

● ● OE 2020

Portugal State Budget Proposal | 2020

Snapshot

• Snapshot

Budget Surplus

- 1st Budget surplus of Portuguese Democracy (0.2%)
- Public deficit reduction (<120% GDP)
- Lowest unemployment rate in the last 15 years
- Economic growth sustainability (Foreign Investment and Exports)

Public spending

- Approx. 900m€ of National Health Insurance additional funding
- Renovation of the railway park

Demografics & Immigration

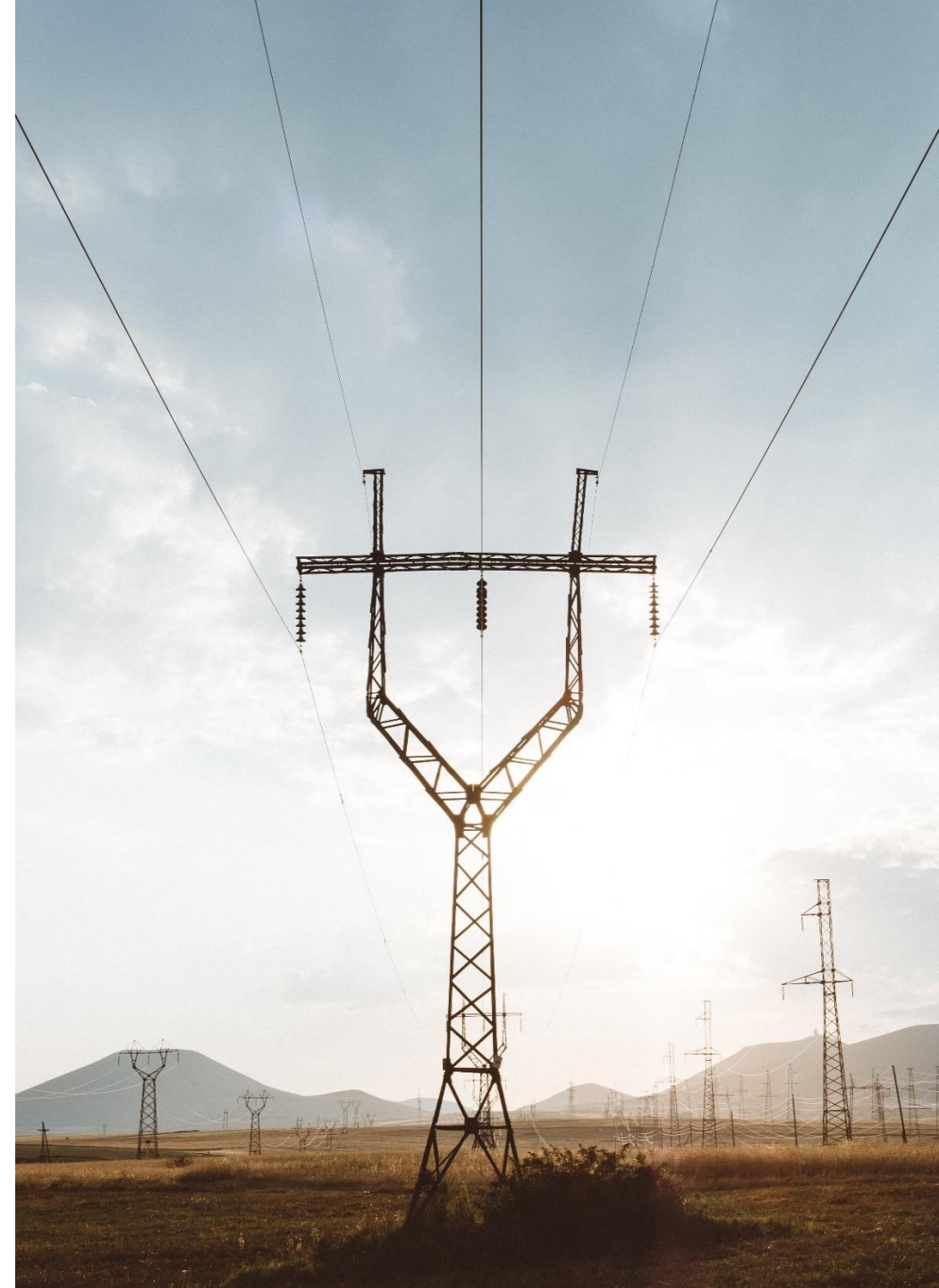
- Personal tax benefits
- Immigration law changes (e.g. Gold Visa revamp, work visas)

Social Welfare

- Homeless social integration program;
- Enhancement of unemployment protection.

Climate Agenda

- Reduced rate of VAT on electricity consumption
- (New) “Drive in” tax



Taxation

- Tax burden will exceed 35% of GDP
- End to the personal tax reductions for the middle-class of past Government
- Enhancement of investment and capitalization incentives for businesses
- Consumption taxation hike with two new special taxes (“Drive-in tax” and “Medical devices” tax)
- Dismantling of tax benefits to real estate
- Continuing tax benefits curb reform

Salaries

- Public sector employees increased just 0.3%
- Continuing career thawing (after the freeze of the 2011-14 bail-out period)
- Minimum wage increase to be agreed between unions and employers (separate from the Budget Law)

What is missing?

- Family savings incentives
- Integrated / cross-cutting approach to environmental taxation
- Public administration reform
- Reduction of State current spending

