

# NEW PORTUGUESE IMPATRIATE TAX REGIME

With the end of the NHR regime on December 31st, 2023 (although a transitory regime is still available until December 31st, 2024 for taxpayers who meet certain conditions) a new impatriate regime has been approved with effects starting January 1st, 2024

- Tax incentive for scientific research and innovation

## Cumulative conditions to be eligible for the new favorable tax regime...

1

That the individual becomes a tax resident in Portugal, for which purpose he/she needs:

-To stay

**for more than 183 days**

in Portuguese territory, whether these are consecutive days or not, in any 12 month period commencing or ending in the year concerned; or

-If staying for a shorter period, to have 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 lead to the presumption of an existing intention to hold and occupy it as a **place of habitual residence**;

2

Not have been deemed a tax resident in Portugal in any of the

**5**

preceding years, and not have ever benefitted from the NHR regime or from the "programa regressar";

3

Exercise one of the exercise of the following eligible scientific research and innovation activities every year (with no gap ever bigger than 6 months):



a. Teaching in higher education and scientific investigation, including scientific employment in entities structures and networks dedicated to the production, dissemination and transmission of knowledge, integrated into the national science and technology system;



b. Qualified employees and members of the board of entities recognized as technology and innovation centers;



c. Qualified employees and members of the board of entities benefiting from a Portuguese contractual tax incentive for productive investment;



d. Highly qualified professions

(to be defined in a Ministerial Ordinance) developed:  
-In Portuguese tax resident companies that benefit (or have benefited in the last 5 years) from the Portuguese tax regime for investment promotion (RFAI);  
-In industrial and service Portuguese tax resident companies that export (or have exported in the previous 2 taxable years) at least 50% of their turnover.



e. Qualified job positions and board members of entities that carry out economic activities recognized by AICEP, EPE or IAPMEI, IP, as being deemed relevant for the national economy, namely because they attract productive investment and reduce regional asymmetries;



f. Research and development personnel, whose costs are eligible for the purposes of the R&D system of tax incentives (SIFIDE);



g. Job positions and board members of entities duly certified as start-ups;



h. Job positions or other activities carried out by tax residents in Azores and Madeira, under terms yet to be defined by regional legislative decree.

4

The employer company cannot be deducting the salary expenses in the tax regime on investment (RFAI).

## The benefits under this new regime include:

**20%**

A flat 20% personal income tax (PIT) rate (plus social security) applicable to Portuguese-sourced employment and/or self-employment income

provided within the scope previously mentioned (instead of the usual progressive PIT rates plus solidarity surcharge that range between 14%-53%).

**0%**

PIT exemption on all foreign sourced income, except for:

1. Foreign pensions, which are taxable under the normal progressive PIT rates plus solidarity surcharge (14%-53%);
2. Income from blacklisted jurisdictions, which is taxable at 35%.

Hence, the PIT exemption on foreign source income covers a wider range of income (when in comparison with the NHR regime) as it includes foreign-sourced employment/self-employment income, dividends, interest, royalties, rental income and capital gains in general.

**10 years**

These benefits will apply for a 10-year period (non-extendable).

## Proceeding

The access to the regime presupposes a prior registration with the competent public entities (depending on the eligible scientific research and innovation activity exercised) in addition to the registration before the Portuguese Tax Authorities.