



SOCIEDADE DE ADVOGADOS, RL
ROGÉRIO FERNANDES FERREIRA
& ASSOCIADOS

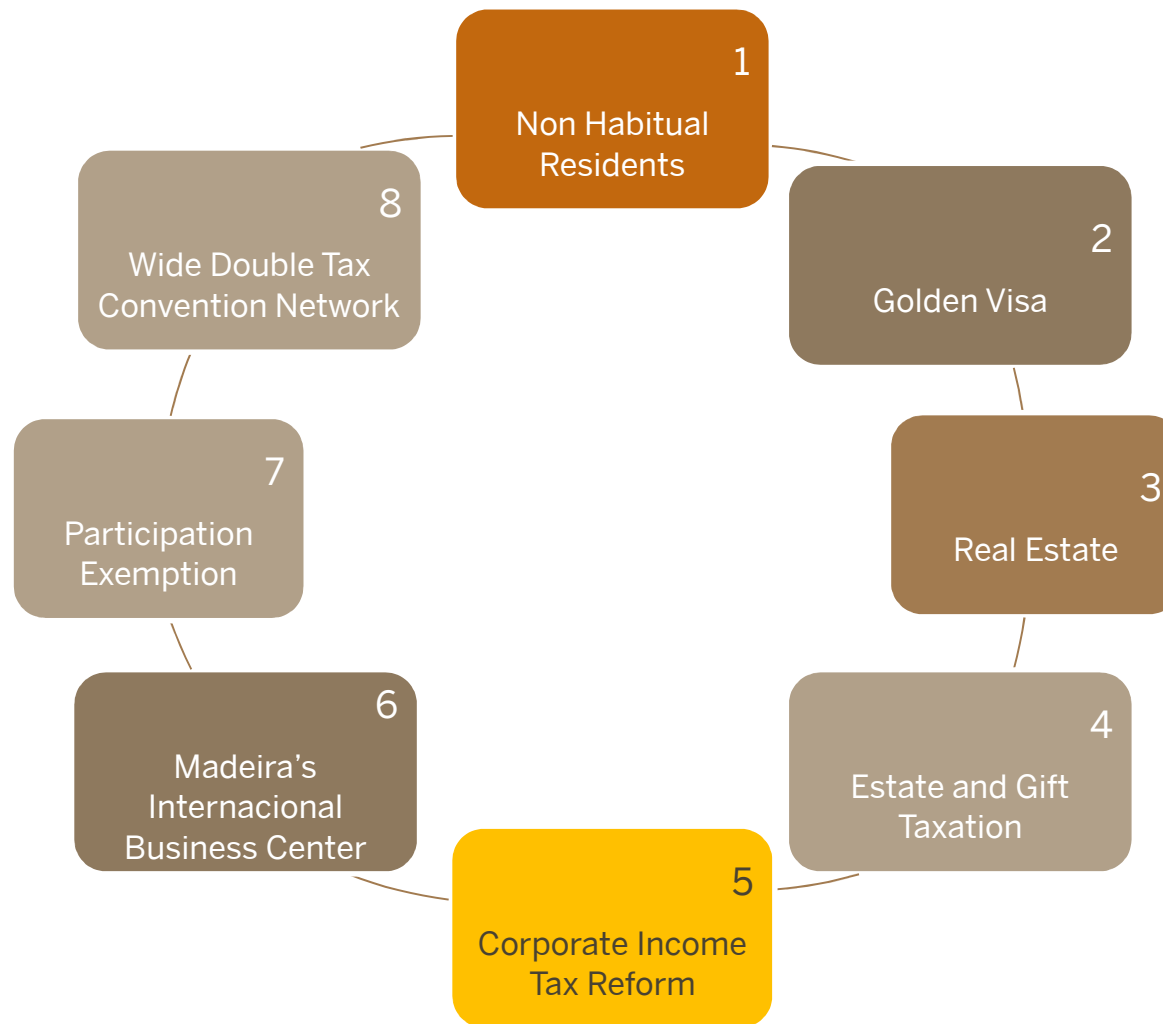


PORTUGAL AS A PLATFORM OF INVESTMENT

10-05-2017



PORTUGAL AS A PLATFORM OF INVESTMENT





THE NON-HABITUAL RESIDENT TAX REGIME

What are the qualifying requirements?

1

Stays in Portugal for more than 183 days per year; or

2

Have her/his habitual abode in Portugal

3

Not taxed as Portuguese resident in any of the previous five years

4

Formal inscription at the competent services



THE NON-HABITUAL RESIDENT TAX REGIME

What is the procedure?

Steps	Service	Deadline	Documentation
1 st : Obtaining the tax identification and registration as a tax resident in Portugal	Tax Office (<i>Serviço de Finanças</i>)	Until the 31th of December of the year in which the individuals become tax resident	Copy of a rental or purchase contract of a property
2 nd : Application for registration as non-habitual tax resident	Tax Authorities Website (<i>Portal das Finanças</i>)	Until the 31th of March of the following year	All documents certifying the change of residence and declaration from the individual that, during the last 5 years, the conditions required to be considered as tax resident in Portugal were not met



THE NON-HABITUAL RESIDENT TAX REGIME

Accessory obligations

- Complete the IRS tax return (Annex L)

Benefit extension

- 10 years



THE NON-HABITUAL RESIDENT TAX REGIME

Tax regime applicable to foreign sourced income earned by Non-Habitual Residents

INCOME SOURCE	INCOME TYPE	APPLICABLE REGIME	TAX RATES (2017)
FOREIGN	Income from employment	Exempt (IRS)	0%
	Income from personal services	Exempt (IRS)	
	Capital income (v.g. interest and dividends)	Exempt (IRS)	
	Capital gains (immovable)	Exempt (IRS)	
	Income from immovable property	Exempt (IRS)	
	Pensions	Exempt (IRS)	0% (except the ones from public service)



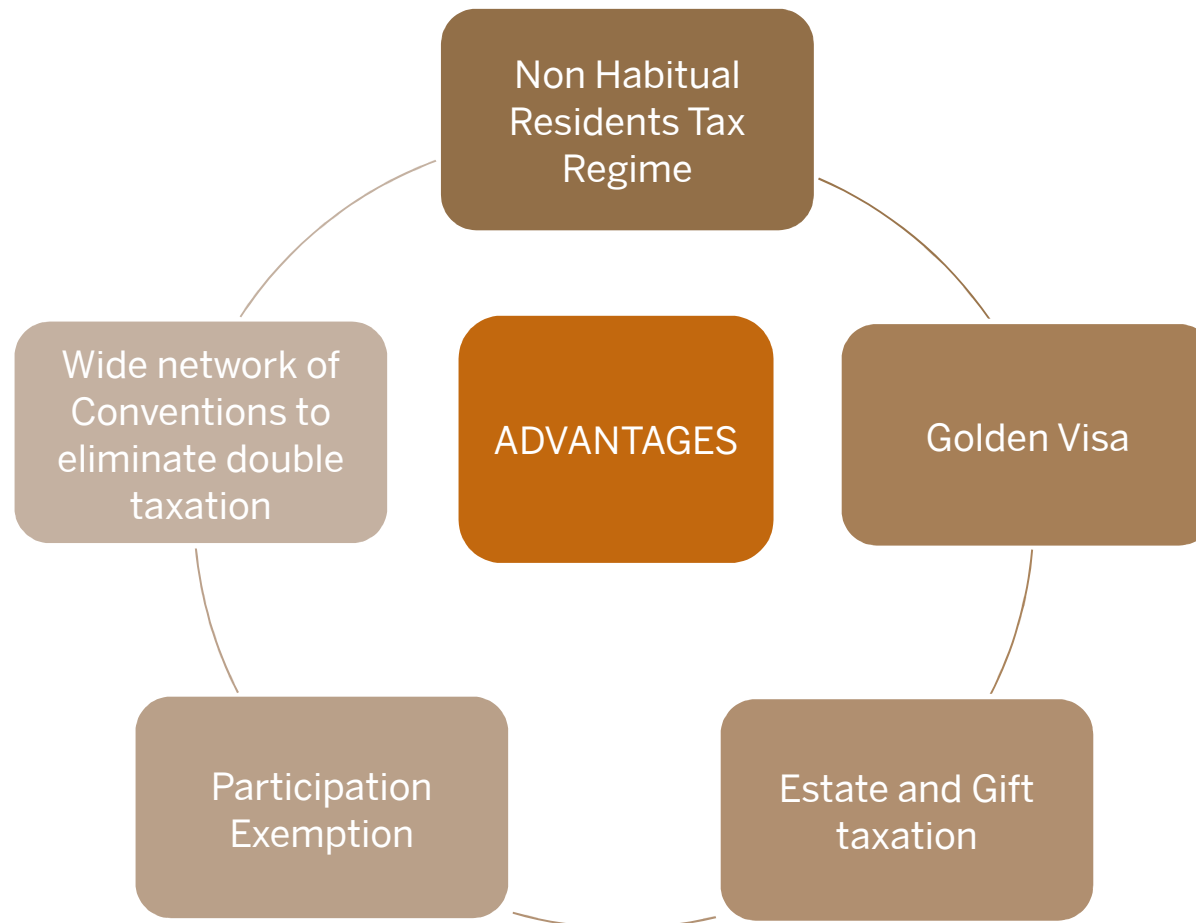
THE NON-HABITUAL RESIDENT TAX REGIME

Tax regime applicable to Portuguese sourced income earned by Non-Habitual Residents

INCOME SOURCE	INCOME TYPE	Liable to tax <i>vis-à-vis</i> exemption in the Personal Income Tax Code	TAX RATES (2017)
PORTUGAL	Income from employment	Liable to tax (IRS)	20% ("high added value")*
	Income from personal services	Liable to tax (IRS)	
	Capital income (v.g. interest and dividends)	Liable to tax (IRS)	28%*
	Capital gains (immovable)	Liable to tax (IRS)	
	Income from immovable property	Liable to tax (IRS)	
	Pensions	Liable to tax (IRS)	48% + from 2,5% to 5%



GOLDEN VISA





GOLDEN VISA

Resident permit for third country citizens to invest in Portugal



Condition of the investment in Portuguese territory:

- ✓ **Kept for 5 years (from the acquisition of the residence permit)**
- ✓ **Remain in Portugal 7 days the first year and 14 days each of the subsequent two years**
- ✓ **Permanent residency permit on the 6th year**
- ✓ **Nationality on the 7th year**



GOLDEN VISA

REAL ESTATE

Acquisition of property above **€500.000**

OR

Acquisition and renovation of property above **€350.000** - for properties more than 30 years old or located in areas of urban renovation

FINANCIAL ASSETS

€500.000 participation in units of a Portuguese venture capital fund that invests in small or medium sized businesses

OR

€1 million in any other type of financial asset

CAPITAL INVESTMENTS

€350.000 in scientific research that is conducted by institutions that are part of the national scientific and technological system

OR

€250.000 to be invested in, or supporting, the artistic production or the recovery or maintenance of the national cultural heritage that is conducted by accredited institutions

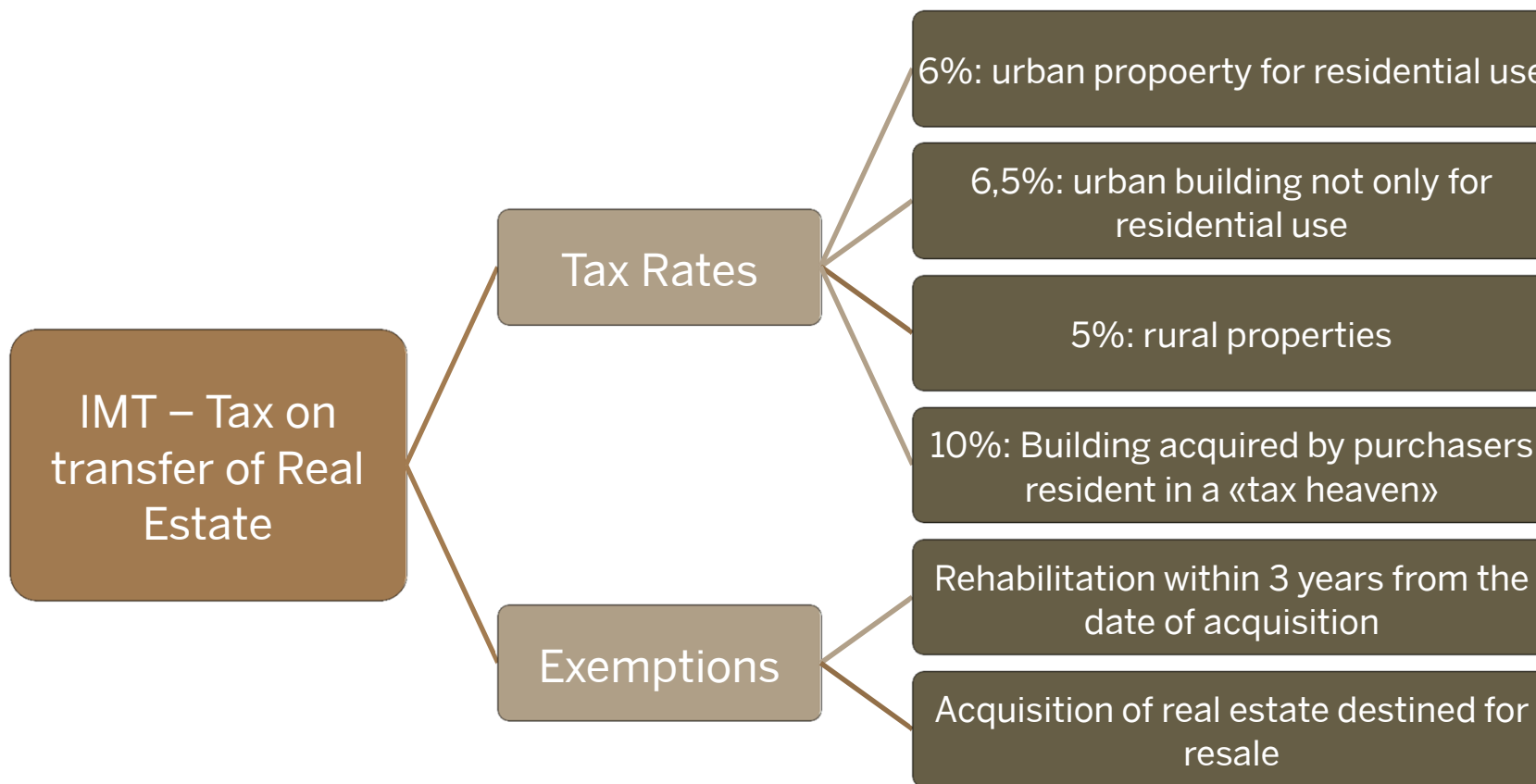
JOB CREATION

Creation of a minimum of **10 jobs** (National or foreign workers)



REAL ESTATE

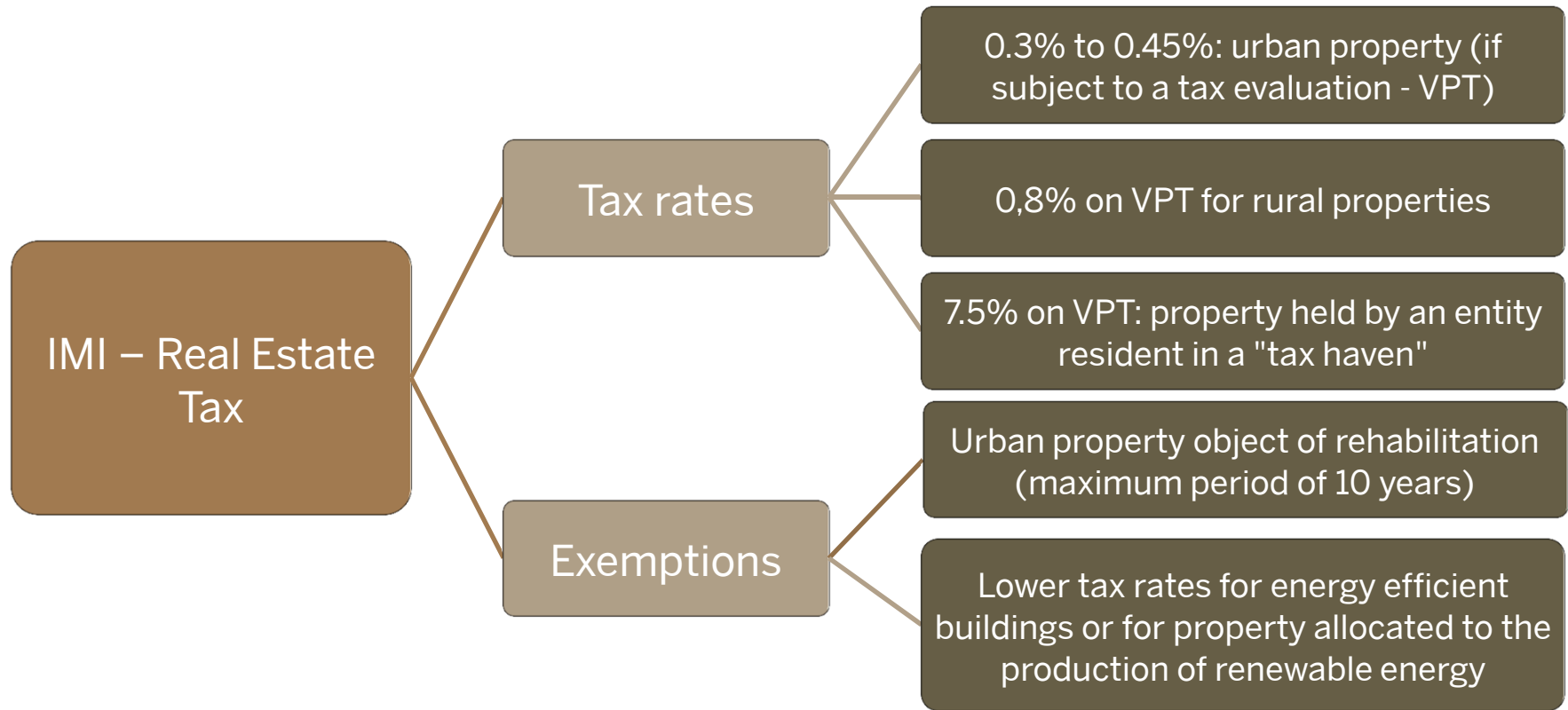
Real Estate Acquisition





REAL ESTATE

Real Estate Possession





REAL ESTATE

Real Estate Possession

AIMI – SUM OF THE TAX VALUE (VPT) OF THE IMMOVABLE PROPERTY OWNED BY EACH TAXPAYER

- | | | |
|--------------------|---|--|
| i) Individuals | → | 0.7% on urban buildings with a VPT higher than 600.000€* |
| | ↘ | 1 % on urban buildings with a VPT higher than 1.000.000€ |
| ii) Legal entities | → | 0,4% on VPT higher than 600,000€ and less than 1,000,000€ |
| | ↘ | 0,7% on VPT if the property is allocated to the use management bodies** and 1% on the portion exceeding 1,000,000€ |

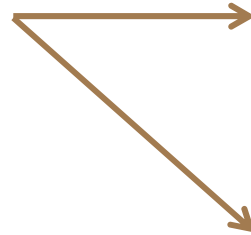


PATRIMOINE IMMOBILIÈRE

Real Estate Possession

AIMI – SUM OF THE TAX VALUE (VPT) OF THE IMMOVABLE PROPERTY OWNED BY EACH TAXPAYER

ii) Legal entities



0,4% on VPT higher than 600,000€ and less than 1,000,000€

0,7% on VPT if the property is allocated to the use management bodies* and 1% on the portion exceeding 1,000,000€



ESTATE AND GIFT TAXATION

Direct
descendant or
ascendant
spouse

0%

- In Portugal, there is no tax on transmissions on death: the heritage (assets) transferred following the death of its incumbent is not taxable

Other

10%

- Transmission *inter vivos* are subject to stamp duty at the rate of 10%, with the exception of those made in the benefit of the spouse, descendants or ascendants, who are exempt from this tax



CORPORATE INCOME TAX REFORM

Main Corporate income tax reform guidelines

Stable and predictable fiscal system

Competitive fiscal system

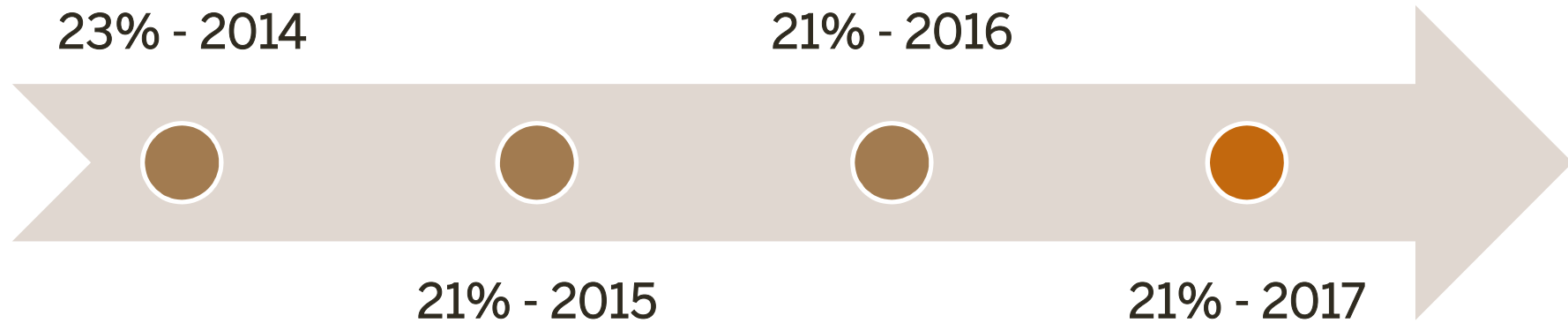
Greater confidence from national and international investors

- ✓ Review and simplification of corporate income tax and other corporate income tax regimes
- ✓ Revision and simplification of the reporting obligations in corporate taxation
- ✓ Restructuring of international fiscal policy



CORPORATE INCOME TAX

IRC – Tax rate





INTERNATIONAL BUSINESS CENTRE OF MADEIRA

Companies licensed in the free zone of Madeira until 31 December 2020



Companies have to create between 1 and 5 jobs in the first 6 months of activity and make a minimum investment of 75.000€ in the acquisition of fixed assets (tangible or intangible) in the first 2 years of activity

OR

Creation of 6 or more jobs in the first 6 months of activity

- Reduced tax rate on profits of 5% until December 31, 2027;
- 50% deduction from the IRC (corporate income tax) for companies that carry out industrial activities, subject to conditions;
- 80% exemption from stamp duty on documents, contracts and other acts performed that require public registration, if they are performed with entities not resident in Portugal or licensed in the IBCM;
- 80% exemption from IMI (Municipal Property Tax) and IMT (Real Estate Transfer Tax) due on the acquisition of immovable property intended for company's establishment, as well as other local taxes and duties;
- The companies and the shareholders licensed in the free zone of Madeira benefit from a withholding tax exemption in the payment of dividends to foreign shareholders.

Main investment areas: industrial free zone; International ship registration; International services



CORPORATE INCOME TAX

IRC – The new regime of «Participation-exemption»

- One of the most attractive regimes at European level
- Cumulative criteria:
 - ✓ Detention of 10% of the share capital or voting rights
 - ✓ A minimum 12 months uninterrupted holding period



EXEMPTION: DIVIDENDS + CAPITAL GAINS



CORPORATE INCOME TAX

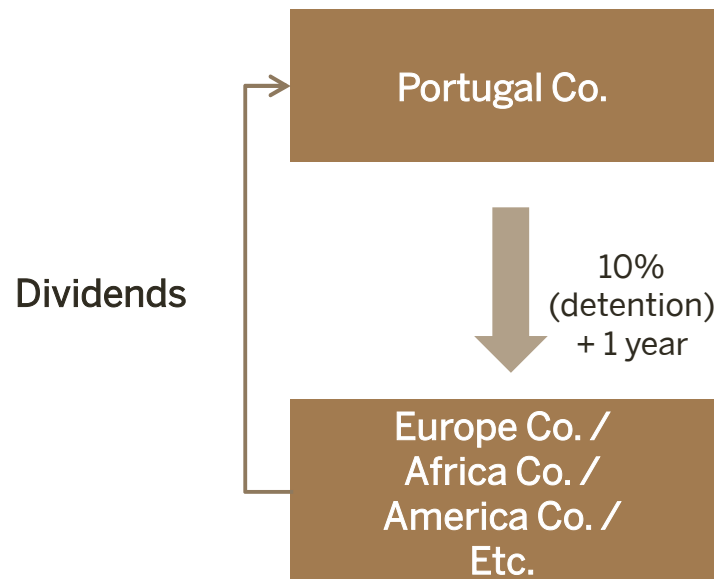
IRC – The new regime of «Participation-exemption»

- RESTRICTIONS:
 - Distributing companies or companies whose capital is transmitted:
 - ✓ Can not be composed of more than 50% of real estate;
 - ✓ Can not be taxed at less than 60% of the IRS rate;
 - ✓ Can not be based in a tax haven according to the Portuguese "black list"



CORPORATE INCOME TAX

IRC – The new regime of «Participation-exemption»



In Portugal:

- Exemption of the dividends received
- Exemption of the capital gains coming from the sale of shares



OTHER FISCAL INVESTMENT BENEFITS

Contractual fiscal benefits to productive investment

- **Object:** Investment projects carried until 31 December 2020;
- **Amount:** Equal to or greater than 3.000.000,00€;
- **Goals:** i)- job creation; ii)- Boost technological innovation and national scientific research;
- **Tax incentives:** i)- Tax credits between 10% and 25% of the relevant project applications; ii)- Exemption or reduction of IMI (Municipal Property Tax), IMT (Municipal Real Estate Transfer Tax) and IS (stamp duty);
- **Period of validity:** Up to 10 years.

DLRR (Deduction for Retained and Reinvested Profits)

- Deduction up to 10% of retained earnings that are reinvested;
- Period of 2 years (from the end of the tax period to which the retained earnings correspond relative to assets that must be held and accounted for a minimum period of 5 years);
- The maximum amount of retained earnings reinvested in each tax period is 5.000.000,00 €;
- PME (Small or medium-sized enterprise) with regularly organized accounting;
- Taxable profit is not determined by indirect methods.



NETWORK OF CONVENTIONS TO AVOID DOUBLE TAXATION

79 signed Conventions

12
Africa

12
America

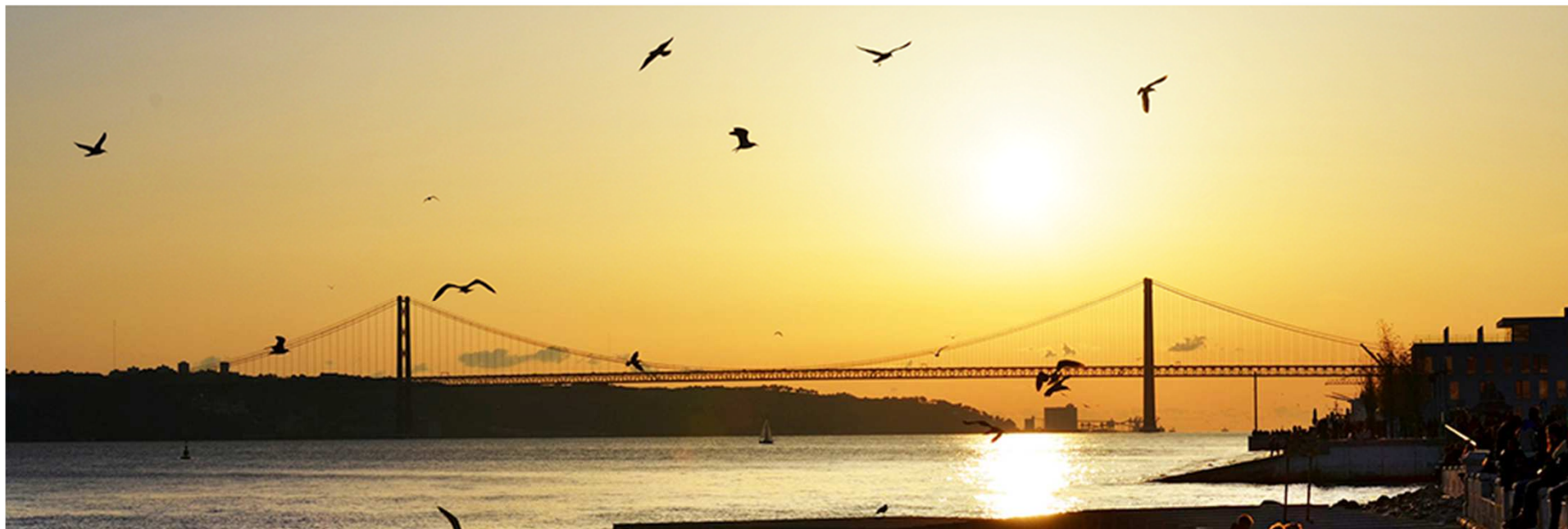
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Asia

36
Europe



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THANK YOU!



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