P R E S S R E L E A S E

PORTUGAL: Special tax for non-regular residents

In making Portugal more attractive regarding taxation, the Portuguese created and implemented a tax system for non-regular residents through Decree Law no. 249/2009, dated September 29.

The aim of this regime is to attract to Portugal highly qualified professionals and investors as well as beneficiaries of pension schemes granted abroad.

Requirements for benefiting from the non-regular resident tax regime

- To be considered a tax resident in Portugal, namely by having stayed in the Portuguese territory more than 183 days, whether these days are consecutive or not, or by having in the Portuguese territory on a dwelling on December 31 under circumstances that lead to the presumption of an intention to hold and occupy it as a place of habitual abode.

- To not have been a tax resident in Portugal in the 5 years preceding the year of the application of the regime.

- To apply for the non-regular resident status by March 31 of the year following the year for which the status has been requested.

Benefits associated with the status of the non-regular resident

The non-regular resident tax regime is granted for a period of 10 consecutive years and it maximizes fiscal advantages in relation to the following income:

Portuguese source income

- Income deriving from employment and self-employment obtained from high added value activities are taxed at the special rate of 20%, provided that the aggregation option is not exercised.

- The remaining income from employment and self-employment not considered of high added value and income of other categories are aggregated and taxed according to the general rules of the portuguese income tax.

Foreign source income

- Income from employment is exempt provided that:
  The income is taxed in the source state, according to the double taxation treaty established between Portugal and the source state. In the absence of a

double taxation treaty, the income is taxed in the source state and cannot be considered to have been obtained in Portugal.

- Income from self-employment obtained from high added value activities, capital gains, real estate and increase in wealth is exempt provided that alternatively: It can be taxed in the source state in accordance with the respective double taxation convention concluded between Portugal and the source state. It can be taxed in another country, whenever there is no double taxation convention, as long as that territory is not subject to privileged tax regimes and provided that they cannot be considered to have been obtained in Portugal.

- Income from pensions is exempt provided that: The income is taxed in the source state, according to the double taxation treaty established between Portugal and the source state, or In the absence of a double taxation treaty, the income cannot be considered to have been obtained in Portugal, cording to the Portuguese Personal Income Tax.

The non-regular resident status has been quite successful, especially with regard to foreign pensioners looking for a place where they can avoid paying taxes on their pensions, thus ensuring a higher and sunnier standard of living. For highly skilled professionals (foreigners or Portuguese living abroad for more than 5 years) this regime is quite interesting when compared with other tax regimes in other parts of Europe. Ultimately, the Portuguese government's goal is to attract citizens with high purchasing power (to increase internal demand) and highly productive and entrepreneurial professionals who help boost the Portuguese economy.

"Non-regular resident status in Portugal can have tax benefits – and help the country attract professionals, investors and recipients of foreign pensions."
Fátima Gouveia, ECOVIS COMARK, Porto, Portugal

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The name Ecovis, a combination of the terms economy and vision, express both its international character and its focus on the future and growth.

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