

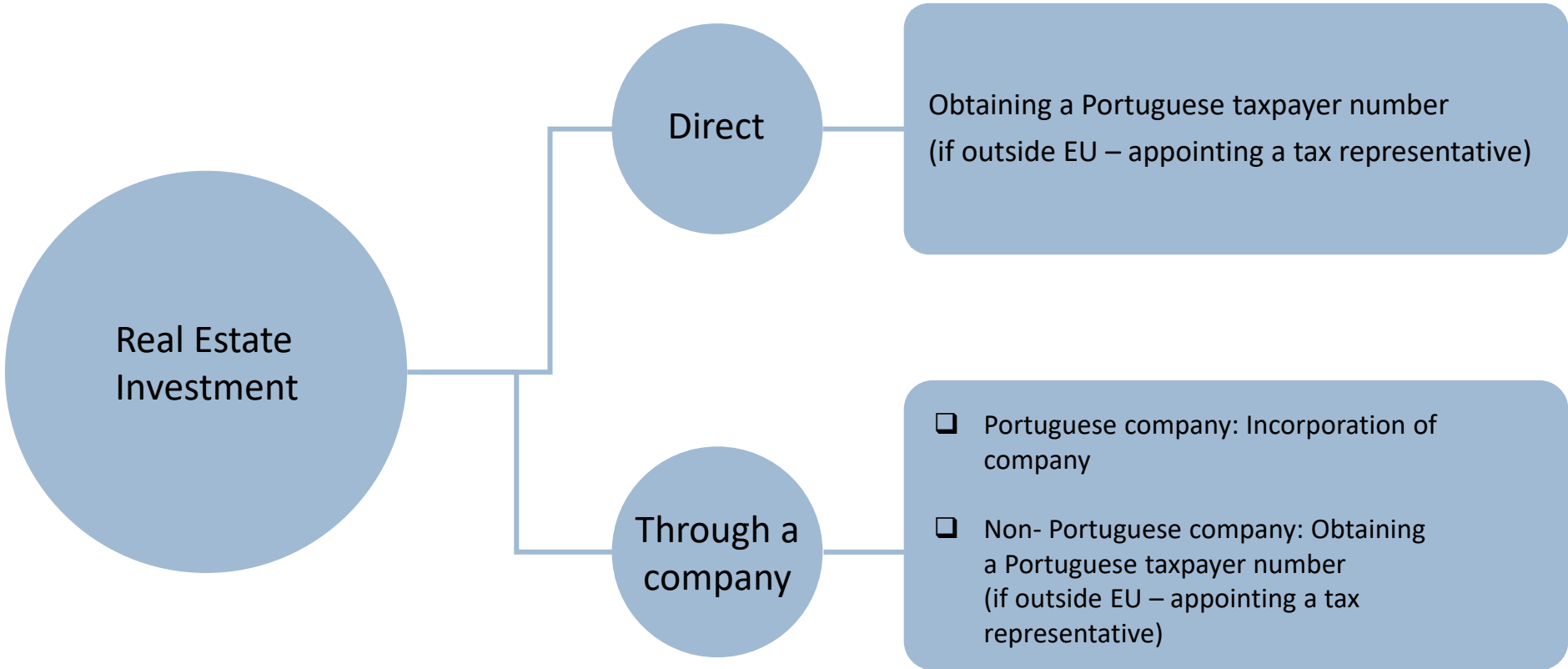


- Investing and/or
- Living in Portugal

Future in progress

# Investing in Portuguese Real Estate







## Aquisition of real estate

Simple and safe procedure

**All properties are:**

- 01 Registered at the land registry;
- 02 Inscribed at the tax authorities;
- 03 If built after 1951, subject to a construction and a use permit;
- 04 Subject to energy certification.





## Steps towards an acquisition

01

Obtaining a Portuguese tax number;

02

Opening of a Portuguese bank account;

03

Signing of a reservation agreement. It is usual to pay a reservation fee of circa €10,000 (often refundable);

04

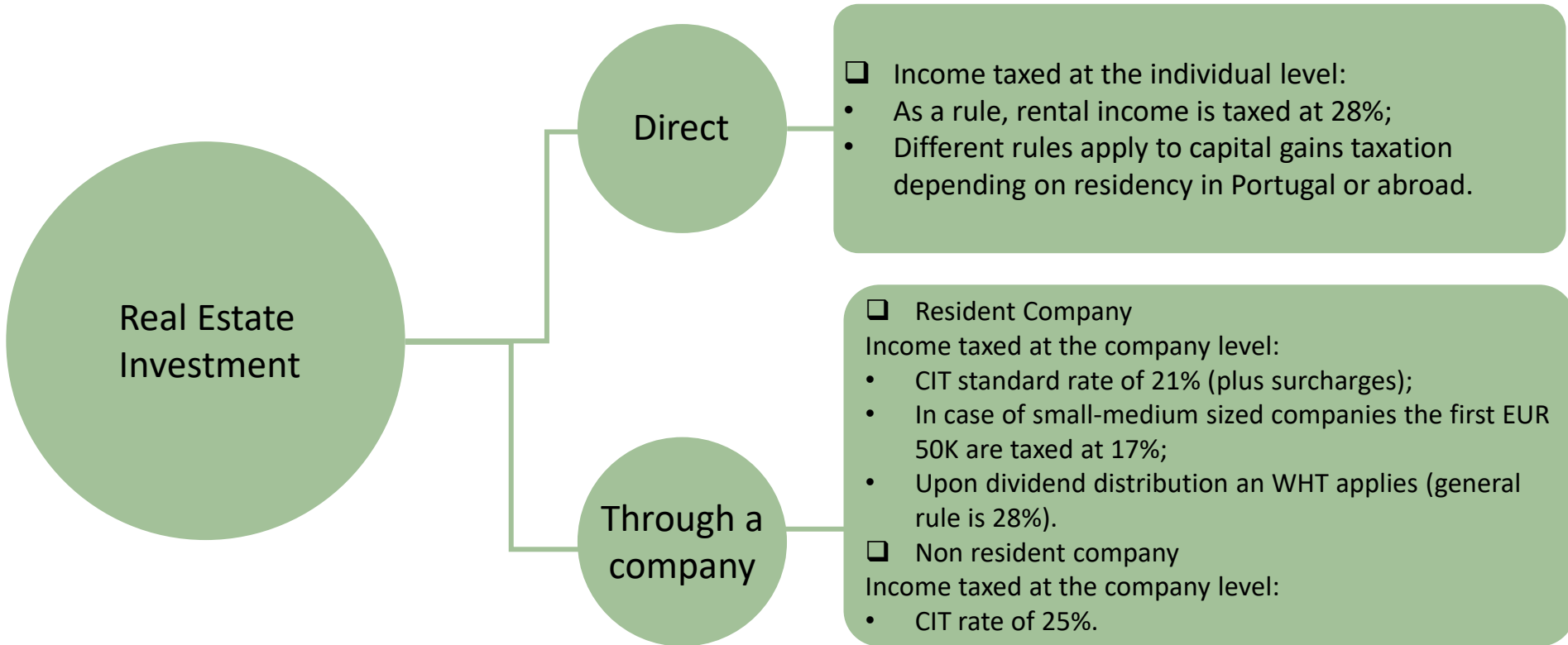
Signing of a promissory purchase and sale agreement with the payment of a down payment;

05

Execution of a public deed of purchase and sale;

06

Registration of the acquisition at the land registry and tax authorities.





## Golden visa

### Investors must comply with the following requirements:

- The funds for the execution of the investment must be transferred from abroad;
- The Investor must enter in Portugal with a valid Schengen visa;
- There can be no references in the Portuguese Immigration Services nor in the Schengen System;
- The Investor cannot have been convicted of a relevant crime punishable with more than 1 year of imprisonment;
- Minimum permanence in Portugal: 7 days during the first year and 14 days during subsequent periods of 2 years.
- Only relevant to non EU citizens.



### Acquisition of real estate

Purchase of real estate with a purchase price equal to or above EUR 500,000.00 OR Purchase of real estate built at least 30 years ago or located in urban regeneration areas, and execution of refurbishing works, all together in the minimum amount of EUR 350,000.00

**If the property is for residential purposes, the investment is eligible only if the property is located in the interior of the country or in the islands of Azores and Madeira.**

**If the property is not for residential purposes, the investment can be made anywhere.**

In any case, if made in a low populated area, the minimum investment requirement can be reduced in 20%, *ie*, to EUR 400,000.00 or EUR 280,000.00.

### Investments funds and venture capital

Capital transfer of the amount of **EUR 500,000.00**, or higher, for the acquisition of units of investment funds or venture capital fund dedicated to the capitalization of companies, incorporated under the Portuguese legislation, whose maturity, at the moment of the investment, is, at least, of five years and, at least, 60% of the investments is realized in commercial companies with head office in national territory.

All investments activities can be executed directly by the Investor or through a sole shareholder company held by the Investor





## The Portuguese Immigration Law establishes other types of residence visas

including the entrepreneur visa (D2), the passive income holder visa/retirement (D7) and the Digital Nomad visa.

In general terms, these visas:

- Entitle their holders to enter Portugal, so that the holder may then apply for a temporary residence permit;
- Are valid for a 4-month period and allow their holder to enter Portugal twice;
- Are required in the competent Portuguese Consulate in the country of origin or residency.



## The Portuguese Immigration Law establishes different types of residence visas

including the entrepreneur visa (D2), the passive income holder visa/retirement (D7) and the Digital Nomad visa.

### Rights given by permits obtained through these visas:

- Live in Portugal;
- Freely travel within the Schengen Space;
- Benefit from the support of the Portuguese Social Security;
- Benefit from the Portuguese public health and education system;
- Request family reunification of spouses, children, parents and parents-in-law;
- Request a permanent residency or Portuguese citizenship following 5 years.

Various timeframes depending on the Consulate

After approval, the visa should be collected in person



## D2 Visa – Entrepreneur visa

Under this type of visa, entrepreneurs, freelancers and independent service providers may reside in Portugal.

For this matter, it is necessary for the applicant to:

= entrepreneurs =  
show that it has set up a  
company to operate in Portugal

or

= freelancer or independent service provider=  
Prove that he has a services agreement  
entered into with a Portuguese firm



## D2 Visa – Entrepreneur visa

Under this type of visa, entrepreneurs, freelancers and independent service providers may reside in Portugal.

**It is also possible to obtain these financial resources through a loan from a Portuguese bank. There is no official amount that is needed, but the recommended amount is at least € 5,000.**

Applicants (if entrepreneurs) must also produce a solid business plan that will be reviewed for its social, economic, and cultural impact. Therefore, it is necessary to prove the economic, social, scientific, technological or cultural relevance of the investment for the country. This plan should prove that the investor's business will prosper and lead to economic growth.



## **D7 Visa - Passive income holder/ retirement visa**

Under this visa, applicants who intend to relocate to Portugal shall ground their application on the income derived and its respective sources.

**By submitting a visa application under this type of visa, applicants shall attest that their income is received on a regular basis and that said income derives from sources like real estate, intellectual property, retirement pensions or financial investments**

Application should be submitted with as much documentation as possible, so that the competent authorities may assess the source and frequency of the income.

Income should be sufficient for the investor and family to support themselves.

## Digital nomad visa

Residence visa for the exercise of professional activity remotely provided (provided in Portugal to a foreign company) being the applicant required to present the following documentation:

- 01 employment contract or provision of services entered into abroad;
- 02 average monthly remuneration of the last 3 months, corresponding to a minimum amount of EUR 3,040.00;
- 03 proof of current tax residence (other than in Portugal).



## Other requirements

- 01 Proof of lodging conditions in Portugal, either by buying real estate or renting it;
- 02 Clear criminal record;
- 03 Means of subsistence (Portuguese bank account with at least € 10,000.00);  
Travel insurance.

# Tax regime







## Tax Residency

An individual is considered tax resident in Portugal in a given tax period:

- 01 If he/she stays for more than 183 days in Portugal, whether these days are consecutive or not, in any 12 month period commencing or ending in the year concerned; or
- 02 If staying for a shorter period, he/she has in this territory, in any given day of a 12 month period commencing or ending in the year concerned (the tax-year is the calendar year), a dwelling under circumstances that allows to assume the intention to hold and occupy it as a place of habitual residence.

Taxation of Residents: Worldwide income principle



## Non-Habitual Tax Resident (NHR) Regime

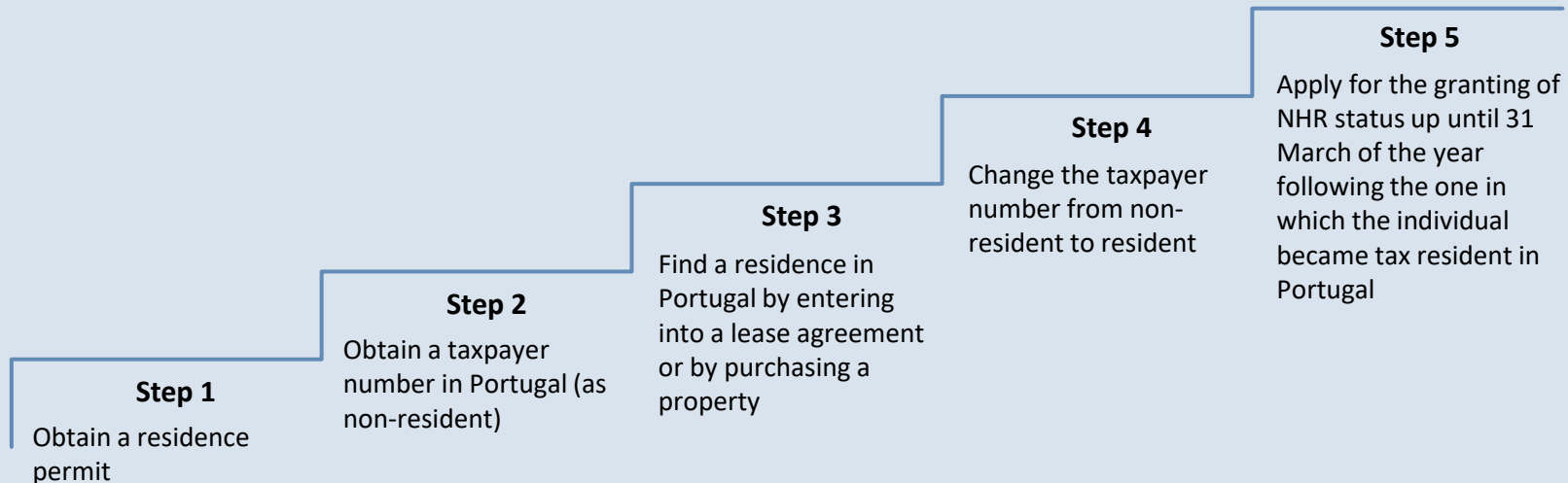
- Created in 2009
- Two conditions need to be met for the NHR regime to apply:

Condition **01** The individual has to become a tax resident in Portugal;

Condition **02** The individual is not deemed a tax resident in Portugal in the 5 preceding tax-years.



# Non-Habitual Tax Resident (NHR) Regime





## Non-Habitual Tax Resident (NHR) Regime

The NHR status can be enjoyed for a period of **10 years**:

- The NHR can be enjoyed consecutively or interruptedly provided the individual is tax-resident in Portugal;
- If the application of the NHR regime is suspended – e.g. because the individual decides to live in a given year abroad returning to his home country – the period of suspension is considered in counting of the 10-year period.



## Non-Habitual Tax Resident (NHR) Regime

### Tax Benefits

#### Portuguese-Sourced Income

Employment and/or self-employment:

- Benefits from a reduced PIT rate of 20%;
- Provided that income derives from high added value activities as defined by law (eg. Directors and executive managers, medical doctors, creative and performing artists, journalists, etc).



## Non-Habitual Tax Resident (NHR) Regime

### Tax Benefits

Foreign-Sourced Income

**PENSIONS**

Taxed at a **10% flat rate**

As long as it is derived from an entity that does **not** have residence, head-office, place of effective management or a permanent establishment in Portugal, to which the payment of the pension is attributable.



## Non-Habitual Tax Resident (NHR) Regime

### Tax Benefits

Foreign-Sourced Income

**EMPLOYMENT INCOME**

#### EXEMPT if:

- The individual is effectively taxed in the source State, in accordance with the DTT; or
- In cases where no DTT is in force, the income is effectively taxed by the source State according to its domestic laws and may not be deemed earned in Portugal in accordance with the rules set out in the PIT Code



## Non-Habitual Tax Resident (NHR) Regime

### Tax Benefits

Foreign-Sourced Income

SELF-EMPLOYMENT/  
BUSINESS INCOME

In the case of business income **deemed of high added value** or that is derived from **intellectual or industrial property**, such income will be deemed **EXEMPT**:

- If it may be taxed by the source State in accordance with a DTT entered into by Portugal and the source State; or
- In cases where no DTT is in force, if it may be taxed in accordance with the OECD Model Convention (following any reservations and caveats presented by Portugal), and as long as the income is not deemed to be earned in Portugal under the PIT Code, and the source State is not blacklisted.





## Non-Habitual Tax Resident (NHR) Regime

### Tax Benefits

#### Foreign-Sourced Income

passive income (such as interest, dividends, rental income and capital gains)

**EXEMPT** as long as:

- It **may** be taxed in the source state in accordance with a DTT concluded between Portugal and that state (**no effective taxation is required**); or
- In cases in which no DTT been made, the PIT exemption may still apply if: (i) this income may be taxed in the source state in accordance with the OECD Model Tax Convention on Income and on Capital; (ii) it is not deemed earned in Portugal under the PIT Code; and (iii) it is not sourced in a blacklisted jurisdiction.



Tax Regime

## Non-Habitual Tax Resident (NHR) Regime

Points to be aware of:

1. The exemption does not apply to all types of income (case-by-case analysis);
2. Blacklisted Jurisdictions (Cayman, BVI, American Virgin Islands, Panama, etc);
3. LLC's and Partnerships;
4. Trusts.



Tax Regime

## Tax Regime

### Reporting of Foreign Assets:

1. No wealth taxes in Portugal;
2. No reporting of foreign assets in the tax filings except the IBAN of foreign bank accounts, which must be disclosed in the annual tax return (even if these do not generate any income).



## Inheritance Taxes

- No Gift and Inheritance Tax in Portugal (abolished in 2004);
- However, gifts, donations or transfers *causa mortis* are subject to Stamp Duty, at a 10% tax rate;
- Stamp Duty is only levied on free transfer of assets deemed located in Portugal;
- Free transfers between ascendants, descendants, spouses and civil partners are exempt from the 10% tax rate (except in the case of gifts of real estate, which are taxed at 0,8%).



Thinking about tomorrow? Let's talk today.



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