

LISBOA PORTO FUNCHAL SÃO PAULO LUANDA MAPUTO PRAIA MACAU DILI SÃO TOMÉ PEQUIM SHANGAI

RFF

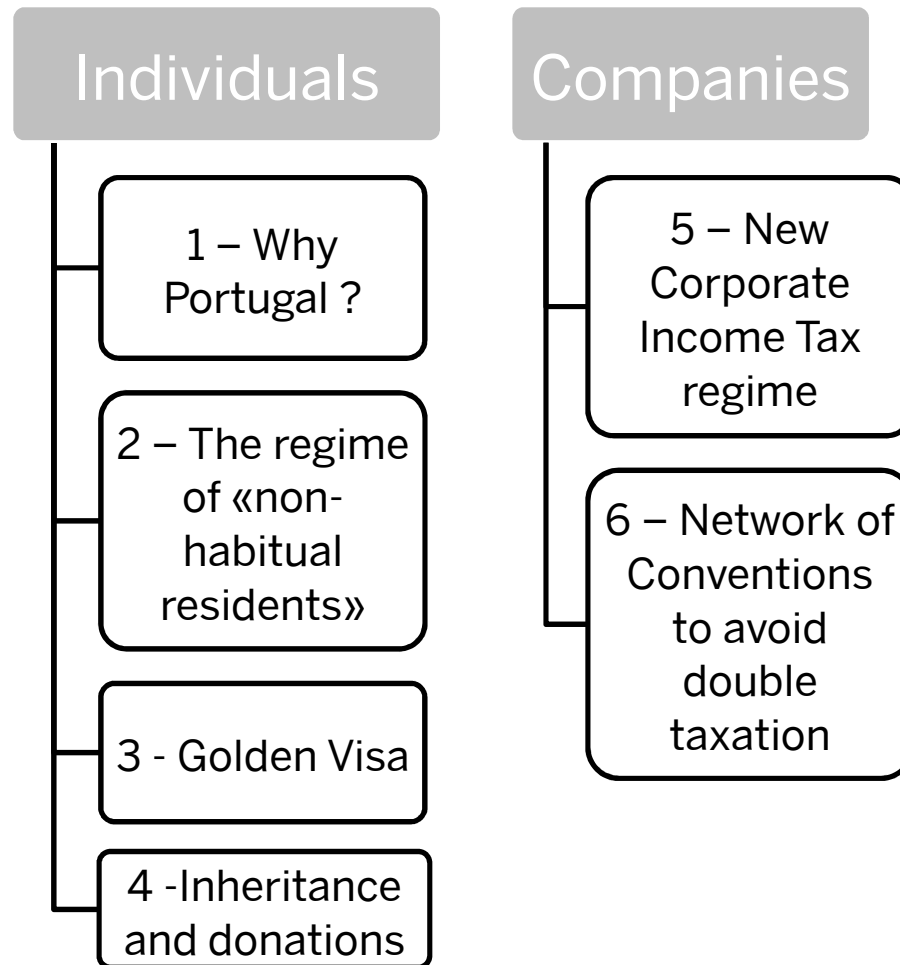
SOCIEDADE DE ADVOGADOS, RL  
ROGÉRIO FERNANDES FERREIRA  
& ASSOCIADOS

# The Portuguese «non habitual» Tax resident regime

Helsinki, April 2015, 18<sup>th</sup> and 19<sup>th</sup>



# RFF Summary:





## 1- Why Portugal ?

- The Landscape:
  - ✓ 300 days of sunshine per year
  - ✓ Beaches and seashores
  - ✓ Historic heritage



## 1- Why Portugal ?

- A Welcoming Environment:
  - ✓ Ranking 2<sup>nd</sup> among most welcoming countries (Mipex III)
  - ✓ Safe Country - ranking 17<sup>th</sup> according to the Global peace index
  - ✓ Good Accessibility – provide easy access by air, road or rail



## 1- Why Portugal ?

- Well-being and Quality of Life
  - ✓ Mediterranean gastronomy
  - ✓ Low cost of living - minimum salary: €515
  - ✓ Quality health care system – ranking 12<sup>th</sup> according to WHO



## 1- Why Portugal ?

- A Convenient Economy
  - ✓ Located in the Euro zone
  - ✓ Facility and security of trades
  - ✓ The favourable tax regimes

## RFF 2 – The Non-Habitual Tax Resident Regime

- What are the qualifying requirements ?
  - ✓ Be tax resident in Portugal :
    - ✓ + than 183 days, or
    - ✓ Have her/his habitual abode, and
  - ✓ Not have been taxed as a Portuguese resident in any of the previous five years
- Is it sufficient to meet the requirements?
  - ✓ The law requires a constitutive formal act for obtaining the status : Registration as «non-habitual tax resident» before the competent authorities.

# RFF 2 - The Non-Habitual Tax Resident Regime

✓ What is the procedure?

Steps	Locations	Deadlines	Documents	Responses
1.º: Obtaining the NIF 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	Instant
2.º: Application for registration as non-habitual tax resident	<i>Direcção de Serviços de Registo de Contribuintes</i>	Until the 31th of March of the following year	All documents certifying the change of residence (additional elements may be required)	Approximately 4 to 6 months



# RFF 2 - The Non-Habitual Tax Resident Regime

## ✓ The applicable tax regime

Source of income	Type of income	Regime applicable	Applicable Rate (2015)
Portugal	Employment income	Subject to IRS	20% («high added value» activities)*+3,5 %
	Entrepreneurial and professional income	Subject to IRS	20% («high added value» activities)*+3,5 %
	Capital income (interests, dividends)	Subject to IRS	28%*
	Movable capital gains	Subject to IRS	28%*
	Immovable capital gains	Subject to IRS	Up to a maximum effective rate of 56,5% (48% +3,5 %+ from 2,5% to 5%)
	Rental income	Subject to IRS	28%*
	Pensions	Subject to IRS	Up to a maximum effective rate of 56,5% (48% +3,5 %+ from 2,5% to 5%)

\* With the option for income aggregation

# RFF 2 - The Non-Habitual Tax Resident Regime

## ✓ The applicable tax regime

Source of income	Type of income	Tax regime
Abroad	Employment income	Exempted*
	Entrepreneurial and professional income («High added value» activities)	Exempted*
	Capital income (interests, dividends)	
	Immovable capital gains	
	Rental income	
	Pensions	Exempted (except public pensions) *

\*Please note that the exemption is not automatic and it depends on certain conditions that should be met in the particular case. Previous legal advice should be obtained.

## RFF 2 - The Non-Habitual Tax Resident Regime

### Ancillary Obligations

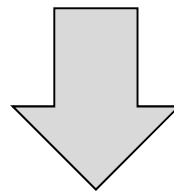
- Complete the IRS tax return (Annex L)

### Benefit extension

- 10 years(renewable?)

## RFF 3 – 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 obtention  
of the residence permit) + Remain in  
Portugal 7 days per year

# RFF 3 – Golden Visa

Investment activity performed directly by an individual or through a company for a minimum period of 5 years:

Capital transfer in an amount equal or above € 1 Million

Creation of 10 jobs

Purchase of real estate in an amount equal or above € 500.000



# RFF 3 – Golden Visa

## LEGISLATIVE AMENDMENTS PROPOSED - BROADENING

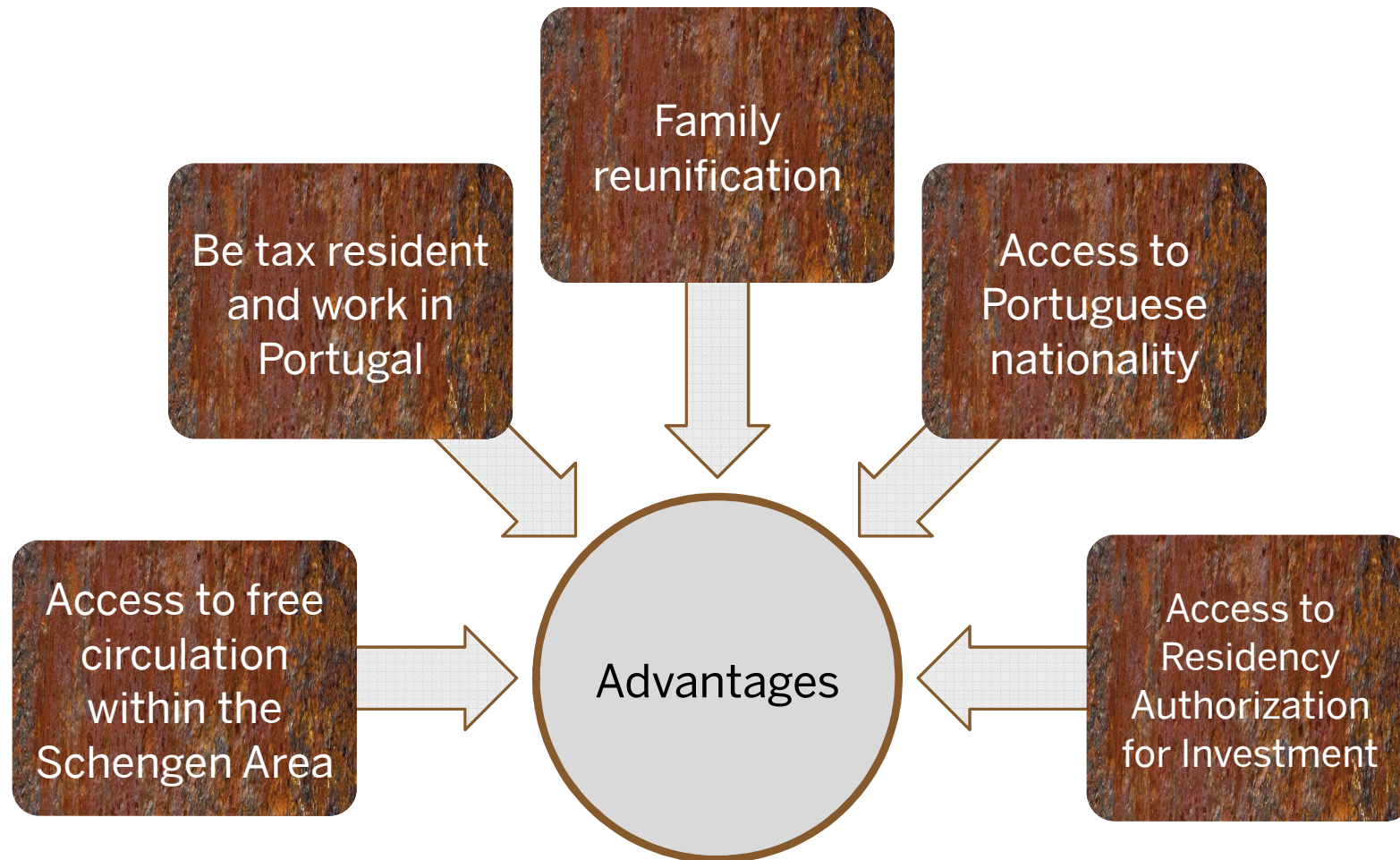
Investment activity performed directly by an individual or through a company for a minimum period of 5 years:

Investments regarding scientific investigation or supporting artistic production  
min. € 350.000

Investments in recovering or maintaining national cultural patrimony  
min. € 350.000

Investments in urban rehabilitation work  
min. € 500.000

# RFF 3 – Golden Visa





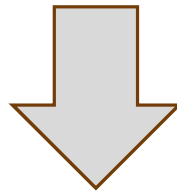
## 4- Inheritance and donations



# RFF 5– The Corporate Income Tax Reform

## IRC – The new regime of «Participation-exemption»

- One of the most attractive regime in Europe
- Cumulative criteria:
  - ✓ Detention of 5% of the share capital or voting rights
  - ✓ A minimum 24 months uninterrupted detention period



**Exemption : dividends + capital gains**

# RFF 5– The Corporate Income Tax Reform

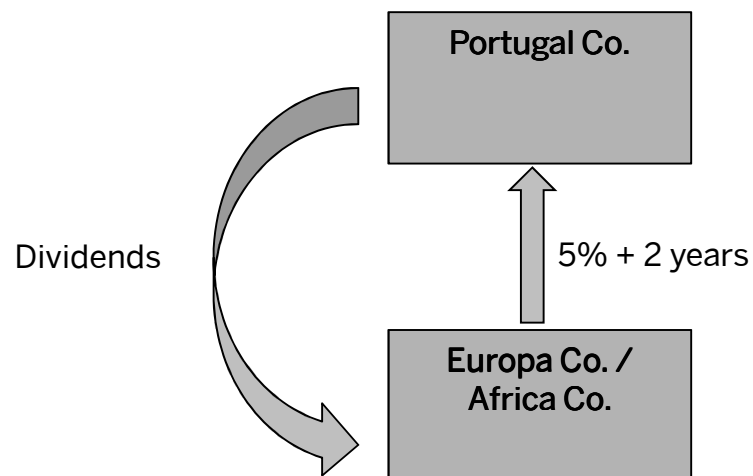
## IRC – The new regime of «Participation-exemption»

- Limitations:
  - The entities that distribute the dividends or which share capital is onerously transmitted:
    - ✓ Real estate owned by those entities should not represent more than 50 % of the respective assets
    - ✓ Should be subject at a legal rate not lower than 60% of the applicable IRC rate (i.e. 12,6 in 2015)
    - ✓ Should not have its residence or domicile in a Portuguese “black-listed” country, territory or region



# RFF 5– The Corporate Income Tax Reform

## IRC – The new regime of «Participation-exemption»



In Portugal:

- Exemption of distributed dividends
- Exemption of capital gains deriving from the onerous transmission of shareholding

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# RFF 5– The Corporate Income Tax Reform



## IRC - Rate

- 23% - 2014
- 21% - 2015
- 17% until 2019



## 6– The network of Conventions to avoid double taxation

71 Conventions concluded (7 not yet into force)

8 Africa

11  
America

18 Asia

34  
Europe





Thank you !

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