

EU told Portugal to change lottery rules

The European Commission has sent a formal letter to Portugal requesting that the nation cease its practice of taxing some lottery winnings while exempting those from other games.

Portugal has been a member of the European Union (EU) since 1986 and the Commission stated that the nation's current practice runs contrary to treaty obligations as it restricts the freedom to provide equal services. This is the second stage of the infringement procedure under EU law and the Commission may next refer Portugal to the Court of Justice if it does not amend its laws within two months.

Under Portuguese law, income earned domestically in the form of prizes or winnings from competitions, games or gambling is subject to taxation. However, it has applied an exemption to lottery winnings from Euromilhoes E Liga Dos Milhoes along with other lotteries and games organized by Santa Casa Da Misericordia De Lisboa, an entity carrying out activities of social interest.

The Commission stated that this exemption constitutes a discrimination prohibited by EU law, as the favourable treatment is not open to other entities based in member nations even if they carry out activities of social interest similar to Santa Casa Da Misericordia De Lisboa.