

UTAO | Informação Técnica n.º 25/2012

# Memorando de Entendimento sobre as Condicionalidades de Política Económica

Comparação entre a 4.ª e 5.ª revisão

20.11.2012

### Ficha técnica

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Este trabalho foi elaborado com base nos relatórios da Comissão Europeia e do Fundo Monetário Internacional relativos ao “Memorando de Entendimento sobre as Condicionalidade de Política Económica” - *MoU*.

A análise é da exclusiva responsabilidade da Unidade Técnica de Apoio Orçamental (UTAO). Nos termos da Lei n.º 13/2010, de 19 de julho, a UTAO é uma unidade especializada que funciona sob orientação da comissão parlamentar permanente com competência em matéria orçamental e financeira, prestando-lhe apoio pela elaboração de estudos e documentos de trabalho técnico sobre a gestão orçamental e financeira pública.

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1 O presente documento sintetiza as alterações ao “Memorando de Entendimento sobre as Condicionalidade de Política Económica” – MoU decorrentes da 5.ª revisão, nos aspetos relativos à política orçamental e às medidas estruturais/orçamentais.

2 Na Tabela 1 identificam-se as alterações ao nível do cenário macroeconómico.

**Tabela 1 – Cenário macroeconómico para a economia portuguesa**

Documento: Ano:	4.ª Revisão						5.ª Revisão					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
<b>Despesa e PIB (taxas reais de variação, em %)</b>												
<b>PIB</b>	-1,6	-3,0	0,2	2,1	1,9	1,9	-1,7	-3,0	-1,0	1,2	1,8	1,8
<i>Δ p.p.</i>							-0,1	0,0	-1,2	-0,9	-0,1	-0,1
Consumo Privado	-3,9	-6,0	-0,5	1,2	1,0	1,0	-4,0	-5,9	-2,2	0,2	0,7	0,8
<i>Δ p.p.</i>							-0,1	0,1	-1,7	-1,0	-0,3	-0,2
Consumo Público	-3,9	-3,4	-2,7	-0,8	0,4	0,3	-3,8	-3,5	-3,2	-1,5	0,5	0,4
<i>Δ p.p.</i>							0,1	-0,1	-0,5	-0,7	0,1	0,1
FBCF	-11,4	-12,2	-0,5	4,6	3,7	3,1	-11,3	-14,1	-4,2	2,7	4,0	4,0
<i>Δ p.p.</i>							0,1	-1,9	-3,7	-1,9	0,3	0,9
Exportações	7,4	3,5	3,5	5,0	5,5	5,5	7,5	4,3	3,5	5,5	5,3	4,9
<i>Δ p.p.</i>							0,1	0,8	0,0	0,5	-0,2	-0,6
Importações	-5,4	-6,2	0,9	3,3	4,3	4,3	-5,2	-6,5	-1,0	3,3	4,1	3,9
<i>Δ p.p.</i>							0,2	-0,3	-1,9	0,0	-0,2	-0,4
<b>Preços e desemprego (em %)</b>												
Inflação (IHPC)	3,6	2,7	1,1	1,0	1,5	1,5	3,6	2,8	0,7	1,1	1,4	1,5
<i>Δ p.p.</i>							0,0	0,1	-0,4	0,1	-0,1	0,0
Deflator do Cons. Priv.	3,7	2,7	1,1	1,1	1,5	1,5	3,6	2,1	0,7	1,0	1,3	1,4
<i>Δ p.p.</i>							-0,1	-0,6	-0,4	-0,1	-0,2	-0,1
Deflator do PIB	0,7	0,6	1,1	1,1	1,4	1,5	0,7	0,3	1,2	1,0	1,2	1,2
<i>Δ p.p.</i>							0,0	-0,3	0,1	-0,1	-0,2	-0,3
Desemprego (definição Eurostat)	12,9	15,4	15,8	15,3	14,8	14,3	12,9	15,5	16,4	15,9	15,3	14,8
<i>Δ p.p.</i>							0,0	0,1	0,6	0,6	0,5	0,5
<b>Financiamento (em % do PIB)</b>												
Saldo orçamental	-4,2	-4,5	-3,0	-2,3	-1,9	-1,8	-4,2	-5,0	-4,5	-2,5	-1,9	-1,9
<i>Δ p.p.</i>							0,0	-0,5	-1,5	-0,2	0,0	-0,1
Dívida Pública	107,8	114,4	118,6	117,7	115,7	113,7	107,8	119,1	123,7	123,6	121,2	118,5
<i>Δ p.p.</i>							0,0	4,7	5,1	5,9	5,5	4,8
Cap./nec. líq. <i>financto. face exterior</i>	-5,1	-2,0	-0,8	0,1	0,7	1,1	-5,1	-1,5	-0,2	0,5	1,2	1,9
<i>Δ p.p.</i>							0,0	0,5	0,6	0,4	0,5	0,8

**Fonte:** Comissão Europeia (*The Economic Adjustment Programme for Portugal, Occasional Papers n.º 79*, junho de 2011; *The Economic Adjustment Programme for Portugal – Fourth Review, Occasional Papers n.º 111*, julho de 2012; *The Economic Adjustment Programme for Portugal – Fifth Review, Occasional Papers n.º 117*, outubro de 2012) e cálculos da UTAO.

3 A Tabela 2 sintetiza as principais alterações relativamente à política orçamental e às medidas estruturais/orçamentais. Em anexo, apresenta-se um quadro com o conjunto completo destas alterações.<sup>1</sup>

<sup>1</sup> O texto do anexo encontra-se na língua original do MoU.

**Tabela 2 – Identificação das principais alterações introduzidas pela 5.ª Revisão do MoU**

Tipologia	Breve descrição da alteração
alteração	O limite do défice das administrações para 2012, em contabilidade nacional, foi revisto em alta, para 8,3 mil milhões de euros (equivalente a 5% do PIB). Os desvios na execução da receita face ao Orçamento do Estado Suplementar para 2012 (equivalente a 2% do PIB), explicados maioritariamente pelos desenvolvimentos macroeconómicos, serão parcialmente anulados por: i) um menor pagamento líquido de juros e outros encargos; ii) pela reprogramação dos fundos de coesão da U.E.; iii) juros obtidos com o apoio na recapitalização bancária; iv) receita proveniente da concessão do serviço público aeroportuário de apoio à aviação civil. Saliente-se que o Governo português deverá adotar medidas adicionais para garantir que o défice das AP, em 2012, não exceda 5% do PIB.
supressão	Supressão de vários pontos relacionados com a execução do Orçamento do Estado para 2012. É eliminada a referência de que a consolidação orçamental tenha de ser efetuada em 2/3 do lado da despesa e 1/3 do lado da receita.
alteração	O limite do défice das administrações para 2013, em contabilidade nacional, foi revisto em alta, para 7,5 mil milhões de euros (tendo sido revisto, em termos relativos, de 3% para 4,5% do PIB).
supressão	Foram suprimidos os textos relativos: i) à possibilidade de o Governo avaliar a margem orçamental do OE/2013 para estimular a procura de trabalho através de alterações fiscais; ii) e de, mantendo o défice inalterado e dentro dos objetivos, reduzir a taxa das contribuições sociais para empregadores, de forma a alcançar efeitos positivos de longo prazo.
introdução	Além dos esforços necessários para compensar os desvios orçamentais de 2012, serão adotadas medidas para compensar os efeitos orçamentais decorrentes da decisão do Tribunal Constitucional relativa às medidas de suspensão dos 13.º e 14.º meses de funcionários públicos e pensionistas.
introdução	De forma a alcançar um défice das AP, em 2013, equivalente a 4,5% do PIB terão de ser adotadas medidas de consolidação (permanentes) no OE/2013 equivalentes a 3% do PIB. As medidas de consolidação do lado da despesa serão equivalentes a 1,6% do PIB.
introdução	Do lado da receita, a consolidação orçamental será alcançada essencialmente através de aumentos de impostos e de contribuições sociais, com impactes estimados em: i) impostos diretos <sup>2</sup> (0,75% do PIB); ii) impostos sobre o consumo (0,1% do PIB); iii) impostos sobre a propriedade (0,4% do PIB) e iv) contribuições sociais (0,1% do PIB).
alteração	As medidas introduzidas na Lei do Orçamento do Estado para 2013, para além das medidas que visam compensar os efeitos orçamentais decorrentes da decisão do Tribunal Constitucional, conduzem a uma redução da despesa de pelo menos 1,6% do PIB nas seguintes áreas: i. Massa salarial: 630 milhões de euros (inclui uma redução do pagamento de horas extraordinárias); ii. Consumo intermédio: 150 milhões de euros (redução dos custos operacionais da administração pública, educação e racionalização da rede escolar e nos custos operacionais de empresas públicas); iii. Transferências sociais e subsídios, a toda a economia: 1170 milhões de euros; iv. Sector da saúde: elevação do objetivo de redução para 485 milhões de euros; v. Despesas de capital das empresas públicas: 200 milhões de euros.
introdução	O Governo irá estudar formas de aumentar o contributo para a consolidação global de 3% do PIB no OE/2013 resultante da redução da despesa pública, de forma a garantir um ajustamento orçamental favorável ao crescimento económico e orientado para a redução da despesa. No âmbito da proposta do Orçamento do Estado para 2013, o Governo irá preparar um conjunto de medidas de contingência, predominantemente do lado da despesa, para usar ao longo de 2013, caso se revelem necessárias, dados os possíveis riscos de execução do mesmo.
alteração	O limite do défice das administrações para 2014, em contabilidade nacional, foi revisto em alta, para 4,3 mil milhões de euros (equivalente a 2,5% do PIB).

<sup>2</sup> Ao nível do IRS convém evidenciar as seguintes medidas: i) a redução do número de escalões do IRS (dos atuais 8 para 5), encontrando-se consequentemente previstas novas taxas marginais de imposto, com aumento da taxa mínima para 14,5% e da máxima para 48% (atualmente, aquelas taxas são de 11,5% e 46,5%, respetivamente); ii) a introdução de uma sobretaxa de 4% a aplicar sobre a parte do rendimento coletável de IRS auferido por sujeitos passivos residentes em território português que exceda, por sujeito passivo, o valor anual da retribuição mínima mensal garantida; iii) a redução do limite a partir do qual é aplicada a taxa adicional de solidariedade de 2,5% (€ 80 000 ao invés dos atuais € 153 300); e iv) a redução / limitação das deduções à coleta e dos benefícios fiscais.

introdução	Para alcançar este objetivo em 2014 serão necessárias medidas de consolidação adicionais de cerca de 1,75% do PIB, uma poupança na despesa de 4 mil milhões de euros em 2014 e 2015. As medidas de redução da despesa deverão estar completamente especificadas em meados de fevereiro de 2013, a tempo da sétima revisão do MoU. Os planos de consolidação orçamental para 2014-15 deverão ser especificados no Programa de Estabilidade de 2013.
introdução	Redução do número de Serviços e Fundos Autónomos (SFA) com intuito de diminuir a fragmentação do Orçamento do Estado e aumentar a eficiência da administração pública. Em particular, esta reforma irá ser aprofundada através da revisão da classificação de receitas próprias com o objetivo de aumentar as receitas da administração central.
alteração	No âmbito da Lei dos Compromissos e dos Pagamentos em Atraso, a Inspeção-Geral de Finanças (IGF) irá realizar inspeções para verificar o seu cumprimento através de análises de risco. Os desembolsos ao abrigo do Programa de Apoio à Economia Local só poderão ser efetuados após a certificação pela IGF da aplicação da Lei dos Compromissos e dos Pagamentos em Atraso.
alteração	Com base no estudo para avaliar os custos e benefícios de renegociação de qualquer contrato de PPP para reduzir as obrigações financeiras no futuro, o Governo irá desenvolver um plano estratégico detalhado antes da sexta avaliação para a renegociação de PPP, tendo em vista a obtenção de benefícios orçamentais significativos, minimizando os encargos da dívida e garantindo uma redução sustentável dos encargos orçamentais futuros.
alteração	O Governo irá continuar a trabalhar no sentido de implementar a lei-quadro das PPP e colocar em funcionamento a nova unidade técnica do Ministério das Finanças de acompanhamento das PPP. Nenhuma PPP será lançada até estar concluído o novo enquadramento jurídico e administrativo.
alteração	O Governo prossegue a avaliação de opções para a gestão da significativa dívida do Setor Empresarial do Estado (SEE), incluindo a Parpública (o anterior prazo terminava em julho de 2012). Também os restantes pontos relativos à reestruturação do SEE passaram a referir que os trabalhos se encontram em curso (o anterior prazo terminava no 2.º Trimestre de 2012).
alteração	O programa de privatizações irá ser alargado de forma a incluir outras empresas e ativos para venda ou concessão em 2013. O processo de venda da Caixa Seguros a um comprador final, previsto para 2012, encontra-se em curso.
alteração	Para reforçar o controlo e simplificar o cumprimento fiscal, a troca de informações entre os serviços da Autoridade Tributária e Aduaneira e os serviços da Segurança Social será significativamente reforçada através, entre outros meios, de uma declaração mensal de rendimentos unificada, bem como uma declaração anual unificada para trabalhadores independentes.
alteração	Referência à aprovação da reforma do sistema de faturação em Portugal, que entrará em vigor em 1 de Janeiro de 2013, de forma a diminuir a fraude e evasão fiscais. A reforma implica a faturação obrigatória em todos os sectores e transações, o desenvolvimento de uma base de dados de monitorização centralizada do IVA, um sistema para monitorizar eletronicamente os bens em circulação e um incentivo fiscal para os consumidores solicitarem faturas nos setores de risco.
alteração	No âmbito da meta de redução do número de funcionários públicos em 2%/ano, o documento passou a referir-se à redução significativa do número de contratos a termo.
introdução	Aceleração da convergência do sistema de proteção social para os funcionários que estão no Regime de Proteção social convergente (RPSC) com as regras do Regime Geral de Segurança Social.

Fonte: Comissão Europeia (*The Economic Adjustment Programme for Portugal - Fourth review - Spring 2012; The Economic Adjustment Programme for Portugal - Fifth review - Summer 2012*).



## Anexo I

***Síntese do conjunto das alterações que foram efetuadas ao “Memorando de Entendimento sobre as Condicionalidade de Política Económica” nos pontos relativos à Política Orçamental e às medidas estruturais/orçamentais***

**Legenda:**

**Texto a azul** – assinala as alterações introduzidas.

**Texto a vermelho** – assinala o texto suprimido.

## 1. Fiscal policy

1.1	1.1. The government will achieve a general government deficit of no more than EUR <u>7,645 million (4½ per cent of GDP) in 2012.</u> [Q4-2012]	1.1	1.1. The government will achieve a general government deficit of no more than EUR <u>8.3 billion (5 percent of GDP) in 2012.</u> [Q4-2012]
1.2	1.2. Throughout the year, the government will rigorously implement the Budget Law for 2012, as amended by the Supplementary Budget. Within the year, progress will be assessed against the (cumulative) quarterly ceilings for the consolidated general government cash balance in the MEFP, as defined in the TMU, without prejudice to full-year ESA-95 deficit targets. [Q2, Q3 and Q4-2012]	1.2	1.2. Throughout the year, the government will rigorously implement the Budget Law for 2012, as amended by the Supplementary Budget. Within the year, progress will be assessed against the (cumulative) quarterly ceilings for the consolidated general government cash balance in the MEFP, as defined in the TMU, without prejudice to full-year ESA-95 deficit targets. [Q3 and Q4-2012]
1.3	1.3. The measures listed below, worth 5.4 per cent of GDP, when compared with the estimated outturn for 2011 (and above 6 per cent of GDP when compared with a scenario of unchanged policies), will be carried out as adopted in the 2012 Budget Law, as amended by the Supplementary Budget, unless elsewhere specified. Overall, expenditure reduction accounts for two thirds of that fiscal effort and revenue increases for one third.		[ Texto suprimido ]
		<u>1.3</u>	<u>The revenue deviations compared to the 2012 supplementary budget (of about 2 percent of GDP) mostly explained by macro-economic developments will be partly off-set by lower net interest payments, the reprogramming of EU cohesion funds, interest gained on the bank recapitalisation support, a larger decrease in the wage bill expenditure, and a large receipt from the sale of a concession for the Lisbon airport. Moreover, the government will take additional measures to confine the deficit to 5% of GDP in 2012, as follows: i) some of the 2012 budget appropriations for investment projects not yet initiated will be frozen, stamp duties on high value properties will be raised, and tax rates on investment income will be slightly increased, generating savings of about 0.1% of GDP; ii) another 0.1% of GDP of savings will be generated by frontloading some of the 2013 budget measures affecting social benefits; and iii) other measures generating savings in intermediate consumption and revenues from sales will be implemented in order to ensure the achievement of a budget deficit target of 5.0% of GDP in 2012.</u>
1.4	1.4. Ensure that the public sector wage bill decreases in gross terms in 2012 by at least EUR 3,000 million: i. reduce wages for all general government sector employees in 2012 by (i) suspending the 13th and 14th monthly salary payments for those workers with monthly salaries of EUR 1,100 or more, (ii) suspending on average and in a progressive way the equivalent of one of those two salaries for those workers with monthly salaries between EUR 600 and EUR 1,100. Similar measures will apply to all SOEs classified inside and outside the perimeter of the government sector, and in any other public entity even if falling outside the perimeter of the government sector; ii. reduce the number of government employees by (i) limiting staff admissions in order to achieve annual decreases of 2 per cent (full-time equivalent) in 2012-2014 in the permanent staff of central, regional and local governments, (ii) decreasing the number of temporary positions in specific areas of public administration. iii. make room to reverse any possible slippage recorded in 2011; iv. suspend all promotions in 2012; v. reduce the overall budgetary cost of health benefits schemes for government employees schemes (ADSE, ADM and SAD) on the basis of the measures presented below under 'Health care system'; vi. savings from the public administration restructuring on the basis of the measures presented below under 'Public administration'.		[ Texto suprimido ]
1.5	1.5. Reduce pension expenditure in gross terms in 2012 by at least EUR 1,140 million by: (i) suspending the 13th and 14th monthly payments for those pensioners with monthly pension benefits of EUR 1100 or more, (ii) suspending on average and in a progressive way the equivalent of one of those monthly benefits for those with monthly pension benefits between EUR 600 and EUR 1100. The pensions of those receiving benefits below EUR 600 will be frozen and the lowest pensions will be marginally increased. In case a pensioner receives more than one pension, the consolidated pension income will be considered for the application of the thresholds defined here. These rules will also apply to subventions or subsidies paid by the government that take the nature of pensions even if designed otherwise.		[ Texto suprimido ]
1.6	1.6. Control costs in health sector on the basis of detailed measures listed below under 'Health-care system', achieving savings worth some EUR 1000 million.		[ Texto suprimido ]



4.º Revisão do MoU 27 de junho de 2012		5.º Revisão do MoU 14 de outubro de 2012	
§		§	
1.7	1.7. Reduce costs with SOEs classified inside the perimeter of the general government on a ESA95 basis with the aim of saving at least EUR 500 million by means of: i. sustaining an average permanent reduction in operating costs by at least 15 per cent; ii. tightening compensation schemes and fringe benefits in line with the rest of the government sector; iii. rationalising investment plans for the medium term. The increase in EU cofinancing rates allowed for countries under an Economic Adjustment Programme and a re-programming of EU funds in the context of the current National Strategic Reference Framework (NSRF) will also give a contribution to this end; iv. SOEs will also relieve pressure on government accounts by raising their revenue coming from market activities, including by raising tariffs and prices.		[ Texto suprimido ]
1.8	1.8. Reduce costs in the area of education, with the aim of saving EUR 380 million by rationalising the school network including by creating school clusters; lowering staff needs; centralising procurement; and reducing and rationalising transfers to private schools in association agreements and making a more intensive use of EU funds to finance activities in the area of education.		[ Texto suprimido ]
1.9	1.9. Reduce capital expenditure by EUR 200 million by prioritising investment projects and making more intensive use of funding opportunities provided by EU structural funds. The increase in EU co-financing rates allowed for countries under an Economic Adjustment Programme and a re-programming of EU funds in the context of the current National Strategic Reference Framework (NSRF) will give an important contribution to this end.		[ Texto suprimido ]
1.10	1.10. Reduce cash social transfers (other than pensions) by at least EUR 180 million by tightening eligibility criteria and decreasing average benefits in selected cases.		[ Texto suprimido ]
1.11	1.11. Reduce transfers to local and regional authorities by at least EUR 175 million with a view to having these subsectors contributing to fiscal consolidation.		[ Texto suprimido ]
1.12	1.12. Improve the working of the central administration by increasing efficiency, reducing and eliminating services that do not represent a cost-effective use of public money. This should yield annual savings worth at least EUR 130 million, the budgetary impacts will spread beyond 2012. To this end, the government will: i. reduce the number of services while maintaining quality of provision; ii. create a single revenue administration and promote services' sharing between different parts of general government; iii. reorganise the provision of central administration services at local level and regularly assess the value for money of the various public services; iv. promote mobility of staff in central, regional and local administrations; v. reduce transfers from the state to public bodies and other entities; vi. revise compensation schemes and fringe benefits in public bodies and entities that independently set their own remuneration schemes; vii. reduce subsidies to private producers of goods and services.		[ Texto suprimido ]
1.13	1.13. Reduce costs in other public bodies and entities and in transfers and subsidies to SOEs classified outside the perimeter of the general government on an ESA95 basis by at least EUR 90 million. These SOEs at the level of central, regional will carry out adjustment efforts similar to those SOEs classified inside the perimeter of the general government on a ESA95 basis as listed above, namely by: rationalising investment plans for the medium term; sustaining an average permanent reduction in operating costs by at least 15 per cent; tightening compensation schemes and fringe benefits; increasing revenues from market activities, including by raising tariffs and prices charged. These adjustments will also be instrumental to contain risks that the financial situation of some of these SOEs put to government accounts in 2012 and beyond.		[ Texto suprimido ]
1.14	1.14. Introduction of a standstill rule to all tax expenditure, blocking the creation of new items of tax expenditure and the enlargement of existing items. The rule will apply to all kinds of tax expenditure, of a temporary or permanent nature, at the central, regional or local level.		[ Texto suprimido ]

4.º Revisão do MoU 27 de junho de 2012		5.º Revisão do MoU 14 de outubro de 2012	
§		§	
1.15	1.15. Raise VAT revenues through an increase in the efficiency of the VAT structure with a yield of at least EUR 2,024 million in 2012. For this purpose, a set of categories of goods and services were moved from the reduced and intermediate VAT rates to higher ones. This includes the additional impact of the increase in the VAT rate for natural gas and electricity to the standard rate introduced in October 2011.		[ Texto suprimido ]
1.16	1.16. Increase personal income taxes with a yield of at least EUR 265 million in 2012 (taking into account the losses of revenues as result of the reductions of public wages and pension incomes listed under 1.8 and 1.9 above) by: i. capping and cutting substantially (by two thirds overall) tax allowances for health expenditure; ii. (i) eliminating the deductibility of mortgage principal; (ii) eliminating interest income deductibility for new mortgages; (iii) phasing out the deductibility of mortgage interest payments for owner-occupied housing and of rents; iii. harmonising personal income tax deductions applied to pensions and labour income; iv. capping the maximum deductible tax allowances according to tax bracket for most of the income brackets except the bottom two with lower caps applied to higher incomes and a zero cap for the two highest income brackets; v. revising the taxation of income in kind; vi. introducing a surcharge on the income of the top tax bracket and increasing the tax rate on capital gains; vii. the one-time surcharge in the context of the personal income tax in 2011 that will be collected in 2012.		[ Texto suprimido ]
1.17	1.17. Increase corporate tax revenues by at least EUR 330 million in 2012 by: i. abolishing all reduced corporate income tax rates; ii. limiting the deductions of losses in previous years to 75 per cent of the taxpayer's taxable profit; iii. curbing tax benefits; iv. increasing the rates and the basis of the state surcharge on corporate profits.		[ Texto suprimido ]
1.18	1.18. Increase excise taxes to raise at least EUR 200 million in 2012. In particular by: i. raising taxes on car sales, tobacco and alcohol products; ii. introducing electricity excise taxes in compliance with EU Directive 2003/96; iii. indexing excise taxes to core inflation.		[ Texto suprimido ]
1.19	1.19. Change property taxation to raise revenue by at least EUR 50 million by reducing substantially the temporary exemptions for owner-occupied dwellings acquired as of 2012 and by increasing rates.		[ Texto suprimido ]
1.20	1.20. Increase efforts to fight tax evasion, fraud and informality to raise revenue by at least EUR 175 million for various types of taxes inter alia by increasing means available for audits, increasing penalties for the most serious tax crimes and introducing electronically-transmitted invoices.		[ Texto suprimido ]
1.21	1.21. The government will achieve a general government deficit of <b>3 percent of GDP or below</b> . [Q4-2013] <b><u>The government will assess the budgetary scope for stimulating the demand for labour through tax changes. Aiming at achieving the positive effects in the longrun, beyond the cyclical downturn, the government will explore ways to design a targeted and deficit-neutral cut in the employers' social security contribution rate within a budgetary envelope of around 0.5 percent of GDP. Targeting could inter alia concern younger or lower income workers. Specific proposals for introducing such a cut in the context of the 2013 budget will be put forward at the Fifth Review.</u></b>	1.4	1.4. The government will achieve a general government deficit target <b><u>of no more than EUR 7.5 billion (4½ percent of GDP), revised upwards from 3 percent of GDP. [Q4-2013]</u></b>
		1.5	<b><u>1.5. In addition to the effort necessary to close the fiscal gap carried forward from 2012, measures will be adopted to compensate the fiscal effects of the Constitutional Court's ruling on the 13th and 14th salaries and pensions. The 13th month public sector wage and 1.1 monthly pensions will be reinstated (about ¾% of GDP) and compensated by measures of equivalent budgetary impact, including the reform of the personal income tax structure. Throughout the year, the government will rigorously implement the Budget Law for 2013.</u></b>
1.22	1.22. Throughout the year, the government will rigorously implement the Budget Law for 2013. Within the year, progress will be assessed against the (cumulative) quarterly ceilings for the consolidated general government cash balance in the Memorandum of Economic and Financial Policies (MEFP), as defined in the Technical Memorandum of Understanding (TMU), without prejudice to full-year ESA-95 deficit targets. [Q1, Q2, Q3 and Q4-2013]	1.6	1.6. Throughout the year, the government will rigorously implement the Budget Law for 2013. Within the year, progress will be assessed against the (cumulative) quarterly ceilings for the consolidated general government cash balance in the Memorandum of Economic and Financial Policies (MEFP), as defined in the Technical Memorandum of Understanding (TMU), without prejudice to full-year ESA-95 deficit targets. [Q1, Q2, Q3 and Q4-2013]
1.23	1.23. The measures listed below will be detailed and carried out with the 2013 Budget Law [Q4-2012], unless otherwise specified:	1.7	1.7. <b><u>Permanent consolidation measures of about 3% of GDP were identified and will be adopted with the 2013 budget law to reach the 4 ½ % of GDP deficit target in 2013.</u></b> The measures listed below will be detailed and carried out with the 2013 Budget Law [Q4-2012], unless otherwise specified:

4.º Revisão do MoU  
27 de junho de 2012

5.º Revisão do MoU  
14 de outubro de 2012

§		§	
1.24	1.24. Further measures introduced in the 2012 Budget Law with a view to reducing expenditure in the area of: i. central administration functioning: EUR 500 million. Detailed plans will be presented and assessed [Q3-2012]; ii. wage bill: decrease of 2 per cent (full-time equivalent) in the permanent staff of central, regional and local governments and decrease the number of temporary positions in specific areas of public administration; iii. health sector: EUR 375 million; iv. capital expenditure: EUR 350 million; v. transfers to local and regional authorities: EUR 175 million; vi. education and school network rationalisation: EUR 175 million; vii. costs in other public bodies and entities, and in SOEs: EUR 175 million; viii. health benefits schemes for government employees: EUR 100 million; ix. freeze wages and pensions except for the lowest pensions.	1.8	1.8. Measures introduced in the 2013 Budget Law, other than the measures to compensate the fiscal effects of the Constitutional Court ruling, leading to a reduction in expenditure of at least 1.6 % of GDP in the following areas: i. Wage bill: EUR 630 million. Decrease of at least 2 per cent (full-time equivalent) in the permanent staff of central, regional and local governments and decrease in the number of temporary positions in specific areas of public administration; reduction in overtime pay; ii. Intermediate consumption: EUR 150 million. Reduction in operational cost of public administration, education and school network rationalisation, and operational cost of state-owned enterprises; iii. Social transfers and subsidies, all economy, public and private: EUR 1170 million; iv. Health sector: EUR 485 million; v. Capital spending of public enterprises: EUR 200 million;
1.25	1.25. In addition, the government will extend the use of means testing and better target social support achieving a reduction in social benefits expenditure of at least EUR 250 million. Social transfers will also decline following the implementation of the measures on unemployment insurance listed below under 'Labour market and education'.		
1.27	1.27. Update the notional property value of all real estate assets for tax purposes to raise revenue by at least EUR 250 million in 2013. Transfers from the central to local governments will be reviewed to ensure that the additional revenues are fully used for fiscal consolidation.	1.9	1.9. Measures introduced in the 2013 Budget Law, other than the measures to compensate the fiscal effects of the Constitutional Court ruling, leading to an increase in revenue in the following areas: i. Direct taxes: about ¼ % of GDP. The measures are aimed at: a) broadening the tax bases by reduction in personal income tax (PIT) benefits and tax deductions; b) reducing the tax brackets of the PIT and increasing the average tax rates in line with European standards, while delinking social benefits from tax benefits; c) introducing a surcharge on PIT; d) broadening of the corporate income tax (CIT) base; e) increases in investment income tax rate; f) base broadening by allowing taxation of social transfers; ii. Consumption taxes: about 0.1% of GDP; iii. Property taxes: about 0.4% of GDP. Broadening of the property taxation base by completing the update of all property values and introducing stamp tax surcharges for high-value property; iv. Social contributions: about 0.1% of GDP.
		1.10	1.10. The government will look for ways to increase the weight of the expenditure reduction in the overall consolidation package of 3% of GDP to be included with the 2013 budget in order to ensure a medium-term growth-friendly fiscal adjustment tilted towards the expenditure side.
		1.11	1.11. In the framework of 2013 budget proposal, the government will prepare a set of contingency measures, predominantly on the expenditure side, to use in the course of 2013 in case of need, given possible implementation risks.
1.26	1.26. Further measures introduced in 2012 Budget Law, leading to extra revenue in the following areas: i. personal income tax benefits and tax deductions: EUR 175 million; ii. broaden corporate tax bases and reduce tax benefits and tax deductions: EUR 150 million; iii. excise taxes: EUR 150 million.		[ Texto suprimido ]
1.28	1.28. The government will aim at achieving a general government deficit in 2014 in line with the Medium-Term Fiscal Strategy defined in April 2012. The necessary measures will be defined in the 2014 Budget Law. [Q4-2013]	1.12	1.12. The government will achieve a general government deficit of no more than EUR 4.3 billion (2½ percent of GDP) in 2014. [Q4-2014]. To achieve this objective, further consolidation measures of about 1¼ % of GDP will be necessary in 2014. Savings will be generated through expenditure cuts (about 4 bn EUR over 2014-15). A comprehensive expenditure review to fully specify the additional sources of savings will be carried out by the time of the sixth review and measures will be fully specified by mid-February 2013 in time for the seventh review. The fiscal consolidation plans for 2014-15 will be fully detailed in the 2013 Stability Programme.
1.29	1.29. Within the year, progress will be assessed against the (cumulative) quarterly ceilings for the consolidated general government cash balance in the Memorandum of Economic and Financial Policies (MEFP), as defined in the Technical Memorandum of Understanding (TMU), without prejudice to full-year ESA-95 deficit targets. [Q1 and Q2-2014] With the 2014 Budget Law, the government will further deepen the measures introduced in the 2012 and 2013 with a view in particular to broadening tax bases and moderating primary expenditure to achieve a declining ratio of government expenditure over GDP.	1.13	1.13. Within the year, progress will be assessed against the (cumulative) quarterly ceilings for the consolidated general government cash balance in the Memorandum of Economic and Financial Policies (MEFP), as defined in the Technical Memorandum of Understanding (TMU), without prejudice to full-year ESA-95 deficit targets. [Q1 and Q2-2014]

### 3. Fiscal-structural measures

4.º Revisão do MoU 27 de junho de 2012		5.º Revisão do MoU 14 de outubro de 2012	
§		§	
3.1	3.1. Publish a comprehensive report on fiscal risks each year as part of the budget. The report will outline general fiscal risks and specific contingent liabilities to which the general government may be exposed, including those arising from Public-Private Partnerships (PPPs), SOEs and explicit guarantees to the banks. Technical assistance will be provided if necessary.	3.1	3.1. Publish a comprehensive report on fiscal risks each year as part of the budget. The report will outline general fiscal risks and specific contingent liabilities to which the general government may be exposed, including those arising from Public-Private Partnerships (PPPs), SOEs and explicit guarantees to the banks. Technical assistance will be provided if necessary.
3.2	3.2. Publish a tax expenditure report each year as part of the budget. The report will define a clear methodology to estimate and to evaluate tax expenditures, in line with international best practices. The report will cover central, regional and local administrations.	3.2	3.2. Publish a tax expenditure report each year as part of the budget. The report will define a clear methodology to estimate and to evaluate tax expenditures, in line with international best practices. The report will cover central, regional and local administrations.
3.3	3.3. To further advance the reform of the budgetary monitoring system, a proposal to reduce budgetary fragmentation will be submitted by [Q2-2012].		[ Texto suprimido ]
3.4	3.4. Prepare, in consultation with the EC and the IMF, a dedicated document, which will accompany the budget report, assessing reform progress in the area of public financial management and delineating next steps over the next three years. [Q3-2012]	3.3	3.3. Prepare, in consultation with the EC and the IMF, a dedicated document, which will accompany the budget report, assessing reform progress in the area of public financial management, <u>including the reduction of budget fragmentation</u> and delineating next steps over the next three years. [Q3-2012]
		<b>3.4</b>	<b><u>3.4. Reduce the number of Serviços e Fundos Autónomos (SFA) in view of reducing budget fragmentation and improving efficiency in the general government. In particular, this reform will be deepened by reviewing the classification of own revenues to enlarge central government revenues. [Q3-2013]</u></b>
3.5	3.5. The law on commitments control will be implemented across all general government entities including the regional and local administration and the SOE hospitals; the government will work with these entities so that the necessary changes in the systems are done by end-July. The Inspeção Geral de Finanças (IGF) will carry out inspections throughout the process to verify compliance of the commitment control system through a risk based approach. IGF will reinforce the verification of local governments' arrears claims and commitment control systems.		[ Texto suprimido ]
3.6	3.6. The stock of domestic arrears will be significantly reduced by the end of the programme period. A significant part of the existing arrears will be reduced as laid down in the strategy for the settlement of arrears. [Q3-2012]	3.5	3.5. The stock of domestic arrears will be significantly reduced by the end of the programme period. A significant part of the existing arrears will be reduced as laid down in the strategy for the settlement of arrears. <u>The Inspeção Geral de Finanças (IGF) will carry out inspections throughout the process to verify compliance of the commitment control system through a risk-based approach.</u> [Q3-2012]
3.7	3.7. <u>Prepare a document detailing the procedures and responsible units for monitoring, controlling and auditing the programme agreed between the government and the local authorities for the settlement</u> of arrears ("Programa de Apoio à Economia Local") [July-2012]. Transparency of the use of the credit line will be ensured through the monthly publication of the amounts lent, disbursed, and used to settle arrears and other liabilities by municipality [Q3-2012].	3.6	<u>3.6. IGF will reinforce the verification of local governments' arrears claims and commitment control systems. Disbursements under the "Programa de Apoio à Economia Local" (PAEL) will only take place where IGF has certified the full functioning of the commitment control system.</u> Transparency of the use of the credit line will be ensured through the monthly publication of the amounts lent, disbursed, and used to settle arrears and other liabilities by municipality <u>in the framework of the PAEL. [Ongoing]</u>
3.8	3.8. Publish a fiscal strategy document for the general government annually in April. The document will be in compliance with the requirements of the Stability and Growth Pact and will specify 4-year medium-term economic and fiscal forecasts and 4-year costs of new policy decisions. Budgets will include a reconciliation of revisions to the 4 year fiscal forecasts attributable to policy decisions and parameter revisions e.g. policy decisions, changes in the macroeconomic environment.	3.7	3.7. Publish a fiscal strategy document for the general government annually in April. The document will be in compliance with the requirements of the Stability and Growth Pact and will specify 4-year medium-term economic and fiscal forecasts and 4-year costs of new policy decisions. Budgets will include a reconciliation of revisions to the 4 year fiscal forecasts attributable to policy decisions and parameter revisions e.g. policy decisions, changes in the macroeconomic environment.
3.9	3.9. Review the Budget Framework Law to take account of the reinforced EU fiscal framework and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (fiscal compact). The revised law will also accommodate the developments in the regional and local financing laws. [Q4-2012]	3.8	3.8. Review the Budget Framework Law to take account of the reinforced EU fiscal framework and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (fiscal compact). The revised law will also accommodate the developments in the regional and local financing laws. [Q4-2012]
3.10	3.10. Define in detail the characteristics of the medium-term budgetary framework, including medium-term fiscal strategy, decision-making and prioritisation process, carry-over rules, commitment controls, and appropriate contingency reserves and related access rules after modification of the Budget Framework Law. [April-2013]	3.9	3.9. Define in detail the characteristics of the medium-term budgetary framework, including medium-term fiscal strategy, decision-making and prioritisation process, carry-over rules, commitment controls, and appropriate contingency reserves and related access rules after modification of the Budget Framework Law. [April-2013]
3.11	3.11. The government will ensure that the measures to implement the new budgetary framework at central government level will also be applied at regional and local level. Adequate structures of monitoring, fiscal reporting, and commitment control will be put into place. [Ongoing]	3.10	3.10. The government will ensure that the measures to implement the new budgetary framework at central government level will also be applied at regional and local level. Adequate structures of monitoring, fiscal reporting, and commitment control will be put into place. [Ongoing]

4.º Revisão do MoU  
27 de junho de 2012

§	
3.12	<p>3.12. The budgetary frameworks at local and regional levels will be considerably strengthened, in line with recommendations by the IMF/EC technical assistance mission of July 2011 and the new EU fiscal policy framework. A draft proposal to revise the regional finance law and the local finance law will be discussed with EC/IMF/ECB by [Q2-2012] and submitted to Parliament by [Q4-2012]. They will include the following main elements:</p> <p>i. fully adapt the local and regional budgetary frameworks to the principles and rules in the revised Budgetary Framework Law, namely in what concerns (i) the inclusion of all relevant public entities in the perimeter of local and regional government; (ii) the multi-annual framework with expenditure, budget balance and indebtedness rules, and programme budgeting; and (iii) the interaction with the function of the Fiscal Council. The revision will also foresee that: (i) the Fiscal Council reviews local and regional governments own revenue projections and multi-annual fiscal plans (ii) a contingency reserve is included under the overall current expenditure envelope as a buffer against negative revenue surprises or erroneous expenditure planning, and (iii) the revised legal and institutional PPP framework is applied (see below);</p> <p>ii. strengthen fiscal accountability, in particular by: (i) tighter financial requirements for regional and local SOEs and other regional and local public bodies; (ii) a revision of the regime of transfers between the State and the regions and the local authorities; (iii) strengthening the supervisory power from the State on budgetary execution and (iv) apply tighter debt ceilings combined with the adoption of a multi-tiered monitoring system as suggested by the July 2011 technical assistance mission. This reform should follow international best practices;</p> <p>iii. limit the scope for lower tax rates in the Autonomous Regions vis-à-vis the rates applied in the mainland and ensure that the resulting additional revenues from increasing the regional rates are used as a priority for fiscal consolidation.</p>
3.29	<p>3.29. <u>The government will draft a proposal by [Q2-2012]</u> to strengthen the auditing and enforcement powers of the central tax administration to exercise control over the whole territory of the Republic of Portugal including currently exempt tax regimes. <u>Based on this proposal, a draft law will be submitted to Parliament by [Q4-2012].</u></p>
3.13	<p>3.13. Create a working group with representatives from the Ministry of Finance, the Autonomous Regions and the local authorities to prepare a proposal for common revenue forecasting guidelines for subnational governments. [Q3-2012]</p>
3.14	<p>3.14. Proceed with identifying data needs to support the revenue projections, balancing the need to preserve tax secrecy and the elaboration of sound forecasts by subnational governments. [Q3-2012]</p>
3.15	<p>3.15. The Government's financial arrangement with the Autonomous Region of Madeira (RAM), which is in full compliance with the Memorandum of Understanding, will be implemented. The Portuguese Government will monitor progress of implementation by RAM and present the results on a quarterly basis in advance of the reviews of the Memorandum of Understanding [Ongoing].</p>
3.16	<p>3.16. <u>Complete the study to assess the costs and benefits of renegotiating any PPP contract to reduce the government financial obligations [Q2-2012]. The study will be the basis for a strategic plan specifying how to deal with existing PPPs and providing a framework for future engagements in PPPs. For certain PPP and concession contracts, the renegotiation process started before the completion of the study, due to financial or legal imperatives. Other than these, final decisions on renegotiation will be taken after the study's conclusion and in consultation with the EC, ECB and the IMF.</u></p> <p>Regions will be encouraged to design a framework for assessing fiscal risks derived from PPP, concessions and other public investments, as well as for monitoring their execution. <u>The requirements will be similar to those put in place at central level. [Q3-2012]</u></p>
3.17	<p>3.17. <u>Enhance</u> the annual PPP <u>and concessions</u> report <u>prepared by the Ministry of Finance with</u> a comprehensive assessment of the fiscal risks stemming from PPPs and concessions. The report will provide information and analysis at sectoral level. <u>The annual review of PPPs and concessions will be accompanied by an analysis of credit flows channelled to PPPs through banks (loans and securities other than shares) by industry and an impact assessment on credit allocation and crowding out effects.</u> This particular element will be done in liaison with the Banco de Portugal. [Q3-2012]</p>

5.º Revisão do MoU  
14 de outubro de 2012

§	
3.11	<p>3.11. The budgetary frameworks at local and regional levels will be considerably strengthened, in line with recommendations by the IMF/EC technical assistance mission of July 2011 and the new EU fiscal policy framework. A draft proposal to revise the regional finance law and the local finance law will be discussed with EC/IMF/ECB by <u>[Q3-2012]</u> and submitted to Parliament by [Q4-2012]. They will include the following main elements:</p> <p>i. fully adapt the local and regional budgetary frameworks to the principles and rules in the revised Budgetary Framework Law, namely in what concerns (i) the inclusion of all relevant public entities in the perimeter of local and regional government; (ii) the multi-annual framework with expenditure, budget balance and indebtedness rules, and programme budgeting; and (iii) the interaction with the function of the Fiscal Council. The revision will also foresee that: (i) the Fiscal Council reviews local and regional governments own revenue projections and multi-annual fiscal plans (ii) a contingency reserve is included under the overall current expenditure envelope as a buffer against negative revenue surprises or erroneous expenditure planning, and (iii) the revised legal and institutional PPP framework is applied (see below);</p> <p>ii. strengthen fiscal accountability, in particular by: (i) tighter financial requirements for regional and local SOEs and other regional and local public bodies; (ii) a revision of the regime of transfers between the State and the regions and the local authorities; (iii) strengthening the supervisory power from the State on budgetary execution and (iv) apply tighter debt ceilings combined with the adoption of a multi-tiered monitoring system as suggested by the July 2011 technical assistance mission. This reform should follow international best practices;</p> <p>iii. limit the scope for lower tax rates in the Autonomous Regions vis-à-vis the rates applied in the mainland and ensure that the resulting additional revenues from increasing the regional rates are used as a priority for fiscal consolidation.</p> <p>iv. strengthen the auditing and enforcement powers of the central tax administration to exercise control over the whole territory of the Republic of Portugal including currently exempt tax regimes.</p>
3.12	<p>3.12. Create a working group with representatives from the Ministry of Finance, the Autonomous Regions and the local authorities to prepare a proposal for common revenue forecasting guidelines for subnational governments. [Q3-2012]</p>
3.13	<p>3.13. Proceed with identifying data needs to support the revenue projections, balancing the need to preserve tax secrecy and the elaboration of sound forecasts by subnational governments. [Q3-2012]</p>
3.14	<p>3.14. The Government's financial arrangement with the Autonomous Region of Madeira (RAM), which is in full compliance with the Memorandum of Understanding, will be implemented. The Portuguese Government will monitor progress of implementation by RAM and present the results on a quarterly basis in advance of the reviews of the Memorandum of Understanding [Ongoing].</p>
3.15	<p>3.15. <u>The renegotiation of PPP sub-concession contracts was completed; the final results of the agreements will be reported to EC, ECB and IMF. Based on the study to assess the costs and benefits of renegotiating any PPP contract to reduce the government financial obligations, the government will develop a detailed strategic plan before the sixth review for the renegotiation of PPPs in view of obtaining substantial fiscal gains, while minimising the debt burden, and ensure a sustainable reduction in government liabilities. [Q4-2013].</u></p>
3.16	<p>3.16. <u>The government will further work towards implementing the PPP framework law and making the new technical unit in the Ministry of Finance fully operational. No PPP will be launched until this new legal and administrative framework is fully effective. [Ongoing]</u></p> <p>Regions will be encouraged to design a similar framework for assessing fiscal risks derived from PPP, concessions and other public investments, as well as for monitoring their execution. <u>[Q4-2012]</u></p>
3.17	<p>3.17. The annual PPP report <u>will provide</u> a comprehensive assessment of the fiscal risks stemming from PPPs and concessions. The report will provide information and analysis at sectoral level and an analysis of credit flows channelled to PPPs through banks (loans and securities other than shares) by industry and an impact assessment on credit allocation and crowding out effects. This particular element will be done in liaison with the Banco de Portugal. <u>The report will serve as input to the fiscal risks assessment for the budget.</u> [Q3-2013]</p>

4.º Revisão do MoU 27 de junho de 2012		5.º Revisão do MoU 14 de outubro de 2012	
§		§	
3.18	3.18. SOEs with commercial activity will reach operational balance by end of 2012. This will be achieved by substantially reducing operational costs and raising revenues. To this end the government is implementing the comprehensive SOEs strategy by reviewing the tariff structure and service provision of SOEs, with numerical targets on cost reductions, including measures to realign wages <u>or</u> reduce employment, and additional measures as appropriate. [Q4-2012]. <u>A progress report will be prepared before the Fifth Review.</u>	3.18	3.18. SOEs with commercial activity will reach operational balance by end of 2012. This will be achieved by substantially reducing operational costs and raising revenues. To this end the government is implementing the comprehensive SOEs strategy by reviewing the revenue structure and service provision of SOEs, with numerical targets on cost reductions, including measures to realign wages, reduce employment, and additional measures as appropriate. [Q4-2012] <u>The authorities will inform the EC, IMF and ECB on progress before the sixth review.</u> The government <u>is further assessing options</u> for managing the heavy debt load of SOEs, including Parpública. <u>[Ongoing]</u>
3.19	3.19. The government <u>will prepare, in consultation with staff from the EC, ECB and IMF, a comprehensive strategy</u> for managing the heavy debt load of <u>all</u> SOEs – including Parpública. <u>[July-2012]</u>	3.19	3.19. <u>The government submitted</u> to Parliament a draft law to strengthen the governance of SOEs in accordance with international best practices. It reviews the existing shareholder approach, giving the Ministry of Finance a decisive role in financial matters of the enterprises, including monitoring of local SOEs. This will enhance the monitoring powers of the central administration over all SOEs. In addition, the timing and content of financial and operational reporting will be defined. The decisions adopted at central level to improve the efficiency of the enterprises while reducing their financial burden will be implemented at all SOEs, taking into account their specificities. It will include the prohibition for SOEs within the general government to incur new debt with the private sector. <u>[Q2-2012]</u> No additional SOEs will be created until this law is adopted. <u>[Ongoing]</u>
3.20	3.20. <u>Submit</u> to Parliament a draft law to strengthen governance of SOEs in accordance with international best practices. It will review the existing shareholder approach, giving the Ministry of Finance a decisive role in financial matters of the enterprises, including in regional and local SOEs, <u>while respecting the administrative autonomy as foreseen in the law.</u> This will enhance the monitoring powers of the central administration over all SOEs. In addition, the timing and content of financial and operational reporting will be defined. The decisions adopted at central level to improve the efficiency of the enterprises while reducing their financial burden will be implemented at all SOEs, taking into account their specificities. It will include the prohibition for SOEs within the general government to incur new debt with the private sector. <u>[Q2-2012]</u> No additional SOEs will be created until this law is adopted.	3.20	3.20. Equivalent measures on operational results, debt, restructuring and governance will be taken at the local and regional levels, while respecting their administrative autonomy as foreseen in the law. The annual and quarterly SOEs reports will assess progress towards achieving these objectives for central and local SOEs. Each Autonomous Region will provide similar annual reports. These will serve as inputs to the fiscal risks analysis in the budget. <u>[Q2-2012]</u>
3.21	3.21. Equivalent measures on operational results, debt, restructuring and governance will be taken at the local and regional levels, while respecting their administrative autonomy as foreseen in the law. The annual and quarterly SOEs reports will assess progress towards achieving these objectives for central and local SOEs. Each Autonomous Region will provide similar annual reports. These will serve as inputs to the fiscal risks analysis in the budget. <u>[Q2-2012]</u>	3.21	3.21. The government is implementing its privatisation programme under the new framework law for privatisation. The privatisation plan targets front-loaded proceeds of about EUR 5 billion through the end of the programme. The sale of GALP and the small remaining stake in REN on the free market have been delayed until market conditions improve. The privatisation or concession of the cargo handling subsidiary of CP (CP Carga) will be concluded by the second quarter of 2013. The tender for the privatisation of the national air carrier (TAP) and the airport operator Aeroportos de Portugal (ANA) will be launched in the third quarter, with a view to <u>completing</u> these transactions in early 2013. The privatisation of Correios de Portugal (CTT) will be launched, once changes underway in regulation of this sector have their full impact, in order to complete the sale in 2013. The <u>partial sale</u> of a <u>public</u> television channel (RTP) and concessions for transport operators in Lisbon and Porto upon completion of restructuring of the public transport firms in these cities are being considered. The direct sale of CGD's insurance arm (Caixa Seguros) to a final buyer is expected to take place in 2012. <u>CGD's health insurance will be sold in 2012 and the process to sell its</u> insurance arm (Caixa Seguros) to a final buyer <u>is ongoing. The privatisation programme will be expanded to include additional companies and assets for sale or concession in 2013.</u>
3.22	3.22. The government is implementing its privatisation programme under the new framework law for privatisation. The privatisation plan targets front-loaded proceeds of about EUR 5 billion through the end of the programme. The sale of GALP and the small remaining stake in REN on the free market have been delayed until market conditions improve. The privatisation or concession of the cargo handling subsidiary of CP (CP Carga) will be concluded by the second quarter of 2013. The tender for the privatisation of the national air carrier (TAP) and the airport operator Aeroportos de Portugal (ANA) will be launched in the third quarter, with a view to <u>completing</u> these transactions in early 2013. The privatisation of Correios de Portugal (CTT) will be launched, once changes underway in regulation of this sector have their full impact, in order to complete the sale in 2013. The <u>partial sale</u> of a <u>public</u> television channel (RTP) and concessions for transport operators in Lisbon and Porto upon completion of restructuring of the public transport firms in these cities are being considered. The direct sale of CGD's insurance arm (Caixa Seguros) to a final buyer is expected to take place in 2012.	3.21	3.21. The government is implementing its privatisation programme under the new framework law for privatisation. The privatisation plan targets front-loaded proceeds of about EUR 5 billion through the end of the programme. The sale of GALP and the small remaining stake in REN on the free market have been delayed until market conditions improve. The privatisation or concession of the cargo handling subsidiary of CP (CP Carga) will be concluded by the second quarter of 2013. The tenders for the privatisation of the national air carrier (TAP) and the airport operator Aeroportos de Portugal (ANA) were launched in the third quarter, with a view to <u>final decisions by end-2012 and the financial completion of</u> these transactions in early 2013. The privatisation of Correios de Portugal (CTT) will be launched, once changes underway in regulation of this sector have their full impact, in order to complete the sale in 2013. The <u>sale or concession</u> of a television channel <u>and radio station belonging to RTP</u> and concessions for transport operators in Lisbon and Porto upon completion of restructuring of the public transport firms in these cities are being considered. <u>CGD's health insurance will be sold in 2012 and the process to sell its</u> insurance arm (Caixa Seguros) to a final buyer <u>is ongoing. The privatisation programme will be expanded to include additional companies and assets for sale or concession in 2013.</u>
3.23	3.23. With a view to introducing private capital and management in the water company Águas de Portugal (AdP), a strategy will be prepared. This strategy will include considerations of the competitive and regulatory environment and organizational consequences. [Q4-2012]	3.22	3.22. With a view to introducing private capital and management in the water company Águas de Portugal (AdP), a strategy will be prepared. This strategy will include considerations of the competitive and regulatory environment and organisational consequences. [Q4-2012]
3.24	3.24. The government will work together with the municipalities and regional governments in order to identify the scope for further privatisation, by preparing an inventory of their assets, including real estate. <u>[Q3-2012]</u>	3.23	3.23. The government will work together with the municipalities and regional governments in order to identify the scope for further privatisation, by preparing an inventory of their assets, including real estate. <u>[Q4-2012] Progress will be reported in the sixth review.</u>
3.25	3.25. The Government will conclude implementation of the undergone merger of the tax administration, customs administration and the information technology service (DGITA) in a single entity, Autoridade Tributária e Aduaneira (AT) by Q4-2012.	3.24	3.24. The Government is concluding the implementation of the undergone merger of the tax administration, customs administration and the information technology service (DGITA) in a single entity, Autoridade Tributária e Aduaneira (AT) by Q4-2012.
3.26	3.26. <u>Following the recommendations of the "Study on the potential merger of the collection units of the Tax Authority and the Social Security", the government will by [end-August]:</u> <u>i. prepare a draft proposal to enhance</u> the exchange of information between the collection units of the Tax Authority and the Social Security, <u>and</u> <u>ii. study ways of possible implementation of the other working group recommendations to strengthen control and simplifying compliance.</u>	3.26	3.26. <u>To strengthen control and simplify compliance,</u> exchange of information between the collection units of the Tax Authority and the Social Security <u>administration will be significantly strengthened by means, among others, of a unified monthly tax return covering withholding information [Q1-2013] as well as a unified form on Independent Workers annual revenue [Q2-2013].</u>

4.º Revisão do MoU 27 de junho de 2012		5.º Revisão do MoU 14 de outubro de 2012	
§		§	
3.27	3.27. Following the creation of AT, the focus in 2012 will be to merge central and support functions and reduce the number of branches. The reform will be deepened in 2013 by targeting a business function-type structure. In particular, the following elements will be implemented: i. review the experience with the task force of tax judges for cases with value above EUR 1 million and assess the need to establish special chambers within the tax tribunals to handle such cases [mid-November 2012]; ii. reducing the number of municipal offices by at least 20 per cent per year in 2012 and 2013 [Q4-2012 and Q4-2013]; iii. increase in the resources devoted to auditing in the tax administration to at least 30 per cent of the total staff, mostly through reallocations of staff within the tax administration and other parts of the public administration. The threshold should be attained by Q4-2012; <b><u>iv. based on the report presented, prepare draft action plan with concrete measures and timelines to resolve VAT issues related to backlog enforcement cases and assess the possibility of introducing transitional measures targeting cases currently filed in courts taking into account tax fraud and erosion risks. [20August 2012];</u></b> v. publish quarterly reports on recovery rates, duration and costs of tax cases starting from Q4-2012 within four months after the end of the relevant quarter.	3.25	3.25. Following the creation of Autoridade Tributária e Aduaneira (AT), the focus in 2012 will be to merge central and support functions and reduce the number of branches. The reform will be deepened in 2013 by targeting a business function-type structure. In particular, the following elements will be implemented: i. review the experience with the task force of tax judges for cases with value above EUR 1 million and assess the need to establish special chambers within the tax tribunals to handle such cases [mid-November 2012]; ii. reducing the number of municipal offices by at least 20 per cent per year in 2012 and 2013 [Q4-2012 and Q4-2013]; iii. increase in the resources devoted to auditing in the tax administration to at least 30 per cent of the total staff, mostly through reallocations of staff within the tax administration and other parts of the public administration. The threshold should be attained by Q4-2012;  iv. publish quarterly reports on recovery rates, duration and costs of tax cases starting from Q4-2012 within four months after the end of the relevant quarter.
3.28	3.28. The government will address the bottlenecks in the tax appeal system by progressing with clearing cases worth above EUR 1 million [Q4-2012] with the support of the tax court judges.	3.27	3.27. The government will address the bottlenecks in the tax appeal system by progressing with clearing cases worth above EUR 1 million [Q4-2012] with the support of the tax court judges.
3.30	3.30. <b><u>The tax administration has concluded the strategic plan to combat fraud and evasion for 2012-14 and has taken important steps for its implementation. Moreover, the plan to implement e-invoicing in Portugal will be further developed [Q4-2012]. Measures to strengthen</u></b> final consumers' incentives to ask for invoices, notably in hard-to-tax sectors, <b><u>will be implemented, and EC, ECB and the IMF will be consulted on any developments regarding the scheme design.</u></b> An evaluation report of the scheme will be prepared <b><u>[Q1-2013].</u></b>	3.28	3.28. <b><u>With the aim of curving down fraud and evasion, the Government has approved a reform on the invoicing system in Portugal that will enter into force on 1st January 2013. The reform implies mandatory invoicing across all sectors and transactions, a centralized VAT monitoring database, a system to electronically monitor goods in circulation and</u></b> a tax incentive for final consumers to ask for invoices in hard-to-tax sectors. An evaluation report of the measures will be prepared <b><u>[Q2-2013].</u></b>
3.31	3.31. <b><u>The tax administration will develop a modern tax compliance management framework as an important tool to curb non-compliance.</u></b> A fully-fledged Large Taxpayer Office (LTO) will be operational by [Q4-2012].	3.29	3.29. <b><u>Also as part of the development of a modern tax compliance management framework,</u></b> a fully-fledged Large Taxpayer Office (LTO) will be operational by [Q4-2012]
3.32	3.32. Conclude the public administration restructuring programme (PREMAC) <b><u>by the completion of procedures for the preparation, approval and publication of all legal acts by end-June.</u></b> The final report, comprising the internal organisation and the roster of each entity, including the reallocation of human resources, will be presented in [Q3-2012].	3.30	3.30. Conclude the public administration restructuring programme (PREMAC). The final report, comprising the internal organisation and the roster of each entity, including the reallocation of human resources, will be presented in [Q3-2012].
3.33	3.33. As stipulated in the 2012 State budget, each municipality will have to present its plan to attain the target of reducing their management positions and administrative units by an average of at least 15 per cent by the end of 2012. [Q2-2012]		[ Texto suprimido ]
3.34	3.34. <b><u>Prepare a detailed</u></b> cost/benefit analysis <b><u>of all public and quasi-public entities:</u></b> i. Based on the analysis on foundations, <b><u>using the results of the compulsory census [Q2-2012] and recommendations,</u></b> the central, regional or local administration responsible for each foundation or its financial support will decide accordingly whether to maintain, reduce or extinguish them in respect of <b><u>the applicable law (see below).</u></b> [Q3-2012]; ii. the approach on foundations – the compulsory census and the subsequent analysis, adjusted as needed - will also be applied to associations and extended later to other public and quasi-public entities across all levels of government.[Q4-2012]	3.31	3.31. Based on the cost/benefit analysis on foundations, the central, regional or local administration responsible for each foundation or its financial support will decide accordingly whether to maintain, reduce or extinguish them in respect of <b><u>the new legislation. The government will promote that the same objective is achieved by regions.</u></b> [Q3-2012]
		3.32	3.32. The approach on foundations – the compulsory census and the subsequent analysis, adjusted as needed - will also be applied to associations and extended later to other public and quasi-public entities across all levels of government. [Q4-2012]
3.35	3.35. <b><u>Regulate by law the creation and the functioning of foundations, associations, and similar bodies by the central and local administrations, facilitating the closure of existing entities when warranted. In addition,</u></b> the government will promote that the same objective is achieved by the regions. [Q2-2012]		[ ver ponto 3.31 ]
3.36	3.36. Reorganise local government administration. There are currently 308 municipalities and 4,259 parishes. The government will reorganise and significantly reduce the number of such entities. These changes, which will come into effect by the beginning of the next local election cycle, will enhance service delivery, improve efficiency, and reduce costs. [Q3-2012]	3.33	3.33. Reorganise local government administration. There are currently 308 municipalities and 4,259 parishes. The government will reorganise and significantly reduce the number of such entities. These changes, which will come into effect by the beginning of the next local election cycle, will enhance service delivery, improve efficiency, and reduce costs. [Q3-2012]
3.37	3.37. <b><u>Carry out a study to identify potential</u></b> duplication of activities and other inefficiencies between the central administration, local administration and locally-based central administration services. <b><u>[Q3-2012]</u></b> Based on this analysis, reform the existing framework to eliminate the identified inefficiencies. [Q4-2012]	3.34	3.34. <b><u>Building on the study carried out by the inter-ministerial working group for territorial issues an identification of potential</u></b> duplication of activities and other inefficiencies between the central administration, local administration and locally-based central administration services <b><u>will be made by the sixth review.</u></b> Based on this analysis, reform the existing framework to eliminate the identified inefficiencies. [Q4-2012]

4.º Revisão do MoU 27 de junho de 2012		5.º Revisão do MoU 14 de outubro de 2012	
§		§	
3.38	3.38. Develop the use of shared services in the central administration by fully implementing the ongoing projects and by regularly assessing the scope for further integration: i. complete the implementation of the strategy of shared services in the area of financial resources (GeRFIP). [Q1-2013] GeRFIP will also be implemented in the Autonomous Region of Madeira and in the Autonomous Region of Azores [Q4-2013]; ii. fully implement the strategy of shared services in the area of human resources (GeRHuP) in the Ministry of Finance's entities [Q4-2012], with the exception of the Tax Authority for which this is scheduled for end-January 2013. Other Ministries will follow in 2013. The Autonomous Region of Madeira will implement GeRHuP gradually; iii. rationalise the use of IT resources within the central administration by implementing shared services and reducing the number of IT entities in individual Ministries or other public entities in line with the "Overall Strategic plan to rationalise and reduce costs on ICT in Public Administration". [Q4-2012]	3.35	3.35. Develop the use of shared services in the central administration by fully implementing the ongoing projects and by regularly assessing the scope for further integration: i. complete the implementation of the strategy of shared services in the area of financial resources (GeRFIP). [Q1-2013] GeRFIP will also be implemented in the Autonomous Region of Madeira and in the Autonomous Region of Azores [Q4-2013]; ii. fully implement the strategy of shared services in the area of human resources (GeRHuP) in the Ministry of Finance's entities [Q4-2012], with the exception of the Tax Authority for which this is scheduled for end-June 2013. Other Ministries will follow in 2013. The Autonomous Region of Madeira will implement GeRHuP gradually; iii. rationalise the use of IT resources within the central administration by implementing shared services and reducing the number of IT entities in individual Ministries or other public entities in line with the "Overall Strategic plan to rationalise and reduce costs on ICT in Public Administration". [Q4-2012]
3.39	3.39. Reduce the number of local branches of line ministries (e.g. tax, social security, justice). The services should be merged in citizens' shops covering a greater geographical area and developing further the e-administration over the duration of the programme. [Q4-2013]	3.36	3.36. Reduce the number of local branches of line ministries (e.g. tax, social security, justice). The services should be merged in citizens' shops covering a greater geographical area and developing further the e-administration over the duration of the programme. [Q4-2013]
3.40	3.40. The 2012 budget promotes flexibility, adaptability and mobility of human resources across the administration, including by providing training and requalification where appropriate. In addition, the mobility schemes, namely geographic mobility and the regulation on mutual agreement on contract termination, will be reinforced as an instrument to manage human resources across administrations. <a href="#">[Q2-2012]</a>	3.37	3.37. The 2012 budget promotes flexibility, adaptability and mobility of human resources across the administration, including by providing training and requalification where appropriate. In addition, the mobility schemes, namely geographic mobility and the regulation on mutual agreement on contract termination, will be reinforced as an instrument to manage human resources across administrations. <a href="#">The human resource instruments (geographic mobility, special mobility and overtime compensation rules) are to be applied to all sectors of Public Administration, including teachers and health professionals. [Ongoing]</a>
3.41	3.41. Limit staff admissions in public administration to achieve annual decreases in 2012-2014 of 2 per cent per year (in full-time equivalents) in the staff of central administration and 2 per cent in local and regional administrations (in full-time equivalents). The government will ensure the implementation of this measure at local administration level and will promote the initiatives needed so that each region will present its plan to achieve the same target. [Ongoing]	3.38	3.38. Limit staff admissions in public administration to achieve annual decreases in 2012-2014 of 2 per cent per year (in full-time equivalents) in the staff of central administration and 2 per cent in local and regional administrations (in full-time equivalents); <a href="#">including a significant reduction of fixed-term contracts.</a> The government will ensure the implementation of this measure at local administration level and will promote the initiatives needed so that each region will present its plan to achieve the same target. [Ongoing]
3.42	3.42. The government will prepare a comprehensive review of wage scales in the general government, to identify unwarranted differences in remuneration between the public and the private sector for similar types of qualifications. [Q4-2012] The comprehensive study of entities classified outside the general government will follow in Q2-2013.	3.39	3.39. The government will prepare a comprehensive review of wage scales in the general government, to identify unwarranted differences in remuneration between the public and the private sector for similar types of qualifications. [Q4-2012] The comprehensive study of SOEs will follow in Q2-2013.
		3.40	3.40. <a href="#">Acceleration the convergence of the system of social protection for staff that are in the Regime de Proteção Social Convergente (RPSC) to the rules of Regime Geral de Segurança Social. [Q4-2013]</a>