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TAX ADVANTAGES FOR RESIDENCY IN PORTUGAL

NHR

Non-Habitual Residents

Non-Habitual Portuguese Residents (NHR) Tax Regime

Tax advantages:

- > A **20% special flat tax rate** applies to labour and self-employment income sourced in Portugal if derived from high value added activities;
- > Labour and self employment income sourced outside Portugal is **not subjected to taxation** in Portugal;
- > **Zero tax** on interests, dividends, royalties and capital gains sourced outside Portugal;
- > **Interests, dividends royalties and capital gains originated in other countries will be taxed in those countries at a reduced tax ranging from 5% to 15% the RNH benefiting from tax treaties with Portugal.**
- > **Zero tax** on retirement pensions not deemed as obtained in Portugal are tax exempted in Portugal and may also be not taxed at source as per any applicable tax treaty.

Other Tax Advantages:

- > No wealth tax;
- > Gifts and inheritances are fully exempt from taxation between ascendants, descendants and spouses. In relation to other beneficiaries stamp tax at a 10% rate applies;
- > Disposal of foreign assets is not subject to stamp tax;
- > Exclusion from taxation of capital gains on sales of permanent residence if proceeds are reinvested in another personal residence in Portugal, European Union or European Economic Area.

Who may apply:

- > **Individuals, including Portuguese, that were not tax residents in Portugal in the preceding 5 years may apply for the RNH tax Regime;**
- > Applicants must become tax residents in Portugal;
- > The regime is granted for a period of 10 years.



Why Portugal?

- > No doubts exist on the application of the RNH tax regime which may be fully and unrestrictedly enjoyed by those EU and non-EU nationals wishing to move to Portugal;
- > The RNH residents regime is a domestic regime which did not require EU approval, is not being challenged by the EU and it may apply both to Portuguese and foreign nationals;
- > **It is one of the most attractive tax regimes in force because combines a mitigated taxation applicable to employment, professional income and self-employment services and exemption of tax for foreign sourced income.**
- > In Portugal every lawful resident is entitled to **full health coverage** by the Serviço Nacional de Saúde (NHS), ranked 12th in the world by the World Health Organisation
- > **Portugal ranks highly in security** (third safest country in the world) **and cost of living for expatriates.**



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