



Looking to live or invest in Portugal?

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Looking to live in Portugal?



Non-habitual resident tax regime

Employment and self-employment income can be taxed at a 20% special rate

Applicable to employment and self-employment income deriving from a “high-value-added” activity (including engineers, professionals within the computer programming or data processing).

Who?

Individuals who:

- become tax resident in Portugal (*e.g.* stay in Portugal more than 183 days during a 12 months period or have a place intended to be used as a habitual residence), and
- have not been deemed as tax residents in Portugal in the previous five years.

This special regime is subject to an application upon arrival (until the 31st of March of the following year) and applies **for 10 consecutive years**.

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Non-habitual resident tax regime

Foreign source income can be tax exempt

Provided that certain conditions are met (different conditions apply for different types of income):

- For **self-employment income** deriving from a “High-value-added” activity, **rental income**, **investment income** and **capital gains**, the exemption applies if the income may be taxed in the country of its source based on the relevant Double Tax Treaty rules or on the OECD model convention (if no Double Tax Treaty exists);
- **Pensions and employment income** may be exempt provided that they are taxed in the country of its source or provided that it is not considered from a Portuguese source under the domestic rules (for pension income only).

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Former resident tax regime

A favorable tax regime for former Portuguese tax residents who decide to return to Portugal in 2019 or 2020

50% of the employment and self-employment income can be tax exempt (regardless of the type of activity) leading to a maximum tax rate on such income of 26,5%.

Who?

Individuals who:

- become tax resident in Portugal between 1 January 2019 and 31 December 2020;
- have not been deemed tax resident in Portugal in the previous three years;
- have been tax resident in Portugal in any given fiscal year prior to 31 December 2015;
- have their tax situation regularized in Portugal; and,
- have not applied for the non-habitual resident tax status.

This regime applies for a period of five years.

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Former resident financial incentive

A financial incentive may be granted to former Portuguese tax residents who decide to return to Portugal in 2019 or 2020 and sign a labour contract

The total amount of the financial incentive to be granted can go up to € 6.536 per family.

Who?

Individuals who:

- start performing a professional activity in Portugal (mainland) by signing a permanent labour contract between 1 January 2019 and 31 December 2020;
- have been tax resident in Portugal in any given fiscal year prior to 31 December 2015;
- have their tax situation regularized in Portugal.

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Golden Visa program

A residence permit that can be granted to non EU citizens or citizens from states that are not part of the Schengen Conventions that make relevant investments in Portugal.

Relevant investments:

- Capital transfer of at least € 1M;
- Creation of at least 10 jobs;
- Capital investment of at least € 350k in scientific or technological research projects or € 250k in artistic or cultural activities;
- Capital investment of at least € 350k in the acquisition of shares/participation in an investment or venture capital fund dedicated to the capitalization of companies;
- Capital transfer of at least € 350k, for the setting up (or capital increase) of a company with head office in the Portuguese territory, combined with the creation of five permanent job positions, for a minimum period of three years;
- Acquisition of real estate assets with a global value of at least € 500k, or € 350K in case of acquisition and renovation of real estate assets of at least 30 years old or located in an urban-rehabilitation area.

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Golden Visa program



Advantages:

Valid for one year and renewable for successive periods of two years, the permit enables the individual to:

- legally work in Portugal;
- travel around the Schengen area;
- apply for a residence permit for its immediate family;
- be eligible for a permanent residence permit or Portuguese citizenship (subject to specific conditions and timeframe).

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Taxation of startups – Main features

General Rules

- **Corporate Income Tax rate:**
 - 17% (up to € 15k of taxable profit for SME);
 - 21% – Added by a municipal surcharge of up to 1.5% and by a state surcharge of up to 9%.
- **Tax losses carried forward during five years or 12 years (for SME)** – Can be offset up to 70% of taxable income and not relevant for municipal and state surcharges.
- **Intellectual Property taxed only in 50%** – Applicable to patents and industrial drawings and models, provided certain conditions are met.
- **Intangible assets depreciated during 20 years** – Applicable to Industrial property and Goodwill, subject to certain conditions.

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Taxation of startups – Main features

Share capital remuneration (Notional interest deduction)

- Corporate Income Tax deduction corresponding to 7% of share capital increases – Applicable to share capital increases made in cash (or by conversion of certain credits) of up to € 2M. This deduction may be carried forward during the five following tax years.



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Taxation of startups – Main features

Participation exemption

- Corporate income tax exemption for dividends and capital gains

Applicable to Portuguese resident companies provided that (i) a minimum share capital participation of 10% is held (ii) for a minimum period of one year. Exemption also applicable to dividends and capital gains obtained by non residents derived from participations held in non-real estate Portuguese companies.

Tax regimes and incentives for different types of vehicles

- May lead to an effective taxation rate of 10% –
Applicable to Collective Investment Vehicles (CIV). Can be used depending on the nature and objectives of the investment structure.

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Taxation of startups – Main features

Taxation of funding

- Net financing expenses deductible for tax purposes up to the higher of €1M or 30% of EBITDA –
Non-deductible interest can be carried forward during five years within these limits. Unused EBITDA margin can be used to increase the interest deductibility limits of the following five years.
- Withholding tax on interest may be reduced under Double Tax Treaty or eliminated under interest and royalties directive – Provided certain conditions are met.
- Stamp Duty on the use of credit – Several exemptions may apply
 - Stamp duty is due on the use of credit between 0.04% and 0.6% depending on the maturity of the credit.

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Other interesting features

IP Income (individuals)

- Personal Income Tax exemption on 50% – Up to €10k.

Taxation of Investors (individuals)

- Dividends, capital gains and interest taxed at a 28% flat rate – Applicable to Portuguese resident individuals (as a rule).
- Capital gains on micro and small businesses taxed only on 50% – Subject to specific conditions.
- Tax exemptions or tax rate reductions – Applicable to non-resident individual investors (depending on the country of residence).

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Other interesting features

Venture Capital funds

- Corporate Income Tax Exemption on any income obtained;
- Capital gains and distributions taxed at a 10% flat rate – Applicable to participation units obtained by individual investors.



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Other interesting features

200M Fund

- Co-investment up to 100% of the private financial commitment (maximum amount of € 5M)
- This Programme aims to increase capital venture activity in Portugal, allowing companies to acquire technical, commercial and market knowledge, thus enabling the development of better strategies to foster the innovation, growth and internationalization.
- Venture Capital investment in Portuguese companies can occur in different stages (seed, start up, later stage venture – series A and B) for the development of new products/services or innovative projects regarding processes, products or marketing.
- Preferred Sectors: Life Sciences, Biotechnology, Digital and IT, Tourism, Engineering and Industry 4.0.

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Incentive programs (*)

Program	Goals	Incentive
Startup voucher	Support the creation of new innovative companies, in the idea phase, by entrepreneurs aged between 18 and 35 years old.	Approximately € 700 monthly grant (until one year) plus mentoring, technical assistance and achievement award
Incubation voucher	Foster the integration of entrepreneurs and startups in the ecosystem, through hiring professional services provided by incubators to support the development of their business.	Cash grant of 75% limited to € 7.5k (except in Lisbon: cash grant of 40% limited to € 5k)
Commerce voucher	Reinforcement of the SMEs entrepreneurial qualification through the acquisition of professional consulting services.	Cash grant of 75% (except in Lisbon: cash grant of 40%) limited to € 5k
R&D voucher	Acquisition of services regarding R&D activities and technology transfer.	Cash grant of 75% (except in Lisbon: cash grant of 40%) limited to € 15k

(*) Subject to calls

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Incentive programs (*)

Program	Goals	Incentive
Opportunity for SME internationalization voucher	Enhance SME's capabilities regarding the identification of internalization opportunities, promotion of commercial diagnosis and definition of adequate marketing strategies.	Cash grant of 75% (except in Lisbon: cash grant of 40%) limited to € 10k
Industry 4.0 voucher	Promote the competitiveness of SME's, through the digital transformation, considering the Industry 4.0 goals.	Cash grant of 75% (except in Lisbon: cash grant of 40%) limited to € 7.5k
Qualified and creative entrepreneurship	Encourage investment in dynamic and fast growing industries by SME companies with less than two years.	Financing rate from 35% up to 75%, divided into: <ul style="list-style-type: none">• 50% in cash grant (subject to certain conditions) and• 50% in interest free loan

(*) Subject to calls

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Incentive programs (*)

Program	Goals	Incentive
Incentive system for innovation	Encourage innovation and stimulate structural investments in business aiming to produce new goods, services and processes.	Financing rate from 35% up to 75%, divided into: <ul style="list-style-type: none"> • 50% in cash grant (subject to certain conditions) and • 50% in interest free loan
Incentive system for the qualification and internationalization of SME	Enhance the competitiveness of SME by increasing their productivity, flexibility, capacity and active presence in the global markets.	Cash grant of 45% (incentive rate may be increased under specific conditions)
Incentive system for technological R&D	Intensify technological R&D efforts, allowing the creation of new knowledge in order to increase companies' competitiveness.	Cash grant from 25% up to 85%

(*) Subject to calls

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Incentive programs (*)

Program	Goals	Incentive
Horizon 2020	Speed up the development of technologies and innovations that will underpin tomorrow's businesses and help innovative SMEs to grow into world-leading companies, through several actions such as: <ul style="list-style-type: none">i. Research & Innovation actions,ii. Innovation actions,iii. SME instrument.	<u>R&I actions:</u> cash grant up to 100% <u>Innovation actions:</u> cash grant up to 70% <u>SME instrument:</u> cash grant up to 70% limited to € 2.5M

(*) Subject to calls

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Incentive programs (*)

Program	Goals	Incentive
International coinvestment funds	Promote the attraction of international venture capital funds in Portugal.	Co-investment of up to € 50M
Startup DNA line	Financial support line for startups and micro-enterprises under the age of four and a minimum of 15% of equity funding, through counter-guarantee mechanisms provided by Portuguese mutual guarantee companies.	Counter-guarantee mechanisms that finance up to € 50k (this amount could be € 100k under specific conditions)
Call MVP Minimum viable products	Launch of new ideas, technologies, products or services that foresee the creation of minimum viable products (in the digital, engineering & manufacturing or life science domains).	Co-investment up to € 1M

(*) Subject to calls



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