these conditions the same for businesses?

Yes, but only for IRC debts up to five thousand euros. In this case, the maximum number of instalments is six. If the company has to provide collateral, it can settle the amount requested in up to 36 instalments.

9. If Finanças has already issued a demand, can I still pay the debt in instalments?

Yes. However, this requires a guarantee whatever the amount. The number of instalments should not exceed 36 and the value of these can not be less than 102 euros. Since it is established that there is a case of extraordinary financial hardship and economic consequences for debtors, the payment period may be extended by up to five years if the debt exceeds €51,000. In this case, an instalment may not be less than €1,020. If there is an economic recovery plan, the payment may be extended to twelve and a half years if the debt exceeds €51,000. Instalments may not be less than €1,020.