



GMS Flash Alert



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Portugal - 50% Tax Relief Proposed for Individuals Returning to Portugal

Portugal's government recently presented the 2019 State Budget Proposal¹, which includes a new favorable tax regime for former Portuguese tax residents who decide to return to Portugal.

For the full details, see "[Tax Relief for Individuals Returning to Portugal](#)" (October 2018), a publication of the KPMG International member firm in Portugal.

WHY THIS MATTERS

This new regime may be an option for those who do not meet the criteria for the granting of tax relief under the non-habitual resident regime, thus potentially facilitating a reduction in the individual's tax burden or, the employer's, in cases where tax equalization policies apply.

More Details on Proposed New Tax Regime

This special regime provides for a tax exemption on 50% of the employment and self-employment income, applicable to individuals who return to Portugal and meet the criteria to qualify as "tax resident" in Portugal under the applicable tax residency rules in 2019 or 2020 and have not been taxed as tax resident in Portugal in the previous three years.

Such exemption shall be applicable for a five-year period and shall not apply to those who apply for the non-habitual resident regime.

Next Steps

The budget proposal is currently under review in Parliament. Measures contained in the draft proposed are subject to change. It is expected that the budget will be finally approved and enacted by the end of 2018.

FOOTNOTE:

1 See the draft budget, [Proposta de Lei do OE 2019](https://www.parlamento.pt/OrcamentoEstado/Paginas/oe.aspx), on the website for Portugal's legislature (in Portuguese) at: <https://www.parlamento.pt/OrcamentoEstado/Paginas/oe.aspx>.

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Contact us

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