



CARNEIRO PACHECO e ASSOCIADOS

Sociedade de Advogados RL

Assistance Non-Habitual Resident Tax Regime



Portugal – Spain – Cape Verde - Angola – Brazil – China



I – What is the Non Habitual Resident Tax Regime?

It is an extremely competitive tax regime that allows individuals to benefit, for 10 years, from advantageous taxes rates for certain type of income obtained in Portugal and even benefit of a tax exception in Portugal on a large part of their income obtained abroad, provided that certain conditions are met.

This exemption regime is not automatic and depends on certain conditions that should be met on each particular case, therefore previous legal advice should be considered.

Source country of income	Type of Income	Subject to tax?	Conditions
Abroad	Pensions ¹	Exempt	<ul style="list-style-type: none">- Provided the pensions are taxed in the source country in accordance to the Convention to eliminate double taxation signed between Portugal and the source State; Or:Provided that they can't be considered as obtained in Portugal according to the Portuguese IRS rules (for example, paid by a Portuguese tax resident entity or by a flag/permanent establishment of a foreign entity);
	Employment (salary)	Exempt	<ul style="list-style-type: none">- Provided that the income is effectively taxed in the source country, in accordance with the Convention to eliminate double taxation signed between Portugal and the source State;- Or provided that the income is taxed in the source country in the cases where there is no Convention to eliminate double taxation, as long the income is not considered to have been obtained in Portuguese territory;
	Self Employment On High added value services with a scientific, artistic or technical nature ^{2 3}	Exempt	<ul style="list-style-type: none">- Provided that the income may be taxed in the source country, in accordance with the Convention to eliminate double taxation signed between Portugal and the origin State;- Or provided that the income may be taxed in the source country in accordance with the OECD Tax Convention model for income and capital, as long the source country does not belong in the list of "tax havens";

¹ Except Public Pensions (civil servants);

² As an example: physicians, architects, engineers, computer programmers, computer consulting and programming, university professors, auditors, tax consultants, investors, directors and managers, business executives, artists, musicians, painters;

³ Other income obtained abroad, as an example, professional and business income not benefiting from this scheme, will be taxed by Portugal in accordance with article 15, 1 CIRS;



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			- And provided the income is not considered to have been obtained in Portuguese territory;
	Capital Income (dividends, interests) rental income, capital gain⁴	Exempt	<p>- Provided that the income may be taxed in the source country, in accordance with the Convention to eliminate double taxation signed between Portugal and the origin State;</p> <p>- Or provided that the income may be taxed in the source country in accordance with the OECD Tax Convention model for income and capital, as long the source country does not belong in the list of "tax havens";</p> <p>- And provided the income is not considered as obtained in Portugal;</p>

Source country of income	Type of Income	Subject to tax?
Portugal	Employment and Self-Employment On High added value services with a scientific, artistic or technical nature ⁵	20%* flat rate
	Capital income (dividends, interests), rental income, capital gain (movable and immovable)	28%*

A. Other Advantages:

- In Portugal there is no inheritance tax and donations to spouses, ascendants or direct descendants are exempt from tax;

⁴ Except capital gain (movable) from foreign sources which are taxed in Portugal – rate 28%;

⁵ As an example: physicians, architects, engineers, computer programmers, computer consulting and programming, university professors, auditors, tax consultants, investors, directors and managers, business executives, artists, musicians, painters;

*with aggregation option;



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B. To whom does it apply?

- Individuals who have not been declared as tax residents in Portugal in the last 5 years; and
- Are considered to be tax residents in the year in which they wish to initiate this taxation regime.

That is:

- Stay in Portugal for more than 183 consecutive or interpolated days in the 12 month period;
- Or, in the event of a shorter stay, has a dwelling (either rent or own) in Portugal at 31 December of that year with the intention to hold it as his habitual and permanent residence;

C. What are the steps to take to become a Non-Resident Resident?

- Registration as a tax resident in Portugal;
- Request for the Status of "Non-Resident Resident" until March 31 of the year after taking up the tax residency in Portugal;

II – Legal Assistance in the Tax Regime of Non-Resident Residents:



“CPA” is a recognized law firm in Lisbon composed of a dynamic and highly qualified team of lawyers with a deep knowledge and qualitative experience, committed to providing high quality services to its Clients.

CPA team has an organized service to provide full legal assistance to foreign clients who wish to opt for the

benefits of the Non-Resident Resident regime:

- **Legal advice on the intended tax status;**
- **Application for a Portuguese taxpayer number, registration as a tax resident and application for the Non Habitual Resident Status;**
- **Legal assistance in the purchase or rental of dwellings;**
- **Obtainment of the necessary documentation to register as Non-Resident Resident;**



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