

Non Habitual Resident and the new impatriate regime



I Topics

- NHR grandfathering regime for 2024
- New inpatient regime as from 2024

II Key Aspect

On October 10th the Portuguese Government proposed to Parliament to end the regime in the 2024 State Budget draft law.

Meanwhile, the Socialist party submitted two proposals (approved on 28th of November) to amend the State budget draft law in respect of the NHR end:

- First, providing for a grandfathering regime which, in certain cases, will defer the end NHR until December 31st, 2024, and;
- Second creating a new tax regime to selectively attract talent and foreign investment, which will replace the NHR regime.

III NHR grandfathering regime for 2024

The NHR regime will end on December 31st, 2023. However:

- Those who are already under the regime can continue to enjoy it until they complete their 10th year as NHR;
- Individuals becoming tax residents of Portugal until December 31st, 2023 can benefit from the NHR regime;
- But Individuals who become tax resident of Portugal until December 31st, 2024, may still apply for the NHR regime, provided they meet the following requirements:

1. If they are non-EU Nationals:

- Initiate their visa application process by December 31st, 2023;
- Secure a promise of employment / employment agreement, or a promise of secondment / secondment agreement in Portugal by December 31st, 2023.
- Signed a promissory purchase agreement or lease a property in Portugal by October 10th, 2023.
- Enrolled the children in a school in Portugal for the 2024/25 year by October 10th, 2023; or

- Be a member of the household of a taxpayer covered by the transitory regime.

2. If they are EU Nationals:

- Secure a promise of employment / employment agreement, or a promise of secondment / secondment agreement in Portugal by December 31st, 2023.
- Signed a promissory purchase agreement or lease a property in Portugal by October 10th, 2023.
- Enrolled the children in a school in Portugal for the 2024/25 year by October 10th, 2023.
- Be a member of the household of a taxpayer covered by the transitory regime.

Therefore, those who are interested to move to Portugal under the NHR regime must take immediate action as follows:

- For Non-EU nationals, ensure the prompt initiation of your visa application process.
- For EU nationals, move before the year end if none of the outlined criteria for the application of the transitory rule is met.

IV New in-patriate regime as from 2024

Parliament approved also a new regime aiming at attracting talent and FDI, also proposed by the Socialist party.

The new regime will take effect from January 2024 for individuals who, cumulatively:

- have not been tax resident in Portugal for the last 5 years;
- have acquired tax residency in Portugal; and
- obtain income from employment or self-employment within the scope of the new regime, encompassing roles like teaching in higher education, scientific research, positions in technology or startups (including board members), highly qualified professions in companies with significant investment applications and jobs in industry and service companies which turnover results, at least, in 50% from exports and other activities conducted by tax residents in Madeira and Azores (to be legislated by the Regions).

The benefits under this new regime include:

- A flat 20% tax rate applicable to income from employment and/or self-employment provided within the scope previously mentioned.
- Exemption from taxation on foreign-sourced income, covering employment/self-employment income, dividends, interest, royalties, rental income and capital gains in general.
- These benefits will apply for a 10-year period



Thinking about tomorrow? Let's talk today.

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