



The Portuguese Tax System: Tax Evolution and the Influence of Institutional Actors

The Portuguese tax system is considered as one of the least competitive within the OECD. The primary source of public revenue is frequently characterized by intricate rules that are difficult to interpret and apply, contributing to higher levels of litigation, which increase administrative costs. This institutional environment undermines legal certainty and reduces Portugal's attractiveness as an investment destination, reinforcing the need for simplified tax legislation, competitive rates, and, above all, fiscal stability.

This study seeks to examine how and why various institutional factors and actors have shaped—and continue to shape—the creation of taxes and the implementation of corporate tax reforms in Portugal, from the Industrial Contribution Code (1963) to the present day. Attention is given to the role of State Budget execution laws, as well as to political and economic cycles, in influencing tax policy design and reform dynamics. Adopting an interpretive research philosophy, the study employs a qualitative methodological approach.

The selection of the Industrial Contribution Code as the chronological starting point is justified by its significance as a milestone in the modernization of the Portuguese tax system. This reform consolidated and repealed several pre-existing codes, while fundamentally restructuring the prior regime bearing the same designation. The analysis will draw on documentary sources related to the formation and reform of the tax system, including legislative preambles, statutory provisions, State Budget laws, and other relevant archival records.

The research aims to contribute to the taxation literature by offering a historically grounded analysis of the Portuguese tax system, with a particular focus on corporate taxation. It further seeks to provide policymakers with a more robust understanding of the historical trajectory of national tax policy, thereby supporting more informed and coherent reform initiatives. Ultimately, the study intends not only to deepen knowledge of the institutional construction of the current tax framework but also to stimulate more rigorous and critical debate within academic, political, and social environments.

Keyword: Accounting; Tax system; Tax; Political cycle; Economic cycle