



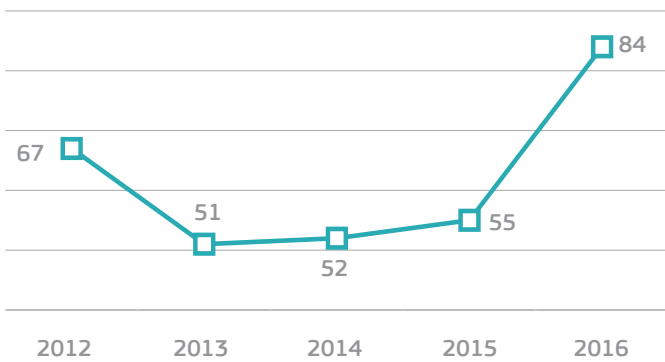
European Commission

Monitoring the Application of European Union Law

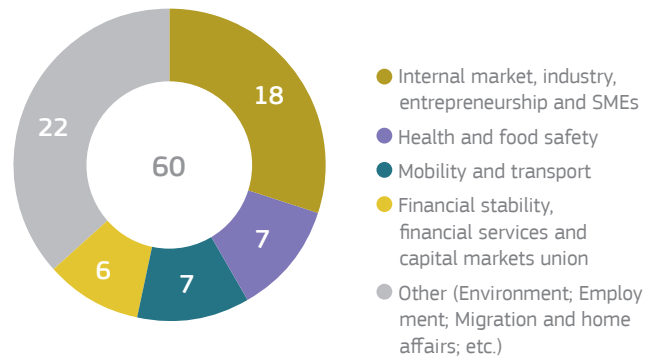
Annual Report 2016

New complaints against Portugal dropped further in 2016. The decreasing trend also continued for new EU Pilot files, which reached a five-year low. In contrast, the number of infringement cases against Portugal open at the end of the year increased sharply, equalling the 2012 peak. New infringement cases for late transposition also jumped, reaching a new five-year high.

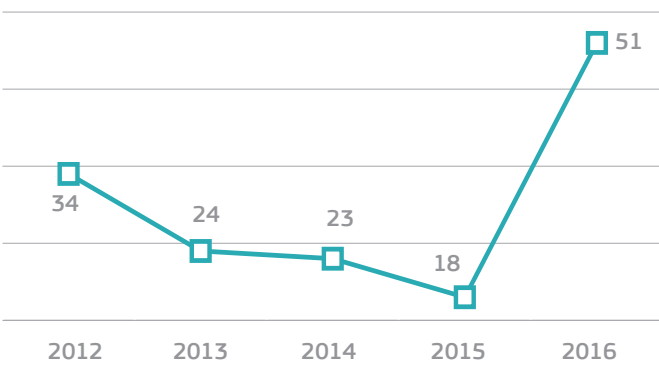
Infringement cases open on 31 December



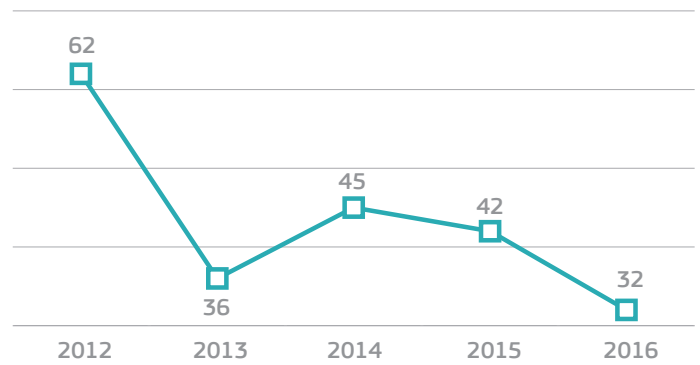
New infringement cases opened in 2016: main policy areas



New late transposition infringement cases



New EU Pilot files opened





Relevant rulings of the European Courts:

1. The Court ruled that:
 - Portugal failed to execute in full the Court's 2009 judgment finding that Portugal was not ensuring adequate treatment of urban waste water in certain agglomerations discharging into normal areas. The Court ordered Portugal to pay a lump sum of EUR 3 million and a daily penalty payment of EUR 8 000;¹
 - Portugal failed to ensure adequate treatment of urban waste water in several smaller agglomerations;²
 - Portugal failed to establish a national electronic register and to interconnect with the national electronic registers of other Member States;³
 - the depreciation rates applied in Portugal on used vehicles for vehicle registration tax purposes were not in compliance with Article 110 TFEU. This is because no depreciation is taken into account before the vehicle is 1 year old and no further depreciation is taken into account in the case of vehicles older than 5 years.⁴
2. In preliminary rulings, the Court held, amongst others, that the freedom to provide services under the TFEU allows Member States to apply a withholding tax at source to the income of non-resident banks without levying such a tax on resident banks, if such a tax is justified by an overriding reason in the general interest and necessary to achieve the objective. However, Member States may not tax non-resident banks by prohibiting them from deducting business expenses directly related to their activities while this opportunity is given to resident banks.⁵

¹ Directive [91/271/EEC](#), Commission v Portugal, [C-557/14](#) and [Court press release No 67/16](#).

² Directive [91/271/EEC](#), Commission v Portugal, [C-398/14](#).

³ Regulation (EC) [No 1071/2009](#), Commission v Portugal, [C-583/15](#).

⁴ Commission v Portugal, [C-200/15](#).

⁵ [Brisal, C-18/15](#).