

A) NON-REGULAR TAX REGIME (NHR)

NHR is a Personal Income Tax System implemented with the purpose of attracting to Portugal non-resident professionals, qualified for activities with high added value intellectual or industry propriety or know how, as well as beneficiaries of pension schemes granted abroad.

This tax status is only applicable if you are classified as **resident in **Portugal** for **tax purposes** and not merely resident.*

**The general rule is that you own a home or rent a home in Portugal and spend 183 days of which 60 days are consecutive.*

1. Who may apply for non-regular resident status?

A deemed resident of Portugal for tax purposes who has not in the **previous five years** been deemed to be resident in Portugal **for tax purposes**.

2. When do you have to request registration as a non-regular resident for tax purposes?

Only once you have **registered as an ordinary resident** in Portugal and obtained your tax number;

Application must be **made by the 31st March**, of the year following the year in which he became a resident in the Portuguese territory.

3. What rights are granted to the non-regular resident?

The right to be taxed according to the **non-resident tax status during a period of consecutive 10 years** as long as he continues to be a deemed resident in each of the 10 years.



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4. What are the benefits of the non-regular resident tax status?

Pension Income-	Exempt*
Foreign Employment Income-	Exempt*
Interest Income-	Exempt*
Rental Income-	Exempt*
Capital Gains-	Exempt*

**As long as this income has been taxed in the foreign jurisdiction.*

Note that sources of income from any of the 81 blacklisted territories will not qualify under the NHR tax code. In addition, **any jurisdiction with tax rates less than 60% of the equivalent Portuguese tax rate will be deemed as blacklisted.**

5. What is the High Value Activities and what are the benefits of being classified as such?

Certain professions, may also be entitled to claim the benefits of the High Value Activities under the NHR. These activities are reviewed every year with some being added and some deleted.

Under the NHR scheme, any income generated in Portugal by these approved activities will be taxed at a **flat rate of 20% for ten years** instead of at the normal progressive rates of up to 48%.



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B) PROPERTY RELATED TAXATION LAWS

1) Income Tax – (I.R.S) for Non-Residents

Fixed amount of **28% on the net income of the property**, certain **deductions are allowed** against your rental income, these are amongst others:

- Body Corporate Levies ,Rates and Taxes (I.M.I) ,Commissions ,Repairs and maintenance,Insurance.
 - Unlike in South Africa you are NOT allowed to deduct interest.

2) Rates and Taxes

- Payable (IMI) at **a rate between 0.3% and 0.35%** on the municipal value (generally between half and a third of real market value)
- Depending on the value of the properties this is paid annually, bi-annually or three times a year in arrears.
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3) Non-Residents

Required to appoint a Portuguese Resident tax representative, preferably someone with knowledge of the Portuguese tax system.

4) The Portuguese fiscal year

- January to December with the deadline to submit income tax returns being the end of June.
- No provisional tax system.

5) Capital Gains.

Capital Gains tax is 28% of the capital gain.

6) Transfer Duty

Sliding scale from 0% to 8%



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