

# PORTUGAL

## Residence Programs:

Golden Visa / Residence Permit

Special Tax Regime For Non-Habitual Residents



Le mie sincere scuse per non parlare italiano e per il testo della presentazione che è purtroppo in inglese!

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## Residence Programs:

### **Golden Visa / Residence Permit**

### Special Tax Regime For Non-Habitual Residents

- The **Golden Visa** is an opportunity for **Non - EU / EEA / Swiss nationals to obtain Portuguese residence**, by undertaking **qualified investment activities**
- The **Golden Visa**, created by a 2012 law, has a one-year validity from its issuance date, after which is renewable for successive two-year periods, and like other Portuguese residence permits enables **free travel within the Schengen Area**
- This temporary residence permit is granted to foreign investors who directly or through a single shareholder limited liability company undertake an investment in Portugal that meets the requirements of the following slides

Note: The single shareholder limited company is either registered in Portugal (head-office) or in another EU country with a branch in Portugal

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#### **Minimum real-estate investment of:**

- 350.000 Euros - acquisition and renovation of real-estate built more than 30 years ago or located in qualified urban rehabilitation areas
- 500.000 Euros in the acquisition of real-estate

#### **Minimum capital transfer to Portugal of:**

- 500.000 Euros - participations in investment or venture capital funds specialized in capitalizing small and medium-sized companies
- 1 million Euros for investment in any other financial assets, namely through the incorporation (share capital) of a Portuguese company, e.g. an **IBCM company**

The investment creates **at least 10 jobs in Portugal**

**Minimum** of 350.000 Euros invested in **scientific research** developed by qualified entities

**Minimum** of 250.000 Euros in investment or support of **artistic production, or qualified recovery or maintenance of national cultural heritage**, through accredited institutions

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- The **investment** must be maintained for a minimum period of **five years**
- The **permit renewal** demands that its holder should stay, consecutive days or not, at least 7 days in Portugal during the first year and at least 14 days during each of the two-year renewal periods
- The holders of the permit are **allowed to work in Portugal, with the option of maintaining residence abroad**. The right to **family reunification** provides that immediate family members are also eligible for a residence permit
- **After 5 years** permit holders may require **permanent residency**, for which they will be tested for basic knowledge of the Portuguese language; and after 6 years Portuguese citizenship and consequently **Portuguese passport**, may be applied for

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**Special Tax Regime For Non-Habitual Residents**

- In 2009 Portugal introduced a **privileged** (voluntary) **Personal Income Tax regime for non-habitual residents**, intended to attract:
  - **Skilled professionals in high added value activities, of scientific, artistic or technical nature**
  - **Entrepreneurs and investors** (know-how, intellectual and industrial property)
  - **Retired individuals, beneficiaries of pension schemes granted abroad**
- These will be **tax exempt regarding most foreign income**, while benefiting from a **reduced taxation on some Portuguese income**, provided some conditions are met

Taxpayer	Taxable Income for PIT purposes
Portuguese Residents	Taxed on worldwide income
<b>Non-Habitual Residents</b>	Tax exempt regarding most foreign income  Taxed at a reduced flat rate of 20% (plus a surcharge of 3,5%) on Portuguese income from employment and self-employment / business income, derived from <b>high added value activities</b> , of scientific, artistic or technical nature, as well as from <b>intellectual or industrial property</b> , or resulting from the provision of industrial, commercial or scientific information.
Non-Residents	Taxed on income obtained in Portugal

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For Qualifying for the Non-Habitual Residency Status, Applicants must meet all of the following conditions:

- Are **entitled to Portuguese residency**:  
European Union / Switzerland / European Economic Area countries citizens may freely register as Portuguese Residents;  
**Golden Visa holders** (may **choose** to remain as Non-Residents for tax purposes. When applying for Portuguese Residence, they may benefit from the Non-Habitual Resident regime);  
In **all other cases where a residence permit was granted**.
- Have **not been taxed as Portuguese residents in the 5 years prior to acquiring Portuguese residence**
- **Apply for Portuguese tax residency**, which requires that the applicants, during any 12-month period, beginning or ending in the fiscal year of the application (**conditions for Portuguese tax residency**):  
Stay in Portugal for more than 183 days (consecutive or not); or  
In any day of the 12-month period, have a residential accommodation in Portugal

Residency is established as of the first day of permanence in the Portugal, and **applications for registration as non-habitual residents should be submitted at the moment of the registration as Portuguese resident, or until the end of March of the following year**

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## Duration of the Non-Habitual (Special) Tax Regime:

- **The non-habitual resident status, for tax purposes, applies for a consecutive 10-year period,** provided that the conditions for maintaining Portuguese tax residency are fulfilled during each year of that period
- If the beneficiary decides to interrupt his / hers special status for one or more years, he / she may still claim his / hers status back, provided that he / she is deemed a tax resident for that remaining period

Income	Personal Income Tax Rate (PIT) Applicable to Income According to its Source			
	Portuguese	Conditions	Foreign	Conditions
Employment	20% (+3,5%)	Reduced flat rate applies to high added value activities of scientific, artistic or technical nature.	Exempt	Taxed at source country
Self-Employment and Business Income	20% (+3,5%)		Exempt (Except from black listed jurisdictions)	From rendering of high added value services of a scientific, artistic or technical nature;  <u>And</u> <b>May be taxed at source country</b>
Royalties	20% (+3,5%)			Reduced flat rate applies to income received by the author or original owner, resulting from intellectual or industrial property, or from the provision of industrial, commercial or scientific information.
Dividends	28%	May be taxed at source country		Exempt
Interest				
Capital Gains (sale of shares)				
Other Capital Gains			Just 50% of net capital gains are subject to tax. <b>Normal progressive PIT (marginal) rates</b> of up to 48% + surcharges apply; may be tax exempt under some conditions.	
Real Estate Income	28% (WHT at a 25% rate)			
Pensions	Taxed according to the <b>normal progressive PIT (marginal) rates</b> of up to 48% + surcharges		Exempt	<b>If not considered as of Portuguese source</b> ; or Taxed at source country.



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- **High added value activities**, examples: architects, engineers, medical doctors, university professors, designers, IT specialists, plastic artists, musicians, actors, investors, corporate managers and directors, and others
- **Investors** will only have a privileged treatment of their **Portuguese source income**, regarding their earnings as directors / upper management
- All Portuguese source income that does not fall under the conditions for the application of the reduced flat rate, as well as not exempt foreign source income, will be taxed in Portugal according to the normal applicable progressive PIT (marginal) rates of up to 48% + surcharges
- **Foreign income from black listed jurisdictions, regarding employment and pensions will be exempt** in the conditions listed in the table
- **Other foreign income**, from **black listed** countries or territories, **may still be exempt if they have a ratified double tax treaty with Portugal**, as are the cases of Panama, Uruguay, United Arab Emirates, Hong Kong, Qatar or Kuwait
- The previous page`s table considers the exemption method for the elimination of international juridical double taxation, but a tax credit method may be used as an alternative if so chosen



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*Grazie mille!*

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