



FAILURE TO DULY REGISTER

THE COMPANY'S ANNUAL FINANCIAL STATEMENTS

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Decree-law no. 250/2012 dated 23 November sets for more severe consequences for companies **failing to timely submit and register their annual financial statements.**

The registration with the commercial registry and the publication of a company's annual financial statements in an official journal (*Diário da República*) is mandatory for all companies. Since 2007, companies comply with this obligation by way of a specific form that is included in the Simplified Corporate Information (IES in Portuguese) and submitted together with the IES and by payment of the corresponding registration fee.

The obligation to submit and register the annual financial statements must be made until the **15th day of the 7th month following the end of the company's tax year.**

According to the new regime, if companies fail to register their annual financial statements within the aforementioned time period:

- I. **The company will be prevented from registering a considerable number of actions regarding its corporate business activity** while the registration of the annual financial statements is not regularized.

However, changes in the company's administration or supervisory bodies, administrative actions and actions regarding creditor's protection (such as seizure or foreclosure) shall not be affected by this prohibition.

By way of example, in light of the above, a company failing to timely submit the declaration regarding its annual financial statements, which should have been submitted with the IES, will prevent a company that wishes to change its head office, its corporate name, or any other provision included in its by-laws, from registering such actions.

- II. The aforementioned decree-law also **increases the amount of the applicable penalties**, doubling the amount of the applicable fee – as a result companies are required to pay **350.00 €**, as opposed to the **175.00 €** (Fees in 2012).
- III. Furthermore, the omission of the annual financial statements registration for two consecutive years is considered a **cause for autonomous dissolution of the company** for the purposes of filling an *ex officio* administrative dissolution procedure.

Thus, if a company submits its IES complying with its tax obligation but for two consecutive years fails to register its annual financial statements (that should be submitted through the IES form) it shall be subject to administrative dissolution.

This new regime shall be applicable to the obligation to register the annual financial statements as of **3 December 2012**.

Thus, following this date companies should ensure that the registration of their annual financial statements is made correctly and on time.

Gómez-Acebo & Pombo remains available should you require any addition information on this matter.

This newsletter was prepared on November 27, 2012, for information only. Its purpose is to provide a general overview of the alteration to the consequences of failure to register the annual financial statements in the commercial registry, focused on issues that may reasonably be taken into consideration at the board of directors and financial directors level and strictly from a legal viewpoint. This newsletter is not a legal opinion and may not therefore be deemed as legal advice on the specific area covered by it. A proper legal opinion should be sought in respect of any concrete matters. This newsletter was prepared in compliance with the provisions of Portuguese law, with no regard to the laws of any other country. It may not be considered as an offer or incentive to any person to make any investments in Portugal. This newsletter and its contents may not be disclosed or quoted in full or in part or by any means whatsoever without the prior written consent of Gómez-Acebo & Pombo.