

Non-habitual residents Portuguese special tax regime for inbounds



This summary provides a brief overview and explains the main guidelines and potential implications of the non-habitual resident (“NHR”) regime for foreigners and Portuguese individuals settling in Portugal after an extended period of living abroad. It deals mainly with individuals receiving pension income. A separate brochure is available for employed and self-employed individuals.

Overview of the regime

NHR individuals can benefit from the special personal income tax (“PIT”) regime for a ten year period.

Foreign-source occupational pensions may be fully exempt from PIT if:

- Its recipient qualifies for the special NHR tax regime;
- The pensions are:
 - Subject to tax in the source country (in accordance with the applicable Tax Treaty) or
 - Deemed not to be derived in Portugal in accordance with the Portuguese sourcing rules, i.e., not paid by a Portuguese tax resident entity nor attributable to a Portuguese permanent establishment of a non-resident.

Portugal offers a special regime for new residents with attractive tax opportunities for foreign pensioners

If these requirements are met, the pension will not be taxed in Portugal. In addition, the Tax Treaty between the source country and Portugal may preclude that country from taxing the pension, resulting in potential double non-taxation.

Note: taxing rights in relation to pensions of retired civil servants and other government employees generally are allocated by tax treaties to the paying country, regardless of the residence status of the recipient.

Qualifying for the NHR status

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

- Be tax resident under Portuguese domestic legislation; and
- Not have 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 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 has a residential accommodation available in Portugal in any day of that 12 month period, used as the individual's habitual abode.

Any day (or part of) 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.

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;
- 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 another State in the five years preceding the arrival in Portugal.

The NHR status has to be requested until March 31 of the year after taking up residency in Portugal.

Other types of income

This regime allows other types of income to be tax exempt in Portugal if:

- It may be taxed in the country of source in accordance with the applicable Tax Treaty; and
- The income is not sourced from a tax haven

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 6%. 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 0.5% (depending on the municipality and the type of real estate). Stamp Duty will also be levied at a 1% rate on properties with a registered tax value equal or higher than € 1,000,000.

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.



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 ⁽¹⁾ ⁽²⁾:

- Initial personalized briefing on the NHR regime and your move to Portugal (€ 500);
- Arrival and registration formalities (€ 800);
- Applying for the NHR status (€ 1,000);
- Filing of personal income tax returns (€ 1,900);
- Ongoing tax and social security advice (hourly rate of € 200).

(1) Minimum fees charged per service and per person; a fee quote will be presented upfront considering your specific situation.

(2) VAT will be levied at the normal rate (if applicable).

Find out more...

The information provided in this brochure is an introduction to possible tax consequences of a move to Portugal. It is intended only to be summary and simplifications have therefore been made. Individual advice must be obtained before acting on any of the matters covered herein. There may be tax implications in other countries as well. Tax Treaties concluded by Portugal may also be relevant to some of the above taxes.



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