

## Introduction

This volume incorporates translations of three major pillars of the Portuguese tax system – the General Tax Law, which imposes a unifying structure on the whole tax system, and the two main direct taxes, IRS, applicable to individuals, and IRC, applicable to companies and similar legal persons, respectively. In claiming that the translation is into English, I realise that I may be inviting a challenge. The terminology of tax is so intertwined with national legal and linguistic traditions, that any translation of a tax code will necessarily tilt towards the tax and legal background of the translator, in this case Irish. The inevitable result on the present translation is that the terminology used reflects the Irish tax environment, and will be more familiar to a British Commonwealth or Irish reader than to users with an American or “international English” background. Despite these limitations, I hope it will nevertheless be useful in providing access to hitherto unavailable primary sources of Portuguese tax law to non-Portuguese tax officials, students and practitioners.

In this work, italics also denote non-English words, usually Latin. Additional words have been grafted on, bracketed and italicised, in the English text, where meanings that are implicit in the Portuguese text require contextualising for non-Portuguese readers. Thus, where the Portuguese text refers to “*sede ou direcção efectiva em território português*” I have inserted additional words – “head office or (*place of*) effective management in Portuguese territory” to conform to the usage in Article 5 of the English version of the OECD Model Convention with regard to taxes on Income and on Capital. Some readers may find the recurring insertion of “(*place of*)” throughout all three translations distracting. However, the Portuguese term – “*direcção efectiva*” – requires expansion on translation to avoid referring to a mere abstraction, rather than a geographically determinable place where the effective management can be found.

It will be clear to some users of this work that literal translations are not always used. The emphasis has been on conveying the underlying meaning rather than ensuring an exact translation of a word that has resonance only in the Portuguese tax and legal context – thus, “*Correcção monetária*” becomes “Indexation”. The greatest gulf between the continental and Anglo-Saxon approach is inevitably illustrated in the Lei Geral Tributário, where several deflations of procedural titles had to be made. In an attempt to retain consistency, names of equivalent processes in the Irish tax system have been substituted for the more numerous and complex processes in Portugal, with a resulting blurring of precision, since there is no exact correlation. It is hoped that anybody embarking on tax litigation in Portugal would have the good sense not to attempt to regard the English text as authoritative for that purpose, and would use local professionals when engaging with the appeal system.

I have also attempted to impose a discipline not easily discernible in the original by clearly distinguishing tax credits from deductions from taxable profits. Internationally, credits are always understood to be “dollar for dollar” against the tax liability, whereas deductions reduce taxable profit and their value is determined by the tax rate being applied.

I am particularly grateful to the Director-General of Taxes, Professor Doutor José António Azevedo Pereira, for giving me the opportunity to make this work available to a wide readership. I also thank my former colleagues in tax practice, Dr. Carlos Loureiro, Dr<sup>a</sup> Rosa Freitas Soares and Dr. Miguel Leonidas Rocha, who reviewed the translations and provided much helpful guidance and correction. Any errors that remain are my sole responsibility. The Portuguese tax system is very different today from what I first found in 1983, and it has been very satisfying to follow its evolution from then to the present day, including the significant modernisation and streamlining of the tax administration. I hope that the present work will contribute to a broader international awareness of the present Portuguese direct tax system and will facilitate compliance by newcomers to the country, as well as providing a better understanding of its inner workings by those outside Portugal with a professional or academic interest in it.

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