

LAW No. 14/VI/2002
Tax on Expenses – VAT

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Article 8
Exemptions in the Internal Operations

1. The internal transmission of goods and the rendering of services are the object of exemption whenever such exemption is justified for technical reasons or for reasons of economic or social policy, namely:
 - a) The transmissions of goods and rendering of services in the ambit of agriculture, forestry, livestock or fishing activities;
 - b) The rendering of services and the transmissions of goods closely connected thereto, in the ambit of medical and sanitary activities, of education and professional training, of protection of infants, youths or senior citizens, social security and social assistance, habitually pursued by public entities or not for profit organizations whose purpose and object are recognized by the competent authorities;
 - c) The rendering of services that consist of classes ministered on a personal basis, at the level of basic and pre-school education, of secondary, technical-professional, medium and higher education;
 - d) The rendering of services by not for profit organizations that explore establishments or installations destined for the practice of sports, recreational and physical education activities, the persons that practice these activities;
 - e) The rendering of services and the transmissions of goods connected thereto, by collective persons under public law and not for profit organizations relative to congresses, conferences, seminars, courses and similars, of scientific, cultural, educational or technical nature;
 - f) The rendering of services to the respective promoters by professionals of the respective area for the execution of theatrical, choreographic, musical, circus, sports and other spectacles, film production, edition of discs and other sound and image supports;
 - g) The transmissions, by their face value, of postal stamps in circulation or of stamped amounts, as well as the respective sales commissions;
 - h) The rendering of services and transmission of goods connected thereto, by the public postal services, with the exception of telecommunications.

- i) The transmission of copyright and the authorization to use intellectual work, defined by Law No. 101/III/90 of December 29th, Copyright Law, by the authors themselves, their heirs or legataries;
- j) The transmissions by artists themselves, their heirs or legataries of art objects of their authorship, under the conditions and limits fixed in the VAT Regulation.
- k) The transmission of newspapers, magazines and books, considered to be of a cultural, educational, technical or recreational nature;
- l) The cedence of personnel by religious or philosophical institutions to perform activities exempt or for spiritual assistance purposes;
- m) Rendering of services in the collective interest of its associates by not for profit organizations, as long as these organizations pursue objectives whose nature is political, syndical, religious, patriotic, humanitarian, philanthropic, recreational, sports, cultural, civil or of representation of economic interests, and the sole counterpart is a quota fixed under the terms of the statutes.
- n) The transmission of goods and the rendering of services by entities whose habitual activities are exempt, during occasional fund raising activities in their exclusive behalf, with a maximum annual number to be fixed in the VAT Regulation and on the condition that the exemption does not provoke distortions in competition;
- o) Exploration of gambling under the terms foreseen in the appropriate legislation, as well as the respective commissions;
- p) The transmission of staple goods to be absolutely defined in the VAT Regulation;
- q) The transmission of drugs, including those for veterinarian use, as well as pharmaceutical specialties and other pharmaceutical products destined exclusively for therapeutic or prophylactic purposes;
- r) Transmission of equipment goods, seeds, reproduction species, fertilizers, pesticides, herbicides, fungicides and similars, as well as nets, hooks and other fishing apparatus, also to be enumerated specifically in the VAT Regulation;
- s) The banking and financial operations, insurance and reinsurance operations as well as the rendering of connected services executed by brokers and insurance intermediaries;
- t) The transmissions of immovables subject to Single Tax on Patrimony under the terms of the respective Regulation;

- u) The rental of immovables, however not including in this the situations in which the same are inserted in commercial, industrial and services rendering activities;
 - v) The rendering of services by funeral and cremation enterprises, as well as the transmission of accessory goods to the same services;
 - w) Public garbage removal services;
 - x) Transmission of goods affected exclusively to an exempt activity and that, at the time of their acquisition or affectation were not object of the right to deduction.
 - y) The activities of the public radio and television companies, of a non-commercial nature.
2. For the purposes of the provisions of the preceding number, the concept of a not for profit organization shall be defined in the VTA Regulation.
 3. The VAT Regulation will indicate the situations in which renunciation of the exemption will be permitted and it shall discipline the conditions such renunciation should abide by.