

How Deloitte can help you

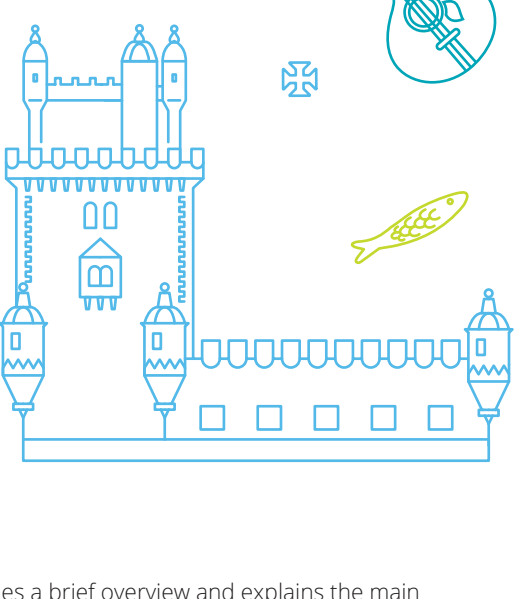
Deloitte can guide and assist you throughout the entire NHR process. It is crucial to ensure proper compliance with the applicable formalities in the year of relocation and in the subsequent years of residence in Portugal in order to fully benefit from the potential advantages of the NHR regime.

We offer a one stop shop for all PIT and NHR related requirements of your move to Portugal, which include (among others) the following tax services <sup>(1)</sup> <sup>(2)</sup>:

- Initial personalized briefing on the NHR regime and your move to Portugal;
- Arrival or registration formalities;
- Applying for the NHR status;
- Analysis and preparation of a High Value Added Activity;
- Filing of personal income tax returns;
- Ongoing tax and social security advice.

<sup>1</sup> Minimum fees charged per service and per person; a fee quote will be presented upfront considering your specific situation.

<sup>2</sup> VAT will be levied at the normal rate (if applicable).



This summary provides a brief overview and explains the main guidelines and potential implications of the non-habitual resident ("NHR") regime for new inbounds transferring their residence to Portugal and for Portuguese nationals returning to Portugal after an extended period of living abroad.

Overview of the regime

Individuals covered by the NHR regime can benefit from special personal income tax ("PIT") regime for a ten year period.

Portuguese source income

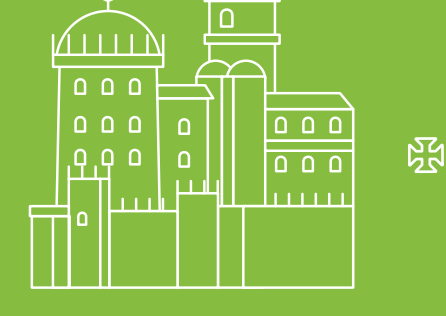
Employment and self-employment income can be liable to a special 20% flat rate if derived from high value added activities of scientific, artistic or technical character performed in Portugal, as listed in a Ministerial Order.

Other types of domestic income received by NHRs are liable to PIT according to the rules applicable to ordinary tax residents.

Examples of high value added activities:

- Directors and executives of production, industry, services and business companies;
- Doctors;
- University teachers;
- Engineering, IT, communication, scientific and related subjects specialists and technicians ;
- Journalists and artists.

Each activity and function should be subject to a detailed analysis in order to confirm it is eligible for the 20% tax rate.



Foreign source income

Employment income

Employment income can be exempt from PIT provided that:

- It is taxed in the source State according to the applicable Tax Treaty; or
- If no Treaty is applicable, the income is effectively taxed in the source State and it is not deemed as derived in Portugal.

Other income

Foreign source dividends, interest, capital gains and rental income, together with self-employment and professional income (in this case, only if derived from high value added activities), can be exempt from PIT if:

- The income can be liable to tax in the country of source, according to the applicable Tax Treaty or to the OECD Model Tax Convention; and
- It is not deemed derived in Portugal; and
- It is not deemed obtained in a tax haven.



Qualifying for the status

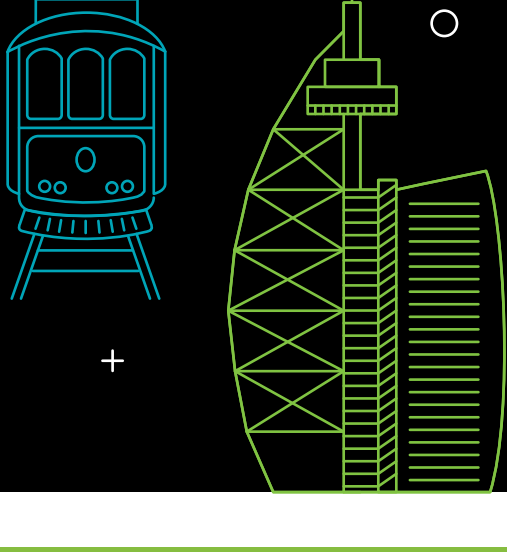
To qualify as a NHR, an individual must meet the following requirements:

- Become tax resident under Portuguese domestic legislation; and
- Not having been taxed as a Portuguese resident in the five years prior to taking up residence in Portugal.

An individual is tax resident in Portugal for any year in which:

- He/she stays in Portugal for more than 183 days (continuously or not) during a 12 month period, which begins or ends in that tax year; or
- He/she has a residential accommodation available in Portugal in any day of that 12 month period, which is used as the individual's habitual abode.

Any day (or part of a day) spent in Portugal will count as one day if the individual stays overnight in Portugal. Residency is established as of the first day of permanence in the country.



The end of the NHR regime and the transitory regime

The 2024 Portuguese State Budget Law determined the end of the NHR Regime as of January 1<sup>st</sup>, 2024.

However, a transitory regime was approved allowing the regime to continue available for individuals already registered and NHR, those initiating tax residency in 2023 (who should be able to register up to March 31<sup>st</sup>, 2024, under the NHR regime, if remainder conditions apply) and for some cases also in 2024 (where registration should occur up to March 31<sup>st</sup>, 2025)

Specifically as regards individuals who initiate Portuguese tax residence in 2024, they may access the NHR regime (standard conditions apply) if the individual is able to demonstrate that a plan of relocation to Portugal was made in advance (i.e., in 2023), within one of several conditions set for this purpose, including:

- Promise for or effective employment contract/assignment letter, signed until December 31<sup>st</sup>, 2023, for work to be executed in Portugal;
- Lease agreement or other contract granting the right to use/possession of property in Portuguese territory, signed until October 10<sup>th</sup>, 2023;
- Reservation or promissory contract for the acquisition of ownership or parts thereof (e.g. usufruct) over real estate located in Portuguese territory, signed until October 10<sup>th</sup>, 2023;
- Enrolment or registration of dependents in an educational establishment/school domiciled in Portuguese territory, completed until October 10<sup>th</sup>, 2023;
- Residence visa or residence permit valid until December 31<sup>st</sup>, 2023;
- Procedure, initiated until December 31<sup>st</sup>, 2023, for granting a residence visa/permit, with the competent authorities, in accordance with the current legislation applicable to immigration, namely by having requested an appointment or booked an appointment to apply for a residence visa/permit, or simply by having applied for a residence visa/permit;
- A spouse or dependent of an individual considered in one of the categories above who is eligible for joint taxation.

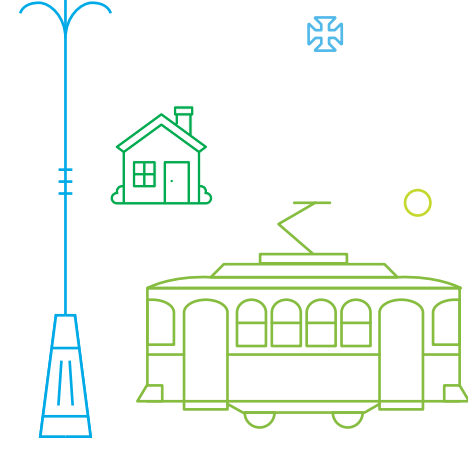
Registration as NHR

Recognition of this status is not automatic and requires activation by attending to the following formalities:

- Application for a Portuguese taxpayer number;
- Registration as tax resident;
- Request the access codes to the Tax Authorities' website
- Application for the NHR status.

Nevertheless, in case the Portuguese Tax Authorities have doubts about the individual's effective tax position, additional documents can be requested, e.g. tax residency certificate(s) and other documents to prove that the personal and economic interests of the individual were located in other State in the five years preceding the arrival in Portugal.

The NHR status must be requested until March 31<sup>st</sup> of the year after taking up tax residency in Portugal, including where the transitory regime applies.



Other considerations

Wealth taxes

Portugal does not have wealth taxes. Only local taxes on Portuguese real estate apply (as described below).

Acquisition of property

Portugal levies a municipal tax on the acquisition of Portuguese properties at rates up to 7.5%. Stamp tax duty at 0.8% is also due on the same amount.

Annual Property tax

Portugal levies an annual municipal tax based on the registered value of Portuguese real estate at rates between 0.3% and 0.45% (depending on the municipality and the type of real estate). Additional Property Tax will also be levied at a rate between 0.7% and 1.5% on properties with registered tax value equal or higher than €600,000. Note: rates may be higher depending on several factors (type of property, type of owner, etc).

Inheritance tax

Stamp Duty is levied at a 10% rate on Portuguese assets only except for spouses, descendants and ascendants, who are exempt.


Gift tax

Stamp Duty is levied on gifts located in Portugal at a 10% rate except for spouses, descendants and ascendants, who are exempt. An additional rate of 0.8% is due on gifts of real estate.




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