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Finanças gains full access to all bank accounts

All financial institutions in Portugal must now abide by new legislation to provide the tax authorities with customers' account information. It is evident that such legislation only proves that the Portuguese government and lawmakers do not trust its citizens when it comes to income declaration for tax assessment.
All Portuguese financial institutions must hand over all of their customers financial details by 31st July 2017.

Not only does this new legislation apply to all Portuguese residents and companies, it will also extend to non residents as well. Currently, the only information that financial institutions are required to provide and disclose to Finanças is interest earned and dividends paid.

This new law was approved by the government at the end of April, but was only announced publicly last week.

The reasoning behind this new law is to investigate non-declaration of income for taxation and prosecute for tax evasion. In terms of non-residents, this information will be passed onto the tax authority of the country of origin.

The information provided will be a full disclosure of the banking customer detail including all transactions. The law also will extend to insurance plans, investments, pensions and retirement funds.

A further aspect of this new law is that ALL transfers of cash from Portuguese bank accounts to an offshore account will automatically trigger an alert to the tax authority. This will certainly create "capital flight" from the banks and place them in a more fragile position than they are currently.

OUR OPINION: This new legislation highlights the paramount importance of efficient and detailed tax planning. We would urge all expatriates to seek tax advice to ensure that their financial affairs are in order and to mitigate any unnecessary tax liability this new legislation could enforce.

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