

MFA INSIGHT | PORTUGAL



VAT registration of non-resident entities in Portugal

Late registration? A costly correction.

Registration, retroactive tax record amendments and invoice correction

Based on Circular Letter No. 25120/2026 and recent binding rulings of the Portuguese Tax Authority

AT A GLANCE

5 hot topics for foreign businesses registering late for VAT in Portugal

A late VAT registration is not just a formality: it can trigger retroactive tax record amendments and invoice-by-invoice corrections.

01

Registration procedure

Registration is required whenever a VAT obligation arises in Portugal, even if no VAT is payable here.

02

Late registration

A retroactive commencement date must be requested ad hoc, and approval may take months or even years.

03

Invoice correction

Invoices issued under a foreign VAT number are cancelled and reissued: no credit note.

04

Individual correction

Aggregated corrective invoices are rejected: each invoice must be corrected individually.

05

Practical implications

Early VAT planning can prevent extensive corrections, additional costs and input VAT restrictions.

Registration procedure

A non-resident entity must register for VAT in Portugal when it must fulfil any VAT-related obligation here, even if it does not need to pay VAT here.



Late registration: the tax record issue

The Tax Authority's software system does not allow an entity to report a retroactive date of commencement of activity; retroaction must be requested on an *ad hoc* basis.

Required steps

- 1 Request a retroactive amendment of the date of commencement of activity
- 2 Evidence the actual commencement date
- 3 File the outstanding VAT returns after correction



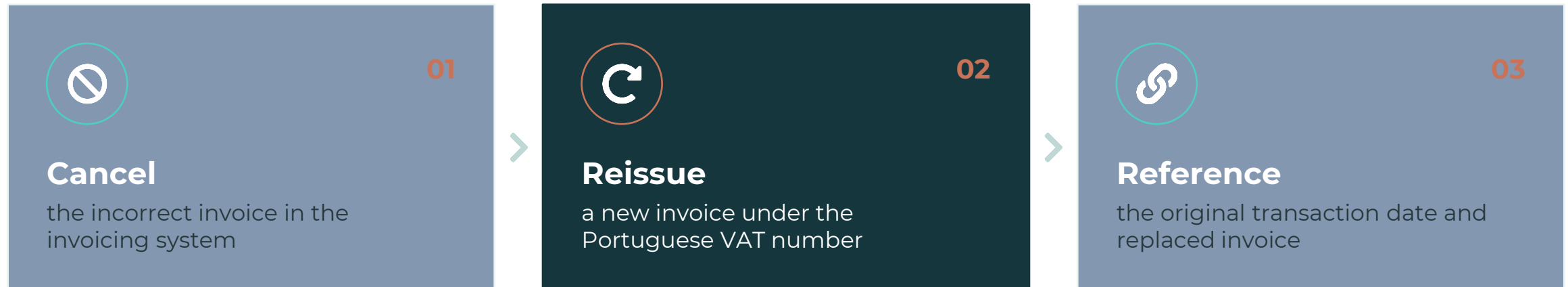
The practical bottleneck

The request may take several months (or even years) to be approved, delaying the regularisation of past VAT periods.

Binding Ruling No. 30761/2026 confirms the need for the retroactive amendment.

Invoice correction: invoices issued under a foreign VAT number

Using the foreign VAT number before a Portuguese VAT number is obtained constitutes a formal error where the transaction, taxable amount and VAT charged remain unchanged.



No credit note. No amended VAT return for the supplier.

Mandatory individual correction

The Portuguese Tax Authority expressly rejects aggregated corrective invoices, even when supported by detailed reconciliation schedules.

Mandatory invoice-by-invoice approach

- Each invoice must be corrected individually
- Each new invoice must identify the invoice it replaces
- A high volume of invoices does not justify aggregation



Input VAT

Deduction only after receipt of the corrected invoices and within four years from the original invoice date.



KEY IMPACT A tax record amendment can become an extensive operational correction exercise.

Practical implications for foreign businesses

Foreign businesses operating in Portugal should assess, before starting their activities:

1

VAT registration

Is a Portuguese VAT number required?

2

Liability for VAT

Who must fulfil the VAT-related obligations?

3

Invoicing rules

Does Portuguese invoicing legislation apply?

4

Input VAT

Do supplier invoices support the right to deduct?

5

Past periods

Are retroactive corrections or VAT filings required?

Early VAT planning can prevent extensive invoice corrections, additional costs and restrictions on input VAT recovery.

KEY REFERENCES

Legal and administrative sources

- Article 31 of the Portuguese VAT Code
- Article 36(6) of the Portuguese VAT Code
- Circular Letter No. 25120/2026
- Circular Letter No. 30235/2021
- Binding Ruling No. 30676/2026
- Binding Ruling No. 30761/2026

This publication is for general information purposes only and does not constitute legal or tax advice. Specific advice should be sought before acting on any of the matters discussed.

CONTACTS

MFA Legal & Tech – Indirect Taxes

For further information, please contact our team.



Bárbara Miragaia

Coordinator, Indirect Taxes

✉ bam@mfalegal.pt



Rita Simão Luís

Coordinator, Indirect Taxes

✉ rsi@mfalegal.pt



MFA Legal & Tech

Edifício Jean Monnet, Largo Jean Monnet, nº 1, piso 2, 1250-130 Lisboa, Portugal



(+351) 211 372 676



www.mfalegal.pt



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