
Portugal

Local stock exchange

Euronext Lisboa

<http://www.euronext.com/>

Rules for listed filings

IFRS required or permitted for listed companies?

Required for consolidated and standalone financial statements. Permitted for separate financial statements if they file a statutory audit report.

Version of IFRS

IFRS as adopted by the EU

Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?

No

Rules for statutory filings

Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?

IFRS is required for listed companies (both consolidated and standalone) statutory financial statements. IFRS is permitted for non-listed consolidated financial statements if they file a statutory audit report. IFRS is permitted for non-listed standalone financial statements if they are part of a consolidated group that reports under IFRS.

Insurance companies are required to present statutory financial statements under IFRS rules. Banks have specific rules that are IFRS-based (i.e., which are substantially similar to IFRS).

In other cases, local GAAP is used which is substantially similar to IFRS issued up to 2007 with recent specific updates which will become effective from January 1, 2016, such as:

- Borrowing costs – borrowing costs that are directly attributable to a qualifying asset cannot be capitalized as expenditure (amendment to IAS 23 effective as of January 1, 2009);
- Investment properties – investment properties under construction are classified as investment property (improvement to IAS 40 effective as of January 1, 2009);
- Business combinations – in what refers to the accounting treatment of transaction costs, step-acquisitions and contingent consideration these were updates in accordance with the revision to IFRS 3 that became effective as of July 1, 2009. Regarding goodwill, this will start to be amortized (by its useful life or over 10 years, if useful life cannot be reliably estimated).
- Non-controlling interest – are considered as part of the equity of the group, and changes in the percentage held by non-controlling interest that does not impact

control, are recognized in Equity. Non-controlling interests can present debit balances (amendment to IAS 27 effective as of July 1, 2009).

- Government grants - government loans with below-market interest rate are classified as government grants and measured as financial instruments. The benefit shall be accounted in the accordance with subsidy standards. (improvement to IAS 20 effective as of January 1, 2009)
- Employee benefits – remeasurements are recognized directly in Other Comprehensive Income, and the annual financial impact of the plan is calculated using the discount rate of the liabilities applied to the net amount of liabilities and assets fair value (amendment to IAS 19 effective as of January 1, 2013).

Financial statements submitted for stock exchange purposes are the same as the statutory financial statements.

IFRS for SMEs is not allowed under local GAAP (IFRS based) which has a specific standard for SMEs.

Version of IFRS

IFRS as adopted by the EU

In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?

No

IFRS conversion plans

Plans for converging

Local GAAP has been updated from January 1, 2010, for a local adaptation of IFRS issued up to 2007 with recent specific updates which will become effective from January 1, 2016 as described above. Further convergence of local GAAP to IFRS is planned in the future, although some differences may remain as a consequence of local adaptation decisions.

Other useful websites

Ministry of Finance

<http://www.cnc.min-financas.pt/>

Central Bank

<http://www.bportugal.pt/>

Securities Market Commission

<http://www.cmvm.pt/>

Tax information

Type of tax regime

Quasi-dependent. Taxable profit is principally based on the legal entity statutory accounts, with a number of adjustments provided in the tax law.

Plans for IFRS converging as the basis of tax reporting

Not applicable. There are new tax rules from January 1, 2010, to accommodate IFRS and the updated local GAAP.