

Can Your Business Recover Portuguese VAT? What International Companies Should Check

Your business may be able to recover Portuguese VAT, but paying it on a business expense is not enough.

By **Lionel de Freitas**, 20th October 2026

Your business may be able to recover Portuguese VAT, but paying it on a business expense is not enough. Eligibility depends on the nature and use of the expense, the supporting documents and the recovery route available to the company. Some costs are excluded or only partly deductible.

For an international finance team, the practical question is therefore not simply how much VAT appears in the purchase ledger. It is how much is recoverable, through which procedure, and what needs to be checked before a claim is made.

Dixcart has supported local and international businesses in Portugal for almost 40 years, combining Portuguese and international accounting expertise. We recommend reviewing recovery alongside the company's sales, invoicing and wider compliance position, rather than treating a refund application as an isolated administrative task.

Can our company recover Portuguese VAT on business expenses?

Potentially, where the costs support activities carrying a right to deduct VAT and the relevant conditions are satisfied. Exempt activities, mixed business use and specific expense restrictions can limit the amount recoverable; an invoice addressed to the wrong entity can also create a documentation problem.

Deducting input VAT and receiving a cash refund are not the same thing. Under the normal Portuguese VAT regime, eligible input VAT is deducted through the periodic return; obtaining payment of a resulting credit requires the applicable refund conditions to be met.

Which Portuguese VAT recovery route applies?

Portuguese periodic VAT return. A company carrying out operations for which it must account for Portuguese VAT generally deducts eligible input VAT through its Portuguese returns. A refund of the credit follows the normal-regime rules, rather than arising automatically because purchase VAT exceeds sales VAT.

Refund for a business established elsewhere in the EU. An eligible company without an establishment in Portugal normally applies electronically through the tax authority in its home EU country. Eligibility also depends on its activities during the refund period: Portuguese supplies can disqualify it, although specified exceptions, including qualifying reverse-charge supplies, apply.

Ordinary refund route for a business outside the EU. Different conditions apply, including reciprocity and appointment of a representative resident in Portugal under the non-EU refund procedure. These requirements should be checked before preparing the claim. Special regimes, including One Stop Shop arrangements, require a separate route check.

Are travel, accommodation and event costs recoverable?

Not automatically.

Portuguese law restricts deduction for categories including business travel, accommodation, meals, hospitality and certain vehicle costs, subject to specific exceptions. A genuine commercial purpose does not, by itself, override these restrictions.

These are not blanket recovery percentages for every event invoice. The expense category, the company's role and the contractual arrangements must be assessed, and tobacco is outside these event exceptions. We recommend separating event costs by type before assessing the recoverable amount. For a separate compliance example, see [the international event case study](#).

What should the finance team prepare?

A VAT recovery review is easier when the commercial facts and accounting records can be considered together. We recommend assembling the following, using an agreed secure channel for confidential material:

Company and activity details. Country of establishment, VAT registrations, any Portuguese establishment and the goods or services supplied in Portugal.

An expense schedule. Supplier, invoice date, expense category, net amount, VAT amount, business purpose and relevant period.

Supporting records. Invoices and credit notes, relevant contracts, accounting entries and payment evidence where useful or requested. These should identify the entity that incurred the cost.

Claim history. Relevant returns, previous applications, correspondence from the tax authority and any outstanding requests for information.

This is a practical preparation checklist, not a statement that every document is mandatory for every refund route. The final evidence requirements should be confirmed for the particular claim. For invoice requirements, see [Portuguese VAT invoicing and returns](#).

What if a supplier charged Portuguese VAT incorrectly?

Do not assume the solution is a refund application. The EU non-resident refund procedure expressly excludes incorrectly invoiced VAT. Review the underlying transaction and whether the supplier needs to correct the invoice before including the amount in a claim.

How do we claim a Portuguese VAT refund, and why might it be delayed?

Start by establishing the correct route and the eligible amount, then check the application requirements and deadline. For the EU non-resident procedure, the application must be submitted through the home Member State by 30 September of the calendar year following the refund period, with the required information completed; this is not a universal deadline for all Portuguese VAT refunds.

For normal-regime refunds claimed through a Portuguese VAT return, the AT identifies issues such as filing failures, invoice and return discrepancies, incomplete supporting schedules and an unconfirmed bank account as reasons a request may be held up. An unanswered request for additional information during an inspection can also suspend progress.

The EU non-resident procedure has its own review and additional-information rules, which can extend the decision timetable. A useful first step with an outstanding claim is to identify its procedural stage and any unanswered request, rather than submitting another application without checking the existing one.

Do we need Portuguese VAT registration to recover VAT?

Not necessarily.

An eligible non-resident refund procedure may be available without normal Portuguese VAT registration; suppliers making only certain reverse-charge supplies may also fall within that route. Registration should follow the company's activities and obligations, not an assumption that a Portuguese VAT number is always needed to claim back expenditure. For the sales-side assessment, see

Fiscal representation also needs a route-specific check. The representative required for an ordinary non-EU refund claim is a separate question from representation under the normal Portuguese VAT regime.

Unsure whether your Portuguese VAT is recoverable?

If your business has Portuguese expenditure, an accumulated VAT credit or an outstanding refund, discuss the position with Dixcart Portugal. A scoped review can assess the recovery route, potentially eligible costs, documentation gaps and next steps before further work is commissioned.

To start the conversation, it would be helpful to understand

- where your company is established,
- whether it has a Portuguese VAT registration,
- the main expense types,
- the period concerned
- whether a claim has already been submitted.

An approximate VAT amount can help define the scope; please do not send confidential invoices through an unsecured enquiry form.

Following an initial discussion, we can agree the scope and fees for any review, application support or ongoing accounting and tax work. No refund amount or payment date is guaranteed.

Where the requirement extends beyond VAT, Dixcart Portugal also provides accounting, group reporting, corporate tax, payroll and liaison with the tax authorities. The engagement can therefore address a specific recovery issue or form part of a wider local finance and compliance relationship.

This article provides general information, not advice on a particular transaction. Eligibility, deductions, deadlines and procedures must be checked against the company's circumstances and the rules in force. This information is for discussion purposes only.