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# TAXATION IN PORTUGAL:

Evolution, Challenges and Perspectives

With the participation of João Marcos Rita



**JOÃO MARCOS RITA**  
Managing Partner AZZUR PORTUGAL

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In recent years, the tax landscape in Portugal has witnessed significant evolution, shaped by the tax optimization strategies of companies and individuals, as well as by the imperatives of the global economy. In an exclusive interview with João Marcos Rita, managing partner of AZZUR PORTUGAL and specialist in tax matters, we explored some of the persistent issues in this domain.

Over the last decade, João Rita highlights that Portuguese tax legislation has sought to adapt to tax **optimization strategies**. However, as the expert points out, there is a crucial distinction between legitimate tax optimization and tax evasion. While the former is legal and recommended, the latter constitutes a crime. Although legislation has evolved, the detection of irregularities often occurs belatedly. Issues such as the slowness of the judicial system can compromise the reimbursement of the State in cases of tax evasion.

As João Rita emphasizes, tax optimization is a legal and recommended practice as long as it complies with the law. The line between legitimate tax optimization and tax evasion lies in compliance with legal precepts. In a competitive global market, tax optimization becomes essential to ensure the survival of companies.

Although **technology**, including artificial intelligence and big data, has transformed many industries, João Rita believes that Portuguese tax authorities have not fully embraced these innovations yet. However, the expert admits that, with adequate investment, these technologies can amplify tax optimization strategies.

According to the interviewee, Portugal faces challenges in attracting foreign investment due to its high tax burden. Compared to other European countries, Portugal may be

less attractive to multinational companies due to issues such as high taxation, labor costs, and bureaucracy.

Regarding **green taxation**, João Rita expresses skepticism about its future, warning of the risk of increasing the tax burden for everyone. He also highlights the need to balance tax incentives for sustainable practices with other forms of taxation.

Looking to the **future**, João Rita emphasizes the need for significant tax reform in Portugal. This includes a substantial reduction in the tax burden for companies and individuals, as well as simplification of the tax system, as in the opinion of our guest, "less taxes for everyone will mean more jobs, better quality of life, and, above all, more money openly entering the economy". It is suggested that the current European trend, driven by more liberal governments, is favorable to these reforms.

In summary, taxation in Portugal is constantly evolving and faces challenges and opportunities as it adapts to the demands of a globalized world. João Rita's perspectives offer valuable insights into the trends and possible paths for the future of this important area.