



## PRACTICAL GUIDE TO LONG TERM RENTAL OBLIGATIONS IN PORTUGAL

*Are you thinking of investing in a residential property for the purpose of long term rental. This eight step guide will give you a simple explanation of the processes involved to assist you with all legal, statutory and additional requirements in order to be compliant with the law and tax authorities.*

### 1 TAX REPRESENTATIVE

Firstly, if you are **not** ordinarily resident in Portugal you will need to appoint a local tax representative with the powers to represent your tax affairs with the local tax authorities. (Autoridade Tributaria, [www.portaldasfinancas.gov.za](http://www.portaldasfinancas.gov.za))

Your tax representative will then be required to obtain your tax number with the Portuguese tax authorities , this is called your NIF number. (Numero de Identificacao Fiscal)

If you are ordinarily resident in Portugal or the European Union then you will not be required to appoint a local tax representative, however due to local tax knowledge and language barriers it is still advisable to appoint a local tax practitioner.

### 2 ENERGY CERTIFICATE

Once you have purchased your home and decide that you would now like to place it on the market for rental you will need to obtain an energy certificate, the issuance of the energy certificate energy is compulsory and has to be presented to the tenant at the time of signing the lease.

### 3 LEASE AGREEMENT

In order to rent your property you will be required to enter into a written lease with the tenant. The lease needs to at a minimum:

- Identify the parties to the lease, you are allowed to sign a power of attorney (“procuracao”)giving someone local permission to sign the lease on your behalf;
- Identify the property to be leased;
- Identify the purpose of the lease, either residential, business, commercial, accommodation etc.
- The lease should also stipulate who is responsible for the garden maintenance and general building maintenance.
- Stipulate the lease term;
- Stipulate the rental amount;
- Stipulate the frequency of payments;
- Identify the bank account that the lease payments must be made into.
- Stipulate the lease deposit amount. (It is a common perception amongst tenants that the deposit is to be taken off the last months rental, so we would advise that the purpose of the deposit be stipulated in the lease , which is to compensate the landlord for any damages to the property caused by the tenant during the term of the lease)
- Should the lease require a surety, then you would need the surety to be identified and he/she would also be required to sign the lease agreement.
- Should no surety be required then the lease must be signed in duplicate and initialed on each page, should a suretyship be required then the lease must be signed in triplicate.

### 4 INSPECTION

When signing the rental agreement, ensure that you (or your agent) inspect the property together with the tenant and have a detailed list of inventory included in the rental agreement. The tenant must identify any latent defects in the home at this inspection and these must be noted on the lease agreement. Examples of latent defects are, damp, broken windows, damaged gate motors, missing keys etc.



## 5 REGISTRATION OF THE LEASE AGREEMENT

The lease agreement will need to be registered with the tax authorities by the landlord on [www.portaldasfinancas.gov.za](http://www.portaldasfinancas.gov.za) and any subsequent changes to the lease agreement.

You will need to provide the tax authorities with:

- Identify the property to be leased under the lease agreement:
- Full names and NIF numbers (tax numbers) of the parties
- Registered Address of the parties
- The purpose of the contract (housing, non-housing, permanent, not permanent)
- The term/duration of the contract
- The amount and frequency of the rental payments

Should any of the above terms change during the term of the lease then you will need to submit a contract modification as well if there is an early termination of the lease agreement.

## 6 STAMP DUTY

Once the lease agreement has been registered the tax authorities shall calculate the applicable stamp duty to pay and generate a payment requisition. This requisition will indicate the amount that the landlord has to pay the tax authorities by the end of the month following the start of the lease.

## 7 ISSUING OF RECEIPTS

The registration of the lease agreement on the tax portal will thereafter allow the landlord to issue electronic rental receipts, which is compulsory for all landlords under 65 years of age.

Electronic income receipts issued on the tax portal will remain available for perusal to the landlord and tenants for a four-year period.

In order to issue the electronic rental receipts the landlord will need to enter the tax portal website [www.portaldasfinancas.gov.za](http://www.portaldasfinancas.gov.za) and follow the prompts for the issuing of rental receipts. Should the landlord have more than one rental property then careful attention needs to be had to select the correct property that he/she wishes to issue the receipt for.

## 8 RATES AND TAXES (IMI)

In Portugal the rates and taxes are payable twice a year based on the previous year municipal valuation. These payments need to be made as follows:

- If your property value is less than 100,000 Euros- May
- If your property value is between 100,000 and 499,000 Euros- May and November.
- If your property value is more than 500,000 Euros- May, August and November

The rates assessment will be issued by post as well on the tax portal.

## 9 INCOME TAX

The fiscal year in Portugal runs from January to December. The tax returns need to be submitted by the end of June of the following year.

The profit from the rental of a property needs to be declared, in Annex F of the IRS. Non-resident tax payers are allowed limited deductions for example, estate levies, rates and taxes, general maintenance and agent's commission. The tax payable by the non-resident will be equal to 28% of the profit after allowable expenses.

Should the property owner be a resident then he has other options available to him/her which can be discussed with your tax representative.

*\*This document is intended to be a general introduction to property rental in Portugal. Dependent on the nature of the property, its use and geographic location other specific laws may be applicable. We therefore recommend consulting with a professional advisor prior to renting your property to ensure you are aware of all the financial and legal consequences.*

DUNCAN P MACGREGOR ROC, CC, Chartered Accountant  
TAX : ACCOUNTING : ADVISORY

Galerias Navegador - loja 75, Av 25 de Abril, nº 1011-C, 2750-515 Cascais, Portugal

T: (+351) 214 821 232 or (+351) 214 823 046 E: [duncanmacg@accounting4portugal.com](mailto:duncanmacg@accounting4portugal.com) [www.accounting4portugal.com](http://www.accounting4portugal.com)

