

**Question for written answer E-002106/2023
to the Commission**

Rule 138

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Subject: Extent of the shadow economy in Portugal

The School of Economics and Management of the University of Porto estimates¹ that the weight of the unrecorded economy (shadow economy) on Portugal's GDP will have reached a historical high of 34.37% in the period between 1996 and 2022. This percentage corresponds to over 82 million euros, roughly a third of Portugal's public debt.

The study also shows that Portugal's elevated tax burden, which reached an all-time high of 36.4% in 2022, has a significant effect on this situation, while the official/declared economy is becoming less competitive compared to the shadow economy. It therefore proposes a significant reduction of the tax burden in Portugal.

Tax policy is an exclusive competence of the Member States, but a certain amount coordination is required in order to ensure there is fair, honest and transparent tax competition.

In light of the above:

1. Does the Commission agree with this study's diagnosis that a high tax burden drives more people to resort to the shadow economy?
2. As part of the framework of Country-Specific Recommendations, particularly in the area of tax, does the Commission intend to take account of the shadow economy when evaluating how competitive the national economies are, particularly Portugal's?
3. Does it intend to take any steps to strengthen cooperation between the national tax authorities, in order to combat people turning to the shadow economy?

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¹ <https://noticias.up.pt/fep/en/shadow-economy-in-portugal-represents-almost-35-of-gdp/>