



SOCIEDADE DE ADVOGADOS, RL
ROGÉRIO FERNANDES FERREIRA
& ASSOCIADOS

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TAX ALLURES OF PORTUGAL !



1. Non Habitual Residents

Portugal has become a top choice for Ultra and High Net Worth Individuals (UHNWI) who wish to take up residence in Europe, ever since the implementation of the Non Habitual Residents (NHR) Tax Regime in 2009. Non habitual residents may be subject to a **reduced 20% PIT (Personal Income Tax) rate** both on salaries and business and professional income arising in Portugal (source) and derived from high added value activities of a scientific, artistic or technical nature and, provided certain conditions are met, be **exempted of tax** regarding the labor income (dependent and independent), interest, capital gains, and pensions obtained outside Portugal.

The regime is available to individuals that become tax residents in Portugal and that were not tax residents in Portugal in the previous 5 years.

The status is granted for a period of 10 years. And Portuguese citizens living abroad can also benefitiate of this tax regime.

To be considered as a tax resident, the individual should remain for more than 183 days in Portugal during the relevant fiscal year or have a dwelling in Portugal at 31 December of that year with the intention to hold it as his habitual residence.

Furthermore, by becoming a Portuguese Non Habitual Resident, the UHNWI are able to dispose of their assets benefiting from tax exemptions, to pass on their wealth or estate **without inheritance or gift taxes** and/or to enjoy their retirement **without tax leakage on their pensions**, under certain conditions.



Income	
Portuguese source	Non Portuguese source
Fees / Salaries	
20% for high added value activities	Exempt
Pensions	
0 to 48%	Exempt
Dividends / Interest / Royalties real estate capital gains / Among others	
<ul style="list-style-type: none"> - Rental income 28% - Real estate capital gains valued at 50% of total amount - Other income 0 - 48% 	Exempt



2. Golden Visa

The Golden Visa regime, in force since 2012, enables third country nationals to obtain a **temporary residence permit** to conduct business activities with visa waiver to enter national territory.

The beneficiaries of Golden Visa are entitled to live and work in Portugal, further benefiting of a visa exemption for travelling within the Schengen Area¹. They can also request family reunification, apply for permanent residence and, eventually, apply for Portuguese citizenship, by naturalization, provided all other requirements set out by the Nationality Act are fulfilled.

All third country citizens who conduct an investment activity, as an individual or through a company set up in Portugal or in another EU Member State and who, in addition, are stably settled in Portugal, can apply by one

of the following routes:

- Capital transfer with a value equal to or above € 1 million, or
- Purchase of real estate property with a value equal to or above € 500 thousands, or
- Purchase of real estate property, with construction dating back more than 30 years or located in urban regeneration areas, for refurbishing, for a total value equal to or above € 350 thousands.

There are more possibilities, related to scientific and technological research, artistic production, cultural heritage, job creation SME (small and medium-sized enterprises) or funds geared for capitalization.



3. Company Incorporation

To incorporate a company in Portugal is simple and allows highly qualified foreign professionals to benefit of a **flat rate of 20% PIT (+3,5%)** and of the **participation exemption regime for companies**, which excludes from taxation capital gains/losses arising from onerous transfers of shares and dividends, if: the company i) holds a minimum of 10% participation in share capital or in voting rights, ii) for a uninterrupted period of 12 months, iii) is not subject to a system of fiscal transparency in Portugal, and iv) is liable and not exempt from corporate tax or similar.

Other advantages are the strategic access to markets, and the extensive Double Tax Treaty network (75), including Canada and the USA.

Companies licensed to operate in the **Madeira International Business Centre** may benefit from a **5% corporate income tax rate**, until 2020, on income obtained abroad, while also benefitting from the participation exemption regime above).



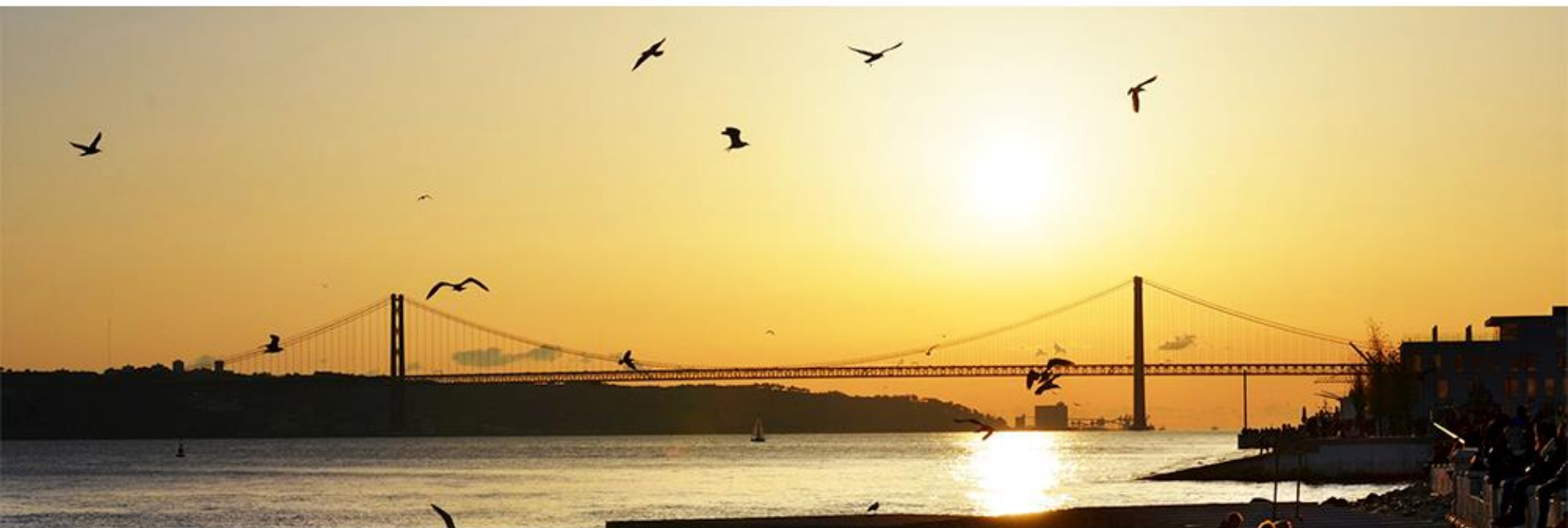
4. Tax Optimization

The Golden Visa regime is compatible with the NHR tax regime. This may grant third country nationals not only legal permanence in Portugal but also the benefit of the low tax regime given to Portuguese source income and the exemption tax regime given to non-Portuguese source income.

The Investor can also benefit of the local accommodation establishments exploration regime (which provides benefits regarding the taxation of income arising from short term rentals), no wealth tax, no inheritance tax in case of succession by death or gifts to spouses and direct descendants and ascendants, a real receptiveness to foreign investment... and a very pleasant Mediterranean climate in the safest European country!



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