

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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About EY's People Advisory Services

As the world continues to be impacted by globalization, demographics, technology, innovation and regulation, organizations are under pressure to adapt quickly and build agile people cultures that respond to these disruptive forces. EY People Advisory Services believes a better working world is helping our clients harness their people agenda – the right people, with the right capabilities, in the right place, for the right cost, doing the right things.

We work globally and collaborate to bring you professional teams to address complex issues relating to organization transformation, end-to-end employee lifecycles, effective talent deployment and mobility, gaining value from evolving and virtual workforces, and the changing role of HR in support of business strategy. Our EY professionals ask better questions and work with clients to create holistic, innovative answers that deliver quality results.

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Why not make Portugal your next destination?

How the Non-Habitual Resident regime and the Golden Visa Program are creating opportunities to work, invest and retire in Portugal.







***“Employment income from high value added is taxed at rate of 20% (...)”***

***“Foreign investors in Portugal, from non-EU countries, may be eligible for a special visa (...)”***

## Non Habitual Residents' regime

### Attractiveness of the regime to foreign individuals

The Portuguese tax legislation provides a favorable tax regime for foreign individuals that decide to relocate to Portugal. This special tax regime applies to non-habitual residents and aims to attract:

- ▶ Highly skilled professionals;
- ▶ Wealthy investors;
- ▶ Retired people
- ▶ This regime may also apply to national individuals that fulfil the requirements foreseen in the legislation.

### Who is eligible?

This special tax regime applies to foreign individuals who become tax resident in Portugal and have not been tax resident in Portugal in the previous 5 years. The status of non habitual resident is granted on filing of an online request to the Portuguese Tax Authorities prior to 31<sup>st</sup> of March of the year following the year for which non habitual resident status is being requested. Upon acceptance of the special status, individuals may request the recognition of the high value added of the activity exercised.

### Determination of tax residency in Portugal

According to the Portuguese Personal Income Tax Code (PIT), an individual is deemed tax resident in Portugal if, among other conditions:

- ▶ Remains more than 183 days, consecutive or not, in Portugal, in any 12 month-period, starting or ending in the concerned year;
- ▶ Remains in Portugal for a shorter period, but has a dwelling in Portugal, in any day of the period referred above, with the intention to maintain and occupy it as habitual residency.

As a rule, individuals that meet one of the above conditions become tax residents in Portugal as from the first day of permanency in Portugal.

### Duration of the special tax regime

Non habitual resident status applies for a consecutive 10-year period. Should this period be interrupted during one or more years, the individual can still benefit from the regime for the remaining period provided that the conditions for being a tax resident of Portugal in each year of election are met.

### Main features of special regime

- ▶ Employment and business or professional income arising in Portugal from high value added activities from a scientific, artistic or technical nature is taxed at a flat rate of 20% (with no limit). The Minister of Finance published a list of activities considered to be high value added which includes architects, engineers, artists, auditors, tax advisors, physicians, doctors, dentists, board members of certain companies and senior executives, etc.
- ▶ Foreign sourced employment income may qualify for an exemption provided it is effectively taxed in a country with a tax treaty in accordance with the tax treaty provisions, or, if no tax treaty, the income is effectively taxed abroad and does not arise from Portuguese sources based on Portuguese law.
- ▶ Foreign sourced pension income may also qualify for an exemption, as long as it does not derive from contributions claimed as a deduction in Portugal and is not sourced in Portugal.
- ▶ Other foreign sourced income such as income from certain businesses or professional activities, income from copyrights, industrial property rights or transfer of know-how, investment income, rental income and capital gains may benefit from an exemption whenever it may be taxed in a country with which Portugal has a double tax treaty or, in case of a country with which Portugal has not signed a double tax treaty, if it may be taxed in accordance with the OECD Model Tax Convention, provided that it is not in a territory considered to be tax haven and the income does not arise from Portuguese sources based on Portuguese law.

## Golden Visas for investors

Foreign investors in Portugal, from non-EU countries, may be eligible for a special visa, enabling them and their immediate family to work or study legally in the country and to travel within the Schengen area, provided that certain minimum amounts are invested.

### Other favorable regimes/conditions

- ▶ Portugal has signed more than 70 tax treaties and several bilateral agreements for Social Security purposes allowing to avoid double taxation;
- ▶ Portugal does not impose wealth tax;
- ▶ A tax exemption is available for gifts or inheritances for spouses, descendants and ascendants, except for gifts of real estate located in Portugal which are subject to stamp tax at a 0.8% flat tax rate.

### How can EY assist?

Our professionals can assist, in:

- ▶ Determining whether an individual qualifies as non habitual tax resident in Portugal in a given year;
- ▶ Registering the individual with the Portuguese Tax Authorities;
- ▶ Preparing and filing the request for the non habitual resident' special tax regime;
- ▶ Preparing their annual tax returns;
- ▶ Informing individuals that may qualify for Golden Visas of the types of eligible investments;
- ▶ Obtaining the Golden Visa.