



February

2020

**EXCISE DUTIES REFUND
PROFESSIONAL USE
DIESEL
PORTUGAL**

BELIM

Introduction

This guide intends to provide a high-level guidance on the refund regime of excise duty paid in Portugal on professional use diesel. The guide includes the position of the Portuguese Tax Authorities (“PTA”) published in Generic Rulings and is intended to provide an overview of the main requirements and procedures requested for the refund.

What is this refund about?

Since 2017, Portugal partially refunds excise duty paid on professional use diesel, for products with harmonized codes 2710 19 41 to 2710 19 49.

Who can benefit from it?

The entities that can benefit from this scheme must:

1. be licensed as freight rail transport companies with NACE code 49410;
2. have their headquarters or permanent establishment in an EU Member State; and,
3. own or lease (financial or operational lease) a vehicle covered by the refund regime.

What's the threshold limit of the refund?

Currently the refund applies up to a limit of 35 000 liters of diesel per covered vehicle and per calendar year, irrespective of change in owner or lessee of the vehicle.

According to the latest data for 2020 it is estimated that the amount of refund will be around 0.1826 €/litter supplied (final amount will depend on government position on the excise duty rate applicable for 2020). The minimum amount for refund is € 25, per each fuel supply.

What types of vehicles are eligible?

The eligible vehicles must have the following cumulative characteristics:

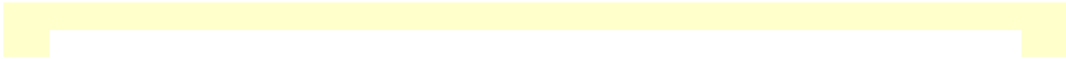
- hold a registered plate number from an EU Member State;
- be taxed in category D of the road circulation tax, i.e. be heavy goods vehicles;
- be used in public roads carriage of goods and hired, for consideration, by third parties;
- total laden weight equal or higher than 35 tones.

Additionally:

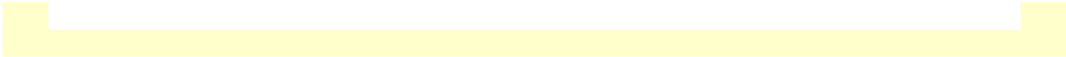
- each vehicle must refuel with the correspondent fleet card issued either by Portuguese companies or issued abroad and accepted in national territory; this means that a contract must be entered into with a fleet card company in which data regarding the vehicle license plate, mileage travelled, total laden weight must be supplied.
- each vehicle's license plate must be connected and disclosed in the correspondent fleet card;
- refueling must be made in a registered and authorized establishment.

How is the excise duties refund scheme carried out?

1. In practice, the fleet card issuers (or their legal representative in Portugal) are the entities obliged to communicate, up to the 15th of each month, to the Portuguese Tax Authorities, all supplies of professional diesel made in the previous civil month.
2. The freight rail transport companies do not need to request the refund of excise duties, rather the Tax Authorities will automatically refund the company in accordance with the information communicated by the fleet card issuers.
3. The Portuguese Tax Authorities refund the freight rail transport companies within 90 days after communication of the eligible supply to the BIC/IBAN listed in the Tax Authority's taxpayer register, or, in its absence, to the last BIC/IBAN used in VAT's refund application if applicable.
4. In practice, even though the legal regime provided, since 2017, that entities resident in other EU Member State with non-PT vehicles benefited from the refund regime, only in 2019 the Portuguese Tax Authorities announced the introduction of a functionality in their Tax Portal which allows other EU Member State entities to register in the Portuguese tax portal and effectively benefit from the regime.



Refund of Portuguese excise duties on professional use diesel



This information is correct at the time of publishing but may change at any time. The information is produced for general guideline purposes and is not intended to substitute recourse to expert tax and legal advice for the solution of real and specific cases.