KPMG

Taxation of international executives: Portugal

March 2026

Contents

1	Overview and Introduction	4
2	Income Tax	6
3	Special considerations for short-term assignments	24
4	Other taxes and levies	26

KPMG

01

Overview and Introduction

1 Overview and Introduction

Portuguese residents are subject to tax on their worldwide income and non-residents are subject to Portuguese tax on their Portuguese-sourced income. A double taxation treaty may, of course, provide a variation to these rules.

Portuguese residents and non-residents earning Portuguese-sourced income are subject to personal income tax (PIT). The tax rates for 2026 range from 12.50 percent to 48 percent. There is also an additional solidarity surcharge that will be levied as follows:

- 2.5 percent on the annual taxable income between EUR 80,000 and EUR 250,000
- 5 percent on the annual taxable income exceeding EUR 250,000.

The income is allocated to one of six categories depending on the type of income. For residents, overall income is computed by adding together the income of all the relevant categories. Income from certain categories is subject to special tax rates and excluded from overall income.

Non-residents are subject to a 25 percent flat tax rate on employment income derived from Portuguese sources. Other income is also subject to flat rates that may vary between 10 percent and 28 percent.

The official currency of Portugal is the Euro (EUR).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

02
Income tax

2 Income Tax

2.1 Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

The Portuguese annual personal income tax return should be filed with the tax authorities, through the Internet, within 1 April to 30 June – regardless of the type of income received in the previous year.

In the situations where the taxpayer is entitled to a tax credit in Portugal (to eliminate international double taxation) on the foreign source income received, and the information on the final tax due is not available within the previous deadline, the tax return may be filed up to 31 December. In order to apply for this extension, the taxpayer must file a specific form with the tax authorities until 30 June.

What is the tax year-end?

31 December.

What are the compliance requirements for tax returns in Portugal?

Residents

The Portuguese fiscal year for individuals is the calendar year. Portuguese residents - either for the full year or part-year residents - are required to file an annual tax return between 1 April and 30 June each year.

As of 1 January 2015, the general rule is that married couples are taxed separately, and the personal income tax due will be assessed individually. However, both married couples and living together couples have the option to be taxed jointly. In this last case, if one spouse is resident only for part of the year, they must report the income received until the last day of staying in Portugal, whereas the resident spouse may file a tax return (only including their personal income received) separately, regarding the whole year.

Withholding tax levied on most income is deemed as payment on account of year-end's tax liability and taken into consideration in the annual assessment.

The final tax assessment has to be issued up to 30 July.

Non-Resident

Non-resident taxpayers are only required to file tax returns when earning Portuguese-sourced income not subject to withholding tax at the applicable flat rates, when they have the nature of final rates.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in Portugal?

Residents

Income tax table for 2025

Taxable income bracket		Total tax on income below bracket	Tax rate on income in bracket
From EUR	To EUR	EUR	Percent
0.00	8,342	0.00	12.50
8,342	12,587	1,042.75	15.70
12,587	17,838	1,976.16	21.20
17,838	23,089	3,781.66	24.10
23,089	29,397	5,564.45	31.10
29,397	43,090	9,142.47	34.90
43,090	49,566	15,038.41	43.10
46,566	86,634	20,069.95	44.60
Over 86,634		38,638.76	48.00

Non-residents

Income (Portuguese source)	Tax rate (percent)
Employment income	25
Business and professional income	25
Interest	28
Dividend	28
Capital gains on sale of shares	Tax exempt or 28*
Capital gains on sale of real estate/moveable assets/crypto assets	28*
Rental income	Between 5 and 28*
Pension income	25

Non habitual residents

Income (Portuguese source)	Tax rate (percent)
Employment income**	20
Business and professional income**	20

Interest	28
Dividend	28
Capital gains on sale of shares	28
Capital gains on sale of real estate	Marginal rates up to 48
Rental income	Between 5 and 28
Pension income	Marginal rates up to 48

* Taxpayer is required to file a tax return.

**If derived from a “high-value-added” activity (otherwise, marginal rates up to 48 percent apply).

Married Quotient

When the taxpayers opts for joint taxation, the general and solidarity tax rates apply to the taxable income, by splitting for 2 (1 per taxpayer).

Additional Solidarity Surcharge

An additional 2.5 percent surcharge will be levied on taxable income between EUR 80,000 and EUR 250,000 and 5 percent on the taxable income exceeding EUR 250,000.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Portugal?

An individual qualifies as resident for tax purposes in Portugal provided that one of the following conditions is met:

- They spend more than 183 days – continuously or not – in the country/jurisdiction within a 12-month period beginning or ending in the relevant year, or
- In case they spent less than 183 days herein, they have at any time of the referred 12-month period, accommodation available in Portugal in conditions where it can be assumed that it is their intention to use it as a place of habitual residence or abode.

In case the above criteria are met, an individual will be regarded as resident since the first day of their presence in Portugal until their departure. There are, however, some situations foreseen where the tax residency status applies for the entire tax year.

It is also foreseen that any day – complete or part-day – that includes sleeping in Portugal shall be considered as a day of presence in the Portuguese territory.

Additionally, under the 2024 State Budget Law, the non-habitual tax residents (NHR) regime ceased to exist as of January 1st, 2024.

However, the regime will remain applicable, as is, to those taxpayers who are already registered in Portugal as NHR, within the 10-year validity period of the regime.

Those that are able to benefit from the NHR status, may benefit from:

- A taxation at a special rate of 20 percent over the income derived from the activity performed by the individual provided that such activity is considered to be high value added (defined by Ministerial Order no. 12/2010, of 7 January and Ministerial Order no. 230/2019, of 23 July).

- A tax exemption over foreign-source income received by the individual, if certain conditions are met (namely, if the referred income is subject or if it could be subject (depending on the type of income) to tax in the country/jurisdiction of the source, according to the rules of the applicable DTT).

- A taxation at a special rate of 20 percent over pension income received from a foreign source.

Another special regime is also foreseen for “former tax residents”. This regime applies to individuals:

- who qualify as tax residents of Portugal until 2026 (in accordance with no. 1 and 2 of article 16 of the PIT Code);
- who have not qualified as tax residents in any of the previous 5 years (prior to repatriation);
- Who have their tax situation regularized and,
- Individuals who have not submitted an application to acquire the status of non habitual residents.

Under the former residents’ tax regime, a tax exemption applies over 50 percent of the employment, and self-employment received however limited to EUR 250,000.

The special taxation remains applicable for a period of 5 years.

Furthermore, the 2024 Portuguese State Budget Law introduced a Tax Incentive for Scientific Research and Innovation (“TISRI”), intended for a one-time application by the same taxpayer, aiming to attract and retain highly qualified professionals in the fields of scientific research, investment, and business development.

In order to benefit from this new regime, the individuals must meet the following:

- Become tax residents in Portugal;
- Not having previously benefited from other special tax regimes, such as the regime applicable to Non-Habitual Residents (“NHR”), the “IRS Jovem” or the “Programa Regressar”;
- Not having been tax residents in Portugal in any of the five years preceding the first year of fiscal residency; and
- Performing an eligible professional activity, as defined by the Portuguese legislation.

In case the above criteria are met, the taxable employment income and business or professional income arising from the referred specific activities may benefit from a special tax rate of 20% for a 10-year period. This is contingent upon the taxpayer being considered a tax resident of Portugal at any time during each year of that period. The 10-year period initiates in the year when the beneficiary registers as a resident for tax purposes herein.

Additionally, it is also foreseen that taxpayers who do not benefit from this special regime according to the described terms in one or more years of the 10-year period can benefit from it in any of the remaining years of that period, starting from the year in which they again regain the residency position in Portugal.

This regime rules also provide that:

- an exemption of tax in Portugal is available over the foreign source income (employment income, business and professional income, investment income, rental income and capital gains) to be received by the taxpayers covered by this incentive. However, such exemption is an exemption with progression, meaning that will be added for the purpose of determining the marginal rates applicable to any other income received that is subject to taxation at such rates;

- an aggravated rate of 35% is applicable whenever the income received under this regime arises from a tax haven.

Is there, a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No.

What if the assignee enters the country/jurisdiction before their assignment begins?

If the assignee enters the country/jurisdiction before the assignment begins, no tax implications arise from this situation. The assignees should register themselves and their family (if the family accompanies the individual on their assignment) with the Portuguese tax authorities (in accordance with the tax residency), in order to obtain a taxpayer identification number.

2.4 Termination of residence

Are there any tax compliance requirements when leaving Portugal?

Individuals who do not meet any of the above residence criteria should qualify as a non-resident for tax purposes in Portugal and must change their tax registry to non-residents (within 60 days) and, whenever their new country/jurisdiction of residency address is outside of the European Union in order to register as a non-resident, a tax representative shall also have to be appointed (which can be a person or company provided they qualify as Portuguese tax residents) or, alternatively, they may register to receive electronic notifications from the Portuguese tax authorities through the ViaCTT mailbox, by simply accessing the ViaCTT website and registering by using the option "Criar caixa". Please note that either the nomination of a tax representative, or instead the option to register at the ViaCTT website shall have to be completed within 15 days as of the beginning of a tax relationship with Portugal.

What if the assignee comes back for a trip after residency has terminated?

No tax implications should arise.

Communication between immigration and taxation authorities

Do the immigration authorities in Portugal provide information to the local taxation authorities regarding when a person enters or leaves Portugal?

According to our experience, the immigration authorities do not inform the local tax authorities when a person enters or leaves Portugal.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

No, provided that no Portuguese-sourced income was received in the relevant year or if the Portuguese-sourced income received was taxed at the applicable withholding flat rates (when the rates have the nature of final tax).

2.5 Economic employer approach

Do the taxation authorities in Portugal adopt the economic employer approach to interpreting Article 15 of the Organization for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Portugal considering the adoption of this interpretation of economic employer in the future?

Yes.

De minimus number of days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

No.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

According to the Portuguese tax rules, there are six types of categories of personal income subject to PIT.

- Category A: Employment income (that is wages, salaries, remunerations, commissions, percentages, and other fringe benefits).
- Category B: Self-employment income, for example, the ones derived from carrying out any commercial, industrial, or agricultural activity.
- Category E: Investment income (that is, all profits and other economic advantages arising directly or indirectly from patrimonial elements, assets, or rights of a movable nature).
- Category F: Rental income (that is, amounts paid or placed at the disposal of the respective beneficiary derived from the rental of urban and non-urban immovable property).
- Category G: Capital gains, for example, that are not taxed as gains of other classes of income (B, E, or F), including those arising from the onerous sale of immovable property or shares and signs of wealth.
- Category H: Pensions, for example, amounts due as old age, retirement, invalidity, widowers or alimony pensions.

Intra-group statutory directors

Will a non-resident of Portugal who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company

situated in Portugal) trigger a personal tax liability in Portugal, even though no separate director's fee/remuneration is paid for their duties as a board member?

Assuming that no remuneration is paid regarding work performed in Portugal and that the costs are not charged to the company located in Portugal, no personal tax liability will exist herein.

Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Portugal?

No.

Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Portugal (i.e., as a general management fee where the duties rendered as a board member is included)?

Yes, if recharged as salary costs.

In the case that a tax liability is triggered, how will the taxable income be determined?

According with the amount recharged to the local entity or the amount paid that relates to the activity performed in Portugal.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in Portugal? If so, please provide a general definition of these areas. Please note that the amounts below refer to the 2026 limits.

- Meal allowance.
- Daily allowance for business travel.
- Travel expenses.
- Partial exemption over employment income received by individuals aged up to 35 years old.

Meal allowance

Meal allowances up to EUR 6.15 per day if paid in cash, or EUR 10.46 if paid by lunch tickets.

Daily allowance for business travel

Daily allowance for business travel in Portugal up to EUR 65.89 (EUR 72.65 for Members of the Board) or up to EUR 156.36 (EUR 175.43 for Members of the Board) for business travel abroad.

Travel expenses

Documented travel expenses or allowance for business travel when reimbursed by the company (range between EUR 0.11/kilometer up to EUR 0.40/kilometer, depending on the mean of transportation (public or particular) and on the number of employees, if it is a rented vehicle).

Employment income received by individuals aged up to 35 years old

A new regime was introduced by the 2020 State Budget Law – it is called “IRS Jovem”.

The regime is applicable to all individuals up to 35 years old (regardless of their education level) who are in the first 10 years of earning income.

The benefit associated to the regime is the possibility to exempt from tax employment income and professional income (limited to EUR 29.542,15, in 2026) as follows:

i) 100% of income earned in the first year of earning income;

ii) 75% from the second to the fourth year;

iii) 50% from the fifth to the seventh year; and

iv) 25% from the eighth to the tenth year.

This exemption does not apply in the years when no income is earned from employment or business and professional activities, and it may be resumed for the remaining period, up to a total of 10 years (bearing in mind the maximum age limit of 35 years).

This regime is not applicable if the individual benefits (or have benefited) from:

i) the non-habitual resident regime;

ii) the tax incentive for scientific research and innovation;

iii) have opted for taxation under the "Former Residents" regime; and,

iv) his tax situation is not regularized.

2.8 Expatriate concessions

Are there any concessions made for expatriates in Portugal?

The Portuguese Personal Income Tax Reform introduced an exemption applicable to Portuguese tax resident individuals temporarily assigned to a foreign country/jurisdiction (outbound assignees) on the employment income received, up to a limit of EUR 10,000, per year provided that:

- the employee is assigned for, at least, 90 days (60 of those have to be continuous)
- the exempted remuneration is exclusively related to the assignment (meaning that it must be paid on top of the remuneration received in the previous year, excluding any amount paid due to the assignment).

Non-resident individuals may also opt to benefit from this exemption under certain conditions (namely in case of option to be taxed as resident).

However, this does not cumulate with the non-habitual resident regime nor with any other tax benefit.

Additionally, the government implemented an optional tax regime for non-resident taxpayers, who may choose to be taxed under the same rules applicable to Portuguese-resident taxpayers, whenever 90 percent of their total income received is obtained in the Portuguese territory.

This optional regime will only apply, however, to resident taxpayers in another country/jurisdiction within the European Union (EU) or within the European Economic Area (EEA) – in this last case, provided that tax information is shared between countries/jurisdictions.

The Personal Income Tax Code also provides tax credits for foreign taxes.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Portugal? If so, how?

As Portuguese residents are subject to PIT on their worldwide income, income earned from a foreign employment is also subject to tax. Relief for foreign taxes is available. Non-residents will only be subject to PIT on their Portuguese employment income (that corresponds to income paid by a Portuguese entity or derived from the work performed in Portugal).

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in Portugal? If so, how?

Taxation of investment income

Portuguese residents are subject to PIT on all their investment income.

Investment income includes all profits and other economic advantages, regardless of its nature, paid in-cash or in-kind, arising directly or indirectly from patrimonial elements, assets or rights of a movable nature, as well as arising from their modification, transmission or termination.

With certain types of Portuguese or foreign-sourced investment income, residents may choose between either being taxed at the special tax rate or adding the income to the overall income and be taxed according to the general rules (progressive tax rates). Among investment income that may be excluded from overall income and taxed at reduced special rates, are the following:

- interest from bank deposits, taxed at a flat rate of 28 percent
- interest on bonds, taxed at a flat rate of 28 percent
- dividends paid by Portuguese or foreign companies, taxed at a flat rate of 28 percent.

Non-residents are subject to PIT on their Portuguese-sourced investment income through withholding at the same withholding flat rates.

Investment income paid by non-resident entities without a permanent establishment in Portugal, domiciled in jurisdictions with more favorable tax regimes, is liable to an autonomous tax rate of 35 percent.

Taxation of capital gains

Capital gains arising from the sale of shares or other moveable items are determined after taking into account the difference between capital gains and losses at the year-end. Capital gains and losses result from the difference between an asset's sale value and the corresponding acquisition cost.

Capital gains relating to immovable property acquired after 1 January 1989 are taxed at progressive rates on 50 percent of their value.

As to land for construction, it is subject to tax irrespective of the date of acquisition.

There is a possibility to adjust the acquisition value, by applying monetary coefficients set by the government, when the sale of the property occurs at least 24 months after its acquisition date (in order to calculate the correspondent capital gain/loss).

Capital gains arising from sale of shares are fully taxed at a 28 percent special rate. There is a possibility to adjust the shares' acquisition value, by applying monetary coefficients set by the government, when the sale of the shares occurs at least 24 months after its acquisition date (in order to calculate the correspondent capital gain/loss).

Capital gains on the sale of unquoted equity of micro and small companies are only taxable in 50 percent.

Capital gains generated from the sale of crypto assets are also taxed, but only in those held for less than 365 days. They shall be taxed at the autonomous rate of 28%, without prejudice to the option for aggregation to the overall income (subject to tax at the marginal rate).

Capital gains arising from sale of securities are mandatorily added to the overall income and taxed according to the general rules (at marginal tax rates up to 53%) whenever two conditions occur simultaneously *(i)* the assets are held for a period lower than 365 days and *(ii)* the taxpayer has a taxable income (including the balance of the capital gains) equal or higher than EUR 86.634 (this amount may vary on an annual basis).

Portuguese residents are subject to PIT on the capital gains relating to Portuguese and/or foreign assets. Non-residents are only subject to PIT on their Portuguese-sourced capital gains relating to immovable property. As for capital gains from the sale of shares or other moveable assets, an exemption applies for non-residents, provided that some conditions are met.

Dividends, interest, and rental income

Rental income

Rental income obtained both by resident and non-resident individuals is subject to tax at a rate varying from 5 to 28 percent, depending on the duration and the qualification of the rental agreement, as follows:

- 28% if the contract is not for residential purposes;
- 25% if the contract has a duration of less than 5 years and it is for residential purposes;
- 15% if the contract has a duration of between 5 and 10 years and it is for residential purposes;
- 10% if the contract has a duration of between 10 and 20 years and it is for residential purposes;
- 5% if the contract has a duration of more than 20 years and it is for residential purposes.

It is also possible to choose being taxed on the rents received under the rules applicable to business income.

Dividends and interest

Dividends and interest obtained both by resident and non-resident individuals are subject to a flat rate of 28 percent. However, tax resident individuals are given the option to disclose the dividends and interest with the overall income and to be taxed at the progressive tax rates up to 48 percent.

Dividends paid to Portuguese tax residents by Portuguese companies and EU companies that fall under the definition of article second of the 2011/96/UE, 30 November, are only taxed on 50 percent of its amount (provided that the individual opts to aggregate such income to the total amount of income received that is subject to tax at the marginal tax rates).

Dividends or interest derived from tax havens are taxed at an aggravated rate of 35%.

Gains from stock option exercises

Residency status	Taxable at:		
	Grant	Vest*	Exercise
Resident	N	N	Y
Non-resident	N	N	Y

*when referring to stock option plans, the taxable moment occurs when the beneficiary receives the stocks in his sphere, which occurs when he exercises the Option. On the other hand, the settlement is a taxable moment both for residents/non-residents in plans of attribution of shares to employees (that are not SOPs) – the taxation may, however, occur at vesting provided that some conditions are met.

Furthermore, a new tax incentive regime applies to employees' shareholdings schemes (share and stock options plans) set up by entities that qualify as:

- Startups (under the terms of the legal regime in force);
- Micro, small and medium companies, or small-mid cap companies;
- Companies developing their activity within the scope of innovation, being considered as such the entities that have incurred in expenses with investment in research and development (R&D), patents, industrial designs or models or computer programs equivalent to at least 10% of their expenses or turnover.

This regime produce effects as of January 1st, 2023 (some transitional rules apply).

In general terms, this regime foresees that:

- Gains arising from option and share plans realized by employees shall only be subject to PIT over 50% of its amount and subject to a special rate of 28% (i.e., corresponding to an effective rate of 14%), with the option to aggregate this income to other income that is taxed at progressive tax rates.
- Taxation of gains obtained by employees under these plans is postponed (under certain conditions).

Some exclusions to the this may be applied.

Foreign exchange gains and losses

Not applicable.

Principal residence gains and losses

Not applicable.

Capital and rental income losses

According to the Portuguese applicable tax rules, losses arising from rental income and capital gains can be offset against profits of the same category. The period for the use of losses may vary between 5 and 6 years, respectively for capital gains and rental income.

Personal use items

Not applicable.

Gifts

Not applicable.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in Portugal? If so, please discuss?

Not applicable.

Are there capital gains tax exceptions in Portugal? If so, please discuss?

Not applicable.

Pre-CGT assets

Not applicable.

Deemed disposal and acquisition

Not applicable.

2.12 General deductions from income

What are the general deductions from income allowed in Portugal?

Portuguese residents with employment income may deduct an amount corresponding to the greater of the following amounts:

- EUR 4,587.09; or
- The employee social security contributions to mandatory schemes if higher than EUR

4,587.09. In addition, each taxpayer can also deduct:

- indemnities paid by the employee to the employer (within certain conditions)
- 150 percent of the amount paid as union fees up to a limit of 1 percent of the gross employment income.

Non-residents are not entitled to any deductions against employment compensation. Portuguese residents may credit the following expenses incurred against their tax liability:

- 35 percent of general family expenses, up to a limit of EUR 250 per taxpayer (or 45 percent up to a limit of EUR 335 in the case of single-parent families), regarding the acquisition of goods and services except when the expenses refer to health, education or real estate.
- 15 percent of the expenses, up to a limit of EUR 1,000, incurred with the purchase of goods or services related to health expenses (including health insurance premiums) of the taxpayer or their family unity, as long as they are exempt from or subject to the reduced rate of value- added tax of 6 percent and are communicated to the Portuguese tax authorities.
- 30 percent of educational expenses relating to the taxpayer and their dependents up to a global limit of EUR 800. This limit is increased to EUR 1,100 in case the difference from the limit of EUR 800 relates to rental expenses that were incurred by any member or the household with less than 25 years old, studying more than 50Km away from the permanent residence of the household.
- 5 percent of the annual costs of the remuneration paid in exchange for the provision of domestic work (such as, cleaning services), up to a limit of EUR 200, and this amount will be included in the general limit for deductions.
- 100 percent of the VAT borne by each member of the household with the acquisition of public transportation monthly passes and 15 percent of the VAT borne by each member of the household, with expenses incurred in and duly supported by invoices issued by vehicle repair shops, hotels and

restaurants, hairdressers and beauty salons; 15% of the VAT incurred on expenses with purchase of books in specialized establishments, purchase of tickets for shows (theatre, music, dance, and other artistic and literary activities), admission to museums, monuments, and historical sites, Library and archive services, up to an overall limit of 250 euros per household per year; 30% deduction on sports and recreational education, activities of sports clubs and gyms and also deduction of 35% of the VAT borne by any member of the household on the purchase of medicines for veterinary use, all limited to EUR 250 per each member of the household. 20 percent of alimony pensions supported by the taxpayer arising from court decisions or agreements made in accordance with civil law may be deducted from the taxable income of all categories (except in cases where the beneficiary is a member of their family unit and benefits from the standard deductions).

- 15% of the VAT borne, limited to the above limit of EUR 250 foreseen for the other VAT expenses, by each member of the household with the acquisition of subscriptions to periodical publications (newspapers and magazines), including digital ones, taxed at the reduced VAT rate, communicated to the Tax Authority under the terms of Decree-Law no. 198/2012, of August 24, according to the Portuguese Classification of Economic Activities, Revision 3 (CAE - Rev. 3), approved by Decree-Law no. 381/2007, of November 14, in the following sectors of activity: Section J, class 58130 - Publishing of newspapers; Section J, class 58140 - Publishing of magazines and other periodicals.
- 15 percent of the costs incurred with rents, limited to EUR 900 (this limit may be increased, depending on the taxpayers' taxable income).
- 15 percent of the costs incurred with interest paid with regards to housing loans (for contracts sign until 31 December 2011), limited to EUR 296 (this limit may be increased, depending on the taxpayers' taxable income).
- 25 percent of donations made to accredited institutions can also be deducted. Donations to churches, religious institutions, qualifying religious charities and organizations specified by law and engaged in the pursuit of scientific, cultural or charitable goals are creditable in the amount equal to 25 percent of 130 percent of the donation made (however, in certain cases the deduction may not exceed 15 percent of the donor's PIT liability). The deduction is granted provided that the donor did not treat the donations as business expenses.
- 25 percent of the expenses incurred with homes and institutions to support the taxpayer's elderly, as well as the costs related to homes and independent accommodation for people with disabilities, their dependents, ancestors and relatives to the third degree, who do not have incomes above the minimum monthly wage, up to EUR 403.75.
- 20 percent of premiums paid related to contributions to pension funds and pension retirement plan (PPR) up to a limit of EUR 400 for taxpayers under 35 years old, EUR 350 for taxpayers between 35 and 50 and EUR 300 for taxpayers over 50.
- Resident taxpayers are also entitled to the following deductions:

EUR 600 for each dependent, plus:

a) the amount of EUR 126* if the dependent is aged under 3 years old; and
b) EUR 300* (EUR 150* in case of share custody) for the second and following dependents aged under 6 years old (regardless of the age of the first dependent) and,
c) EUR 525 per ascendant abiding with the taxpayer that does not earn income exceeding the national minimum pension, plus an additional amount of EUR 110 in case of a single ascendant.

*Alinea a) and b) are not cumulative.

- Additionally, there will be a reduction personal income withholding tax for holders of permanent lease agreement /sublease and loan agreements. In this sense, calculating the withholding tax on category A income, an additional amount of EUR 40 be added to the portion to be deducted, corresponding to the employee personal situation applicable to the taxpayer, provided that (i) the taxpayer holds a lease or sublease agreement for the first home, duly registered with the Portuguese tax authorities, or a loan agreement for the purchase or construction of their own permanent home and (ii) earns a monthly salary that does not exceed EUR 2,700.

  The employee must inform the employer responsible for the income of the option to add to the amount

to be deducted before it is paid or made available.

Limits to deductions

Besides the limits foreseen for each one of the deductions above, a global limit is introduced for deductions with expenses incurred in with health and health insurance premiums, education and training, rents or interest from housing loans, elderly homes, alimony pensions, VAT incurred and supported by invoices, as well as the deductions that are foreseen on the Tax Benefits Statute, as follows:

Income brackets (EUR)	Limit (EUR)
Up to 8,342	No limit
From 8,342 up to 80,000	Results from the application of the following formula: EUR 1,000+ [(EUR 2,500-EUR 1,000)* [(EUR 80,000 - Taxable income) / (EUR 80,00 - EUR 8,342)]]
Over 80,000	EUR 1,000

For families with 3 or more dependents the limits referred to above will be increased by 5 percent for each dependent (or godchild) who does not qualify as a taxpayer.

In cases of divorce or legal separation of people and goods in which the parental authority is shared, the deductions for dependent will be considered in 50 percent of the respective value for each parent.

Resident and non-resident taxpayers are also entitled to deduct property municipal tax relating to a relevant property for personal income tax purposes. However, this tax amount is only deductible from gross rental income when declaring this type of income.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in Portugal?

No information available.

2.14 Calculation of estimates/ prepayments/withholding

How are estimates/prepayments/withholding of tax handled in Portugal? For example, Pay- As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Pays-as-you-earn.

Pay-as-you-go (PAYG) withholding

Not applicable.

PAYG installments

Not applicable.

When are estimates/prepayments/withholding of tax due in Portugal? For example: monthly, annually, both, and so on.

Withholding tax is due on a monthly basis.

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in Portugal? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

In the case of Portuguese tax residents, the double tax treaties provide the credit system in order to avoid double taxation. Usually, the taxpayers earning income abroad are entitled to a tax credit on international double taxation, which is the lower of the following: income tax paid abroad or the taxes correspondent to the proportional part of income that is taxed abroad.

Portugal has a network of tax treaties covering taxes on income and taxes on capital (when applicable in the other countries/jurisdictions) with most countries/jurisdictions in Europe. When such a treaty exists, the tax credit may not exceed the tax paid abroad according to the terms of the treaty.

A tax exemption (with progression) is applicable for non-habitual tax residents over their foreign- source income provided that such income is liable (employment and self- employment) or can be liable to tax on the country/jurisdiction where it is obtained (rents, interests, pensions, etc.), according with the relief foreseen in the DTT entered between Portugal and the source country/jurisdiction.

2.16 General tax credits

What are the general tax credits that may be claimed in Portugal? Please list below.

Under the foreign tax credit method, foreign tax paid may be claimed as a tax credit in Portugal up to the limit of the Portuguese tax that would be due over that foreign income, or the tax paid in the country/jurisdiction of its source, if lower.

2.17 Sample tax calculation

This calculation assumes a married taxpayer resident in Portugal with two children whose 3- year assignment begins 1 January 2024 and ends 31 December 2026. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years. For 2026 we considered the above information – married taxpayer with two children, aged above 3 years old.[1]

	2024 USD	2025 USD	2026 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	1,575	1,350	1,125
Moving expense reimbursement	20,000	20,000	20,000
Home leave	0	0	0
Education allowance	3,000	3,000	3,000

[1] Sample calculation generated by KPMG & Associados – SROC, SA, the Portuguese member firm affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity, based on the Portuguese Personal Income Tax Code, enacted in 1989, updated as of January 2015, according to the Portuguese Personal Income Tax Reform as well as the 2026 State Budget Law. The amounts calculated for 2024 and 2026 are also based on the law in force in the respective year.

Interest income from non-local sources	6,000	6,000	3,000

Exchange rate used for calculation: USD 1.00 = EUR 0.90

Other assumptions

d) All earned income is attributable to local sources.

e) Bonuses are paid at the end of each tax year and accrue evenly throughout the year. Interest income is not remitted to Portugal.

f) The company car is used for business and private purposes, originally cost USD50,000 and was acquired in 2018.

g) The employee is deemed resident throughout the assignment.

h) Tax treaties and totalization agreements are ignored for the purpose of this calculation.

i) This is a taxable benefit provided that there is a written agreement between the company and the individual for purposes of the use of the company car. For purposes of this calculation, KPMG in Portugal assumes that this written agreement exists. Otherwise, this amount will be disregarded.

j) No deductible expenses considered.

k) KPMG in Portugal considered the reimbursement of the moving expenses as non-taxable benefit provided that the related costs are properly supported.

l) For 2026, it was considered a scenario with the filing of a joint tax return.

Calculation of taxable income

Year-ended	2024 EUR	2025 EUR	2026 EUR
Days in Portugal during the year	**365**	**365**	**365**
Earned employment income subject to income tax			
Salary	90,000	90,000	90,000
Bonus	18,000	18,000	18,000
Cost-of-living allowance	9,000	9,000	9,000
Housing allowance	10,800	10,800	10,800
Company car	1,215	1,013	1,013
Moving expense reimbursement	-	-	-
Home leave	-	-	-
Education allowance	2,700	2,700	2,700
Total earned employment income subject to income tax	131,715	131,513	131,513
Deductions (Social Security):	14,058	14,058	14,058
Total taxable employment income	117,657	117,455	117,455

Other taxable income: interest*	5,400	5,400	2,700

* 28 percent special rate.

Calculation of tax liability

	2024 EUR	2024 EUR	2025 EUR
Taxable employment income as above	117,657	117,455	117,455
Portuguese tax thereon	45%	45%	45%
Tax assessed	38,145.23	36,797.99	35,501.96
Autonomous taxation on the interest	1,512	756	756
Domestic tax rebates (taxpayer, spouse and dependents)	-1200	-1200	-1200
Total tax due	38,457.23	36,353.99	35.057,96
Additional surcharge	N/A	N/A	N/A
Total Portuguese tax	38,457.23	36,353.99	35,057.96

FOOTNOTES:

[1]Taxpayers required to file a tax return.

[2] Ibid.

[3]Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or, a calendar year of a 12-month period), the employee remains employed by the home country/jurisdiction employer but the employee's salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country/jurisdiction.

[4]For example, an employee can be physically present in the country/jurisdiction for up to 60 days before the tax authorities will apply the ‘economic employer’ approach.

[5]The reference remuneration for 2026 is the IAS (Indexante dos Apoios Sociais). However, the NMS in force in 2026 (EUR 920) continues to be used as the reference value, until the IAS (currently corresponding to EUR 537.13) reaches that figure.

[6]Tax exemption with progression means that although the income will not be taxed, it will be added to any other income received for purposes of determining the applicable marginal tax rates.

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

If the assignee qualifies as a non-resident in Portugal under the rules foreseen in the Double Tax Treaty entered between Portugal and the individual's home country/jurisdiction, the assignee should be registered with the Portuguese tax authorities as non-resident for tax purposes.

In case the assignee is resident in a country/jurisdiction outside the European Union or the European Economic Area, a tax representative should be appointed.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

If a STA continues to be paid by the home country/jurisdiction employer entity and if the related costs are not charged to the Portuguese company, then taxation may be avoided in Portugal provided that a double tax treaty applies.

3.3 Taxable income

What income will be taxed during short-term assignments?

As a STA (KPMG in Portugal assumes that this assignment regime lasts less than 183 days and the individual qualifies as a non-resident for tax purposes in Portugal under the rules foreseen in the Double Tax Treaty entered between Portugal and the individual's home country/jurisdiction), they will be liable to PIT only on their Portuguese source income (i.e. income paid/borne by a Portuguese company).

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short- term assignment in Portugal?

No.

04
Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in Portugal? If so, what are the rates for employers and employees?

Employer and employee.

Type of insurance	Employer Percent	Employee Percent	Total
Social security*	23.75%	11.00%	34.75%
Total	23.75%	11.00%	34.75%

*Portuguese residents and non-resident employees in Portugal are liable for social security contributions at a rate of 11 percent on their gross remuneration (9.3 percent for board members who are not "*Administradores*" or "*Gerentes*"). For the other side, the employers are liable for social security contributions at a rate of 23.75 percent on the same gross remuneration (20.3 percent for members of the board who are not "*Administradores*" or "*Gerentes*").

Some items may not be assessable to social security contributions such as the following:

m) irregular performance premiums
n) profit sharing
o) tuition for children
p) allowances for health expenses.

There are three main types of exceptions to the payment of social security contributions in Portugal: those derived from the EU Rules 1408/71 and 2001/83 (EU residents and residents in third countries/jurisdictions where these regulations are applicable), those derived from Portugal's social security treaties and those derived from internal rules in international assignments. In general terms, foreign employees assigned to work in Portugal for an estimated period of less than 1 year will continue to pay social security contributions in their home country/jurisdiction. Under these special assignment rules, the period of exemption of Portuguese contributions may be extended for a further year. Should authorities of the two countries/jurisdictions enter into an agreement the exemption can be granted initially for a longer period, but normally up to a maximum of 5 years. Some exemptions are also available for individuals working in more than one country/jurisdiction.

The Portuguese authorities have started to accept exemption in cases other than the two above referred. The exemption process is analyzed on a case-by-case basis.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Portugal?

According to the real estate taxation reform, gift and inheritance tax has been revoked since 1 January 2004. As a result, all actual and effective transfer of assets, located in the Portuguese territory, to individuals, will be liable to stamp tax at a 10 percent flat tax rate.

However, gifts (during lifetime or upon death) to the donor's spouse, descendants and ascendants are tax-exempt.

4.3 Real estate tax

Are there real estate taxes in Portugal?

Yes. Municipal property tax is levied on the patrimonial value of urban and non-urban property located in Portuguese territory and it is assessed annually considering the property's patrimonial taxable value. This tax is assessed on the value of the property, as determined for tax purposes. The tax rates are 0.8 percent for rural property and range from 0.3 percent to 0.45 percent for urban property.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in Portugal?

Yes, value-added tax applies on the following:

q) supply of goods and rendering of services carried out in the Portuguese territory (in an
r) onerous way) imports of goods
s) intra-community acquisition of goods.

There are three different VAT rates as follows:

t) reduced: correspondent to 6 percent (applied in general to basic food products, pharmaceutical products, and so on)
u) intermediate: correspondent to 13 percent (applied in general to wine, and so on)
v) normal: correspondent to 23 percent (applied to the remaining goods and services not subject to the above rates).

4.5 Unemployment tax

Are there unemployment taxes in Portugal?

No.

4.6 Other taxes

Are there additional taxes in Portugal that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Stamp tax

According to the real estate taxation reform, gift and inheritance tax has been revoked since 1 January 2004. As a result, all actual and effective transfer of assets, located in the Portuguese territory, to individuals, will be liable to stamp tax at a 10.8 percent flat tax rate.

In terms of assets, provisions are expressly made for the control of free crypto-asset subsidiaries, as well as the levy of Stamp Tax on commissions charged in the intermediation of operations relating to crypto-assets, subjecting these to a rate of 4% (in line with the majority of financial operations).

Crypto-assets are now liable to stamp tax, that free broadcasts (donations) will be taxed at the rate of 10 percent.

Local taxes

There are no local taxes imposed on the income of individuals. There is, however, a local tax on immovable property as referred to above (Real estate tax).

Property transfer tax

A property transfer tax (IMT) is assessed on onerous transfer of ownership rights, or limited rights, in real estate located in Portuguese territory, as well as on legal actions economically comparable to these transmissions.

IMT is due, namely, in the following situations:

w) sale agreements of real estate (on delivery)

x) leases which contain contractual clauses under which the leased goods become the tenant's property after all the lease rentals have been paid

y) lease or sub-lease for a period that exceeds 30 years

z) acquisitions of quotas of certain forms of companies that hold real estate, resulting in the ownership of such companies, or, when the ownership is limited to two people, by spouses when married under the community of goods regime (general or acquired)

aa) sale agreements which contain clauses under which the purchaser may transfer their contractual position to third parties

bb) grants of irrevocable powers of attorney that empower the transfer of ownership rights in real estate or of quotas mentioned above

cc) assignment of contractual position or resale adjustment.

Regarding the crypto-assets, for the purpose of determining the IMT taxable base, the value of the crypto-assets given in exchange, determined under the terms of the Stamp Tax Code, is now considered as the value of the act or contract, that is, taking into account the value of the official quotation, if any, or its market value.

IMT is levied on the value of the act or of the contract or on the patrimonial value of the assets, whichever the highest.

The IMT rates are as follows.

Urban property for permanent dwelling purposes[2] (EUR)	Rates	
	Marginal	Average
Until 106.346	0%	0.0000%
From 106.346 to 145.470	2%	0.5379%
From 145.470 to 198.347	5%	1.7274%
From 198.347 to 330.539	7%	3.8361%
From 330.539 to 660.982	8%	-
From 660.982 to 1.150.853	Single rate of 6%	
Over 1.150.853	Single rate of 7.5%	

[2] In Madeira and Azores, the limits are multiplied by 1.25.

Acquisition of secondary habitation (EUR)	Rates	
	Marginal	Average
Until 106.346	1%	1.0000%
From 106.346 to 145.470	2%	1.2689%
From 145.470 to 198.347	5%	2.2636%
From 198.347 to 330.539	7%	4.1578%
From 330.539 to 633.931	8%	-
From 633.931 to 1.150.853	Single rate of 6%	
Over 1.150.853	Single rate of 7.5%	

Acquisition of other property	Rates
Non-urban property	5.0%
Urban property not exclusively for residential purposes and other onerous acquisitions	6.5%
Urban and non-urban property purchased by a tax haven resident entity.	10.0%

Exemptions

Some exemptions may apply. For example:

dd) In case of acquisition of property for first permanent dwelling, provided that the value of the building that would be subject to IMT does not exceed EUR 106,346;

ee) In case of acquisition of property to be rehabilitated (construction to start within 3 years after the purchase). The building must have been built at least 30 years ago or be located in areas of urban rehabilitation.

4.7 Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

Resident taxpayers are required to identify any foreign bank accounts held (the IBAN and Swift code) in the income Portuguese tax return (specifically in appendix J), regardless of having received any income from such account or not.

Back to top

Disclaimer

All information contained in this publication is summarized by KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. the Portuguese member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee, based on the applicable provisions of the Portuguese Personal Income Tax Code, enacted in 1989, updated as of January 2015, according to the Portuguese Personal Income Tax Reform as well as the 2026 State Budget Law.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.