

REGULATORY INTELLIGENCE

COUNTRY UPDATE-Portugal: Insurance

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Ana Sofia Batista, Nuno Sapateiro, Jorge Morais and Joana Maldonado Reis, Abreu Advogados



The Insurance and Pension Funds Supervisory Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões — "ASF") regulates insurance companies in Portugal. It controls and supervises the business of insurance and reinsurance, pension funds and intermediaries including brokerage.

Decree-Law no. 72/2008 of April 16, as amended, notably by Law no. 147/2015 of September 9 [which transposed into domestic legislation [Directive 2009/138/EC](#) of the European Parliament and of the Council of November 25, 2009 (the Solvency II Directive)], provides the main piece of legislation for the insurance and reinsurance sector in Portugal.

The transposition of the Solvency II Directive came into force on January 1, 2016 and its effects are still being felt, given that it entails more demanding quantitative and qualitative requirements for the Portuguese market players with impact on relevant areas such as: financial requirements, governance, information, market conduct, intra-group relations and supervision.

The [Solvency II Directive](#) brought a strong harmonization at EU level and is mainly focused on three sectors (called pillars):

1) Pillar one, regarding capital requirements of insurance companies, has rules that consist in:

- (a) the calculation of technical provisions (includes own funds, solvency capital requirement (SCR) and minimum capital requirement (MCR));
- (b) eligibility of assets to cover such provisions;
- (c) investment management principles and, in general, solvency requirements.

2) Pillar two consists of rules relating to the more qualitative section and includes corporate governance (with specific focus on the fit and proper requirements, risk management and internal audit functions) and rules relating to the supervisory function of the ASF.

3) Pillar three, consists of rules on transparency and sets out disclosure obligations towards the ASF and the market as well.

A number of regulations further detailing have been issued/are still going to be issued in respect of these pillars.

In this sense, as a complement to the internal market defence measures (advocated by the Solvency II regime), Law no. 78/2021 of November 24 establishes that any consumer or company who encounters an insurance activity illegally pursued shall file a complaint to the ASF and refrain from engaging in commercial ties with such entity.

Under Law no. 147/2015, an "insurer/reinsurance undertaking", also referred to as an insurer or reinsurer, means any undertaking that has received official authorisation to pursue the business of insurance/reinsurance activity in Portugal or towards residents in Portugal. Portuguese legislation determines that insurance undertakings which pursue the business of insurance in Portugal are financial institutions whose exclusive aim is the pursuit of the business of direct insurance and/or of reinsurance, except for those classes or types which are legally reserved for certain kinds of insurers.



Insurance undertakings may also pursue business that is related or complementary to insurance or reinsurance, namely that which relates to salvage acts and contracts, to the reconstruction and repair of buildings, to the repair of vehicles, to the maintenance of medical facilities and to the application of provisions, reserves and capital.

Provision of services

Establishing an undertaking in Portugal

Law no. 147/2015 provides that a person or legal entity that is established in Portugal may not, in principle, carry out any life or non-life business without first receiving the authorisation of the Portuguese regulator, the ASF. The ASF will, on application, grant authorisation if the applicant demonstrates that, inter alia, will comply with a series of provisions regarding the company's management, governance, employees, finances and structure, such as:

- It has a company structure that is a joint stock company, i.e., limited liability company by shares.
- Its denomination must contain unequivocally reference that its business is insurance or reinsurance.
- It has capital sufficiency to cover the absolute minimum capital requirement.
- Qualified shareholders must ensure being capable of prudent and sound management of the Portuguese company and meet the integrity and professionalism requirements set out in law.
- There is a submission of a detailed programme of activities.
- Must demonstrate the adequate implementation of proper governance procedures and checks and controls.
- Individuals who will carry out the administration, management and supervisory tasks, the top directors as well as those who will hold key roles within the company, must be fit and proper.

The carrying out of insurance and/or reinsurance activities in Portugal by companies which have their registered head office in another European Union member state can take place as follows:

- under the freedom of establishment principle, that is, by opening a branch in Portugal, or;
- under the freedom to provide services principle (also called EU passport), that is, by entering into insurance/reinsurance contracts in Portugal without having to be physically established in the country.

The carrying out of insurance and/or reinsurance activities in Portugal on the part of companies which have their registered head office in a country outside the European Union (that is, third countries) is subject to more stringent requirements, in addition to those applicable to EU insurers.

The last amendment to Law 147/2015 was introduced in 2021 by Decree-Law no. 56/2021 which transposed [Directive \(EU\) 2019/2177](#), on insurance activity, strengthening cooperation and interconnection between national and European authorities, as well as the intervention of European supervisory authorities.

Acquiring a Portuguese undertaking

Any natural or legal person, or legally-equivalent entity, who, directly or indirectly, proposes to acquire a qualifying holding in an insurance undertaking, or who proposes to increase their qualifying holding so that the proportion of the voting rights or share capital that they hold would reach or exceed 10% or 20%, one-third or 50%, or so that the undertaking would become their subsidiary, should give prior notice to the ASF of their intention.##To this end, the ASF published Regulatory Standard no. 3/2021 - R of April 13, which sets out the elements and information that must be included in the prior communication of acquisition projects, increases and decreases in qualifying holdings in insurance or reinsurance companies.

In addition, it also regulates the communication of encumbrances or charges on qualifying holdings in insurance or reinsurance companies. This regulatory standard aims to align the framework on this matter, previously provided for in Regulatory Standard No. 3/2016-R of May 12, with the provisions of the European Supervisory Authorities' Joint Guidelines on the prudential assessment of acquisitions and increases of qualifying holdings in financial sector entities, as well as to adjust ASF procedures to the legal framework applicable to the use of personal data.

The ASF may oppose the plans, if it considers that the acquirer does not meet the necessary conditions to guarantee sound and prudent management or set a reasonable limit within which they must be fulfilled. In certain circumstances, the evaluation of the acquisition may be subject to prior consultation with the competent authority of another member state, or with the Bank of Portugal.

In the event of insurance portfolio transfers (total or partial) and demergers and mergers of insurance or reinsurance undertakings operating in Portugal, a prior authorization from the ASF is also required.

Branch offices or general agencies and cross-border activities

The expression "providing services to Portugal" is interpreted as providing services to persons or entities that have their place of residence or business in Portugal. This means the state where the policyholder normally resides or, in the case of a legal person, the state in which the establishment of the legal person to whom the contract or operation relates is situated.

Life insurers and non-life insurers established in another member state and in third countries

Entities authorised willing to operate under the right of establishment



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After communication by the supervisory authority of the home member state that an insurance company intends to exercise the right of establishment in Portugal by creating a branch, the ASF will inform that authority, within two months from the date of receipt of that notice, of the conditions based on reasons of general interest to be satisfied by the exercise of the insurance activity through a branch.

EU branches are subject to market conduct rules pursuant to which such branches shall act in a diligent, fair and transparent way in their relations with policyholders, insured persons and beneficiaries and maintain internal policies for product development and approval and client relation.

The establishment in Portugal of branches of insurance undertakings whose head offices are outside European Union territory is dependent on authorisation from the ASF that shall be notified to the applicant within six months. However, it is worth mentioning that the process can take up to 12 months if the applicant has to complement or clarify the information initially provided. The third country branch is subject to more strict requirements when compared to an EU branch, notably in what respects compliance with a number of provisions in regard to the branch's management (notably the appointment of a general representative), governance, capital requirements and structure.

The development of insurance or reinsurance businesses in Portugal without the necessary authorisation/licence is a criminal offence that may determine the application of a punishment of up to five years' imprisonment or a fine and other ancillary penalties established in law.

Insurance distribution

Law no. 7/2019 of January 16 (Insurance Distribution Law) approved the legal framework on insurance and reinsurance distribution, transposing [Directive \(EU\) 2016/97](#), known as the Insurance Distribution Directive (IDD).

The Insurance Distribution Law introduces the concept of insurance distribution (enshrining a broader concept covering a large number of activities, from pre-contractual relations to the execution of contracts and administration and performance of the same) and of the entities qualifying as insurance distributors.

It establishes a uniform legislative framework applicable to the different participants, insurance intermediaries, ancillary or otherwise, and insurance undertakings, directly involved in the distribution activity, regardless of the channel used.

Insurance intermediaries are now qualified under the following categories: insurance agent, insurance broker and ancillary insurance intermediary.

The Portuguese legislator gold-plated the IDD in certain areas, notably the qualification requirements and the information duties to be observed by the insurance distributor towards the client, the insurer and the ASF. Nevertheless, the Insurance Distribution Law is pretty much in line with the IDD and therefore insurance distributors registered in other EU countries must be generally compliant with Portuguese law when acting in accordance with the IDD and the Commission Delegated Regulation (EU) 2017/2359 of September 21 supplementing the IDD. The Portuguese legislator broadened the obligations in respect of the policies for design and approval of insurance products, which must include identification of the profile of the relevant policyholders or insured persons which are the target market and ensure that all relevant risks to such persons are assessed and that the distribution strategy is consistent with the identified target market, and also strengthened the pre-contractual information duties, including the special duty of the insurance distributor to assess whether the insurance product is appropriate for the customer.

There are stricter rules for the distribution of insurance-based investment products, taking into account the nature of the products and compliance with the obligations under Regulation (EU) 1286/2014 (legal framework of packaged retail and insurance-based investment products — PRIIPs) and Law no. 35/2018 of July 20, that amends the rules governing the marketing of financial products and the organization of financial intermediaries, and transposes the MiFID II Directives [2014/65](#), [2016/1034](#) and [2017/593](#).

All insurance intermediaries must be registered with the ASF as an insurance agent, insurance broker or ancillary insurance intermediary to develop insurance distribution activities. Banks are also allowed to pursue insurance distribution activities as insurance agents. The registration of intermediaries can only occur after the ASF has verified the fulfilment of the professional requirements set forth in the law to access each category which will "authorise" or validate the registration.

Any insurance or reinsurance intermediary that is registered in another EU member state may provide services within Portuguese territory, under the freedom to provide services or the freedom of establishment, one month after the date on which the competent authority of the home member state notifies the ASF of its intention to carry on insurance distribution activity in Portugal.

ASF approved on December 30, 2020, Regulatory Standard no. 13/2020-R, which strengthens a set of duties arising from the Insurance Distribution Law. The general scope of the Regulatory Standard no. 13/2020 is stated in 25 paragraphs of article 1. In view of the changes resulting from the Insurance Distribution Law in force since 2019, the referred regulatory standard establishes the requirements applicable to the new category of ancillary insurance intermediaries, the review of the procedures applicable to the assessment of suitability and control of qualified holdings and the duties applicable in terms of policy for the treatment of policyholders, insured persons, beneficiaries and injured third parties and the management of claims.

Business requirements for Portuguese insurance companies



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The business of direct life insurance and reinsurance may be pursued in conjunction with accident and sickness classes only; however, distinct management systems should be adopted for each of these activities. The ASF imposes certain requirements on the solvency, liquidity, transparency and administration of Portuguese insurance companies.

Financial status and investment restrictions

Financial status

Both locally licensed insurers and foreign insurers that conduct business in Portugal through a branch office must establish technical reserves, comply with the solvency capital and the minimum capital requirements and respect the prudential regime applicable to the evaluation of the assets and liabilities, own funds and investments. There are some additional requirements for the assistance class of insurance and for life insurance contracts.

As far as technical reserves are concerned, the amount should be sufficient to enable the insurance undertaking to meet the commitments which result from the insurance contracts (to the extent that they are reasonably foreseeable). The solvency capital requirement is calculated based on the principle of continuity of the activities of the insurance or reinsurance undertaking. The insurance and reinsurance undertakings should have eligible basic own funds to cover the minimum capital requirements.

The own funds shall comprise the sum of own funds and additional own funds. The evaluation of the asset and liability items is made on the basis of methods and assumptions established in a delegated act of the European Commission, namely the Delegated Regulation no. 2015/35 of the European Commission, as amended by Delegated Regulation no. 2016/467, of the European Commission.

The ASF defines the types of financial instruments or assets in which a Portuguese company may fund its technical provisions. The value of technical provisions shall correspond to the amount an insurance or reinsurance undertaking would have to pay if it transferred its contractual rights and obligations immediately to another undertaking. Technical provisions shall be calculated in a prudent, reliable and objective manner.

Distributions

According to Portuguese legislation, if an insurance undertaking is in an inadequate financial position, the ASF may decide to ban or restrict the dividend payments as part of the wide range of recuperation measures allowed to the ASF in such circumstances.

Supervision

EU insurers

Insurance companies domiciled in another member state that carry out the business through a branch situated in Portugal or provide services to Portugal from a branch in another member state, are subject to home supervision. They must, however, observe certain requirements stipulated by the ASF.

Non-EU insurers and Portuguese insurers

The ASF supervises insurers that are domiciled in Portugal, including the activities that their respective branches carry out within the territory of other member states or under the freedom to provide services, as well as the activities which branches of insurance undertakings whose head offices are outside the EU carry out within Portuguese territory.

Unit-linked investment products

Regarding insurance-based investment products (or unit-linked investment products), under Law no. 35/2018 of July 20, that amends the rules governing the marketing of financial products and the organisation of financial intermediaries, and transposes Directives 2014/65, 2016/1034 and 2017/593, the ASF is the local supervisory and regulatory authority responsible for supervising the production, distribution and provision of consultancy services relating to these products.

Accordingly, all Key Information Documents (KID) concerning PRIIPs to be marketed in Portugal, shall be notified to ASF, at least two days prior to the date on which the product in question is to be marketed.

In addition to this initial notification, and prior to marketing, whenever changes are made to the KID, namely as a result of the review provided for in Article 10 of Regulation (EU) 1286/2014, the new version of the KID must be notified to the ASF at least two working days in advance of its availability.

The shared supervision scheme between the three financial regulators has been in force since 2018:

- *Banco de Portugal (Banking Regulator)*: regulates production, marketing and consulting services regarding structured deposits; as well as sales prohibition inspections for deposits with dependence on the acquisition of financial instruments, insurance policies or other financial savings or investment products that do not guarantee the invested capital at all times.
- *CMVM (Portuguese Securities Market Commission)*: regulates production, marketing and advisory services concerning collective investment schemes; securitisation funds, securitised bonds, derivative financial instruments (including OTC derivatives traded on electronic trading platforms); derivative securities; dual products and any products similar to the above, as long as they are not excluded from the scope of PRIIPs regulation.
- *ASF*: regulates production, marketing and consulting services concerning unit-linked insurance operations and policies; life insurance operations and products with profit sharing (excluding profit sharing strictly regarding biometric risk management or the insurance



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undertaking's non-financial management); as well as other life insurance products (except those where benefits are paid exclusively for death or disability caused by accident, illness or disability).

Marketing practice

Supervision of the ASF

Marketing of insurance products that insurance undertakings and their associations make in Portugal is subject to the provisions of general law, but also to the ASF's regulations and supervision and, in the case of insurance products associated to investment funds, the regulations of the Securities Market Commission, after hearing the ASF.

Without prejudice to the attributions of other institutions specifically designed to ensure consumer protection, the ASF is responsible for supervising the fulfilment of the applicable regulations which concern marketing and publicity matters by insurance companies and their associations.

Before signing an agreement, insurance companies must provide the client with all information that is relevant for an adequate assessment of the product. Insurance companies must also have in place adequate procedures for the settlement of complaints and, since March 1, 2009, insurance companies must also set up a "client ombudsman" who has the powers to handle clients' complaints and to seek to achieve out-of-court agreements. This requirement to appoint of a client ombudsman resident in Portugal and capable of liaising with the customer in the Portuguese language also applies to insurers acting in the Portuguese market under the freedom of services and freedom of establishment regimes.

The client ombudsman (who must reside or be established in Portugal) also has consultation powers. The ASF is competent to analyse and give its opinion on information requests and claims submitted by consumers and respective associations against intermediaries and insurers.

In this respect, a reference shall also be made to the Regulatory Standard no. 7/2022-R, which establishes the general rules to be observed by insurance companies in their relationship with policyholders, insured parties, beneficiaries and injured third parties, and by pension fund management entities in their relationship with members, participants, contributors and beneficiaries. The referred Regulatory Standard also establishes the procedure for handling complaints lodged with the ASF against supervised entities.

This Regulatory Standard also creates new disclosure obligations for insurers, who shall maintain a webpage with all the relevant information regarding market conduct. The website must contain, for example, the insurer's customer treatment policy, an indication of the available sources to lodge a complaint before the insurer, the contacts of the autonomous function for complaints handling, indication of the access to the complaints book and the contacts, regulation and recommendations issued by the client ombudsman.

The Regulatory Standard no. 7/2022-R is particularly important because it is part of the conditions under which, in the interest of the general good, insurers acting under the freedom of services regime must observe in Portugal as the host member state.

In 2023, Regulatory Standard no. 4/2023-R was published by the ASF. This Regulatory Standard takes a new approach to the regulation of reporting obligations to the ASF. It establishes that amendments and publishing of models, instructions, maps and forms must be made available in a dedicated place on the ASF's website. This paradigm shift grants faster updating of the content in ASF's website, allows for an easier and timely fulfilment of reporting obligations by the insurers.

A final reference also to Law no. 156/2005 of September 15, pursuant to which all service providers that have direct contact with customers are obliged to have a complaints book. This will be applicable to the intermediaries but not to the insurance company if it has no direct contact with customers.

Distance marketing of financial services

Law no. 95/2006 of May 29, 2007, which fully implemented the [Distance Marketing Directive \(2002/65/EC\)](#), provides a "cooling-off" period of 14 days, or 30 days for life insurance and insurance, that relates to personal adhesion to open pension funds, during which consumers may withdraw distance contracts without penalty and without giving any reason.

In 2023, a new [Directive \(EU\) 2023/2673 of the European Parliament and of the Council of November 22, 2023](#) on financial services contracts concluded at a distance was published. This Directive repealed the aforementioned [Distance Marketing Directive \(2002/65/EC\)](#) and amended [Directive 2011/83/EU of the European Parliament and of the Council of October 25, 2011](#) on consumer rights ("CRD"). The New Directive continues to provide a period of 14 days for exercising the right of withdrawal and it now includes additional obligations whenever the contract is concluded through an online interface.

Additionally, it lays down rules for when the insurer provides the consumer with pre-contractual information via automated tools such as chatbots, automated counselling or interactive tools. Member states shall adopt and publish by December 19, 2025 at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive.

Although there are no specific rules in the Portuguese legal and regulatory framework governing the implementation of insurtech solutions, certain provisions in Portuguese law governing distance selling of insurance and outsourcing arrangements should be important to deal with the increasing number of technological solutions that are being presented in the Portuguese market.

Governing law



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The choice of law applicable to insurance contracts that cover risks situated within the Portuguese territory, or in which Portugal is the member state of the commitment, must be expressed in the contract. If Portuguese law is not chosen, Portuguese consumer protection rules, will still, however, apply.

In cases where the parties in the contract have not chosen the law applicable to the contract, the law of the country that is most closely connected governs the contract. A contract of insurance shall be assumed to be most closely connected to the law of the member state in which the risk is located, or in case of life insurance, the residence of the holder of the insurance agreement.

In addition, article 10 of Law no. 72/2008 establishes that Portuguese law governs contracts of insurance that are compulsory in Portugal. Contracts of compulsory insurance that cover risks classified in the motor vehicle liability class, which three insurance undertakings have refused to conclude, shall be subject to the national legislation which concerns compulsory car liability insurance.

If the chosen law is the law of a non-EU member state and it offers the policyholder less consumer protection than Portuguese law, the courts may override the chosen law applicable to the policy in favour of Portuguese law.

Changes at the level of insurance legislation and regulation

On the regulatory side, 2024 was marked by the introduction of new rules and principles applicable to anti-money laundering/countering the financing of terrorism (AML/CFT), the outsourcing of cloud computing service providers, information and communication technologies (ICTs), non-discrimination and reporting and disclosure duties towards the supervisory authority and clients.

On 20 August 2024, Regulatory Standard No. 6/2024-R was approved, establishing the requirements that should govern the development of the governance system to be implemented by pension fund management entities, including matters related to risk self-assessment, conflicts of interest, remuneration and internal participation of irregularities and the governance structures of pension funds. Strengthening the governance system of pension fund management entities is one of the objectives to be pursued by the ASF.

A special reference shall also be made to the Regulatory Standard No. 10/2024-R of 5 November regarding preventive measures for money laundering and terrorism financing that entered into force on December 2024. This Regulatory Standard is aimed to regulate Law No. 83/2017 of 18 August on AML/CFT that transposed the relevant EU Directives.

This Regulatory Standard applies in particular to:

- pension fund management entities authorized in Portugal;
- insurance companies and insurance intermediaries that have their head office in Portugal and carry on business in the life sector;
- branches of insurance companies and insurance intermediaries that have their head office in another EU member state and carry on business in Portugal in the life sector;
- insurance companies and insurance intermediaries that have their head office in another EU member state and carry on business in Portugal in the life sector under the freedom of services regime; and
- branches of insurance companies in a third country that carry on business in Portugal in the life sector.

It shall also be noted that this Regulatory Standard establishes reporting duties applicable to EU life insurers and insurance intermediaries carrying on their business in Portugal under the freedom of services regime. The communication of operations to the supervisory authority of the home member state does not exempt compliance with these reporting duties.

At the very end of 2024, the Regulatory Standard No. 12/2024 of 17 December was published, regulating Law No. 75/2021 of 18 November, which establishes the right to be forgotten for people who have overcome or mitigated situations of aggravated health risk or disability. This Regulatory Standard regulates, among other things, the health information that insurers can collect and process for risk assessment purposes, the way in which questionnaires associated with the insurance contracting process are filled in and the duty to inform the policyholder about the right to be forgotten regime.

It is also clear that the ASF is very concerned about the use of information and communication technologies (ICTs) and the fact that these technologies can increase the vulnerability of regulated entities to operational and security incidents, including cyber-attacks, particularly in the case of outsourcing services by third parties that use ICTs. The regulatory framework published in 2024 already stipulates the reporting of severe incidents related to ICTs, notably the information elements, format, medium and deadlines for reporting the incidents. It is expected that the trend towards strengthening the regulatory framework and supervision of the use of these technologies in the insurance business will continue.

No major changes in law are expected in 2025 but reference should be made to the long awaited publication of Decree Law No. 26/2025 of 20 March that completed the transposition of the [EU Directive 2021/2118](#) amending the Directive 2009/103/EC relating to insurance against civil liability in respect of the use of motor vehicles. This Decree Law pursues the public policy of strengthening the protection of victims of motor vehicle accidents, in particular accidents involving trailers, as well as in situations of liquidation or insolvency of insurance companies.

Taxation

Corporate income tax

Insurance companies are subject to Corporate Income Tax (IRC) as laid down in the Portuguese Corporate Income Tax Code. Portuguese resident corporations are subject to Corporate Income Tax on their worldwide net income at a tax rate of 20% (small or



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medium size companies or Small Mid Cap companies are subject to a tax rate of 16% on the taxable basis not exceeding 50,000 euros, and to the general tax rate of 20% on the taxable basis exceeding such amount).

Currently, there is also an additional state surtax applicable to companies with high taxable income. Portuguese resident entities that have as their main activity a commercial, industrial, or farming activity, as well as non-resident entities with permanent establishment in Portugal with a taxable income exceeding 1.5 million euros will be subject to a progressive surtax of 3% over their taxable profit that exceeds 1.5 million euros up to 7.5 million euros; of 5% over the amount exceeding the 7.5 million euros up to 35 million euros; and of 9% over the amount exceeding the 35 million euros threshold. However, the companies established in the Autonomous Region of Azores are subject to a lower tax rate of 14% (in case of small or medium size companies, a tax rate of 11.9% applies to the part of the income not exceeding 50,000 euros).

In the Autonomous Region of Madeira a lower tax of 14.7% is applicable (in case of small or medium-sized companies or Small Mid Cap companies, a tax rate of 11.9% applies to the part of the income not exceeding 50,000 euros). The regional surtax of both these regions are lower when compared to the Mainland.

There is also a local surcharge tax (*derrama*) that may be (it is determined on a municipal level) levied on taxable profit before the deduction of any carried-forward tax losses at a tax rate that can go up to 1.5%.

Lastly, insurance companies are required to create specific provisions, mandatory under the Portuguese rulings, which are tax-deductible under the IRC Code.

Stamp duty

Insurance policies are subject to stamp duty, with tax rates ranging from 3% up to 9%, depending on the type of insurance policy in question, which apply to the total amount of the cost of the insurance policies. In case there is no special provision, the residual tax rate is of 9%. However, Portuguese law establishes reduced rates and exemptions as follows:

- Life insurance-related products (*seguros ramos vida*), including capitalisation products, and unit-linked products are exempt.
- Accident, health, agriculture and livestock, vessel, aircraft and transportation of goods insurance: 5%.
- Guarantee insurance: 3%.

Tax liability

Insurance premiums are subject to indirect tax and duties regardless of the law that is applicable to the insurance contract or the location of the goods, assuming that the risk is located in Portuguese territory. In Portugal, the taxable person liable to the stamp duty is the insurer, although the tax is at the insured's expense. There is no reverse charge rule applicable.

Parafiscal tax

There is a parafiscal charge due on specific types of insurance premiums. The insurance company is liable to pay a charge of 0.048%, which is applicable to the net income that arises from premiums related to life insurance, and of 0.242% which is applicable to the net income that arises from premiums of other types of insurance. This charge is due twice a year (January and July), with reference to the preceding semester and is established by ASF. It is also mandatory that insurance companies levy a parafiscal charge for the National Institute for Medical Emergencies (INEM) of 2.5%, which is applicable over the gross value of the premiums and other contributions related to life insurance, provided that the policy only secures the risk of death and the policyholder is resident in Portugal.

There are other parafiscal charges due on the certain types of insurance policies, such as:

- A charge of 13%, applicable over the value of the premiums related to fire insurances and insurances for the transportation of dangerous goods, that is due to the National Civil Protection Authority [Autoridade Nacional de Protecção Civil (ANPC)].
- A charge of 6%, applicable over the value of the premiums related to agricultural and livestock insurances, that is also due to the ANPC.
- A charge of 2.5%, that is due to the Vehicle Insurance Fund [Fundo de Garantia Automóvel (FGA)] and levied on the total value of the premiums related to motor vehicles liability insurances.
- A charge of 0.21%, that is due to the FGA and levied on the total value of the premiums related to motor vehicle insurances.

Value added tax

According to Portuguese tax law, insurance and reinsurance operations are exempt from VAT, as long as they are carried by brokers and/or insurance intermediaries.

Foreign companies

Foreign companies are generally subject to tax on income deemed attributable to a permanent establishment in Portuguese territory, in accordance with the applicable tax treaties in force. Also, foreign companies, without a permanent establishment in Portugal, acting under the European passport, may be liable to pay parafiscal charges. In fact, the parafiscal charges mentioned above are due: (i) on insurance premiums that cover risks located in Portugal; (ii) in case Portugal is the member state where the policyholder has his/her habitual residence; (iii) if the policy holder is a legal person and Portugal is the member state where the latter's establishment, to which the contract relates, is situated, regardless of the law applicable to it.



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Complaints Procedure

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