

Speaking of Contracting Entities...

Social Security is currently calculating the amounts in order to issue the collection document.

But what is the Contracting Entity?

To summarise, it's a way of combating "false green receipts".

Contracting entities are all legal entities and natural persons with a business activity, who in the same calendar year benefit from more than 50 per cent of the total value of the activity of a self-employed person during the year.

Only the activity of self-employed workers who are obliged to pay contributions and whose annual income from providing services is equal to or greater than €2,882.58 (6xIAS) is taken into account.

EXCLUDE FOR EXAMPLE (MOST COMMON CASES):

- Workers who already make deductions as an employee;
- Workers benefiting from the year of exemption;
- Rental receipts.

THE TAX PAYABLE BY THE CONTRACTING ENTITIES CORRESPONDS TO:

- 10% in situations where economic dependence exceeds 80%
- 7% in the remaining situations (**economic dependence greater than 50%** and equal to or less than 80%).

WHAT NEEDS TO BE DONE

- If you are self-employed:
 - Be careful when filling in the annual tax income return, as an error in filling in the SS annex can trigger the payment of an undue contracting entity.
- For entities and individuals with business activity, they should check the Social Security website in December 2023 and January 2024 to see if they have a notification to this effect.
- If they agree with the amount, they must pay it.
- If they disagree, they should immediately register their complaint in the "Conta-corrente" (Current account) -> "Notificações de entidade contratante" (Contracting entity notifications) -> "Lista de Notificações" (List of notifications), click on "Consultar Notificações" (Consult notifications) and in the notification details click on "Consultar Contribuição" (Consult contribution) to be able to "Reclamar" (Complain).

Let's look at the 3 examples in practice

1

Self-employed person who only works as a plumber for one company and receives no other remuneration.

Value of services provided	€ 18 800,00
Degree of dependence	80%+
Contribution rate	10%
Contribution Contracting Entity	€ 1 880,00

2

Self-employed person who provides plumbing services to more than one company. However, in one of the companies the degree of dependency was 70 per cent of its annual turnover.

Value of services provided	€ 18 800,00
Degree of dependence	50% + and less than 80%
Contribution rate	7%
Contribution Contracting Entity	€ 1 316,00

3

Self-employed worker who provides IT services at weekends because during the week he works for an employer for whom he is employed full-time.

Value of services provided	€ 15 000,00
Degree of dependence	80%+
Contribution rate	0%
Contribution Contracting Entity	€ 0,00

Did you know what a Contracting Entity is?

For previously published content, you can access our website at:
<https://www.rosabarreto.pt/contents>

Note: This information is only of general nature, its reading does not exempt the consultation of the legislation in force. In case of any discrepancy between the version in English and the version in Portuguese, the later shall prevail.