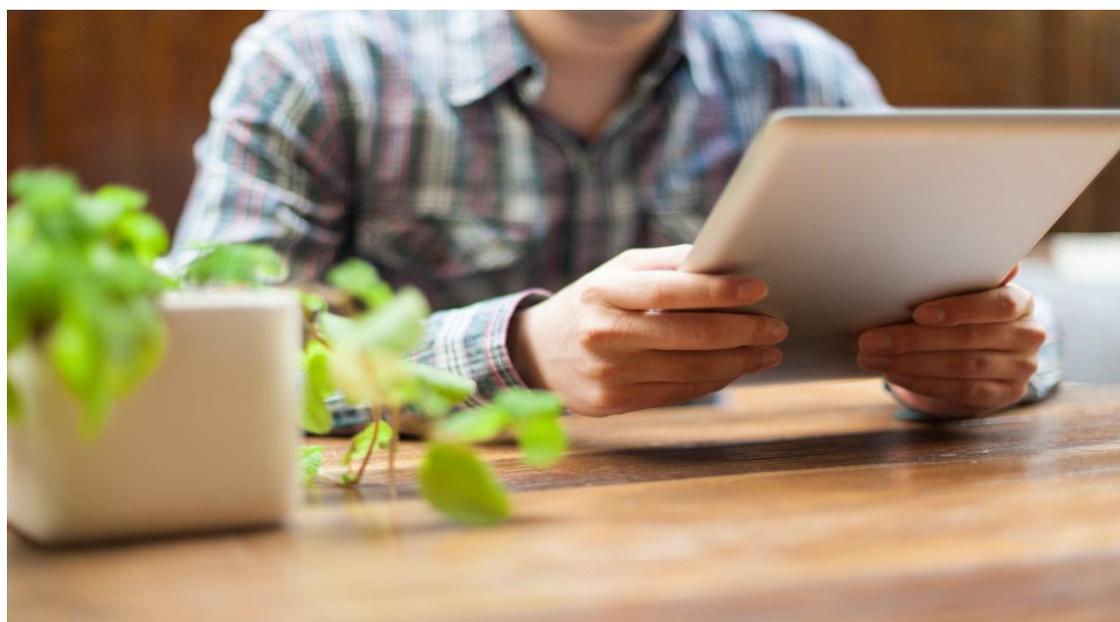


Non-habitual residents Portuguese special tax regime for inbounds



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

A separate brochure is available for pensioners.

Overview of the regime

NHR individuals can benefit from the 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.

Examples of high value added activities:

Architects, doctors, university teachers, designers, IT technicians, engineers, researchers, liberal professions, investors and managers under certain conditions.

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

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

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, 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.

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 must be requested until March 31 of the year after taking up tax residency in Portugal.



The NHR regime was designed to promote the transfer of residence to Portugal of entrepreneurs, investors and specialized professionals.

Qualifying for the 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.

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 between 0 and 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 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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