



**TAX BENEFITS FOR NEW TAX
RESIDENTS IN PORTUGAL**



NEW TAX INCENTIVE

For Scientific Research and Innovation

Following the end of the Non-Habitual Resident (NHR) tax regime, a new tax incentive has emerged to promote scientific research and innovation in

Portugal, valid for **10 years**, offering a special tax rate of 20% to income from work or business activity linked to qualified activities.

Eligible Professional Activities

The regime applies to professionals in various fields, including:

- Teaching and Scientific Research: Includes scientific employment in entities integrated into the national science and technology system and members of governing bodies in technology and innovation centres.
- Qualified Jobs: Includes workers in entities benefiting from incentives for productive investment and highly qualified professions, defined by ordinance, carried out in companies benefiting from investment support schemes or which have a significant export activity.
- Research and Development: Includes staff whose costs are eligible for the R&D tax incentive system.
- Startups: Jobs in organisations certified as startups.
- Activities in the Autonomous Regions: Work carried out by tax residents in the Azores and Madeira, as defined by regional legislative decree.





Tax advantages of the new tax incentive

work income

- a. **Flat tax rate of 20%** applicable to income from employment and/or self-employed work obtained in Portugal, earned within the scope of eligible activities (instead of the general progressive PIT rates plus solidarity surcharge that range between 14%-53%).
- b. **Foreign source employment income** is **exempt from taxation** in Portugal.
- c. **Self-employment income** earned outside Portugal is **exempt from taxation** in Portugal.

passive income

- a. **Tax exemption on** a wide range of foreign source income such as **dividends, interest, royalties, rental income and Capital gains**.

pensions

- a. **Foreign pensions** are **subject to taxation** at general progressive PIT rates plus solidarity surcharge (**14%-53%**).

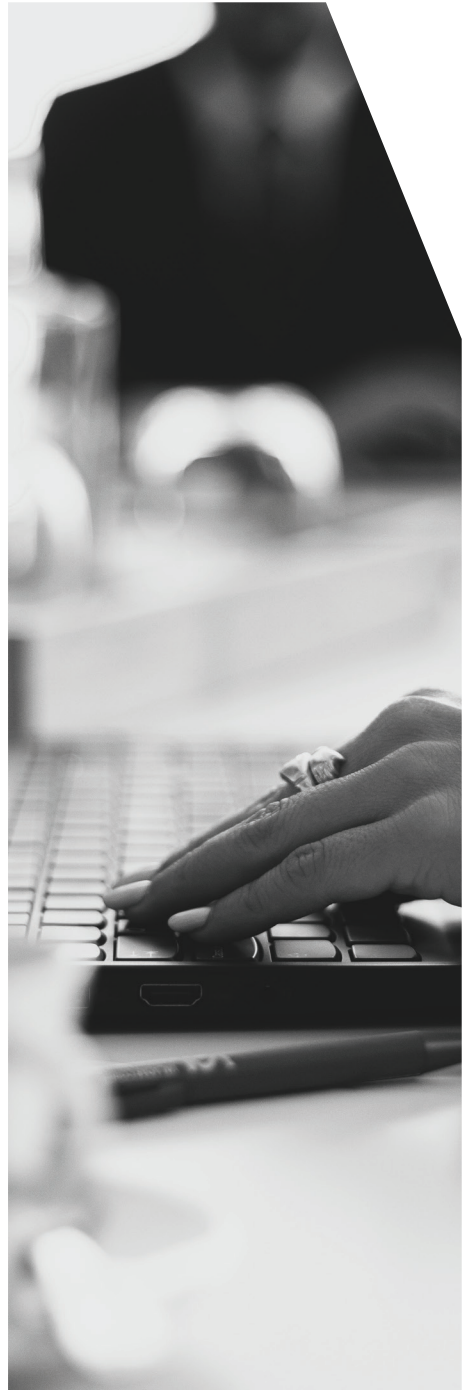
Who can apply?

Individuals, both foreign and Portuguese, **who have not been tax residents in Portugal** for the last 5 years, after changing their tax residence to Portugal, and who carry out an eligible activity in accordance with the new legislation.

This regime excludes those who have already benefited from the NHR or opted for taxation under the terms of the tax regime for former residents "Programa Regressar".

When to apply?

The procedures and deadlines for registering beneficiaries will be regulated by an ordinance, **yet to be approved**.

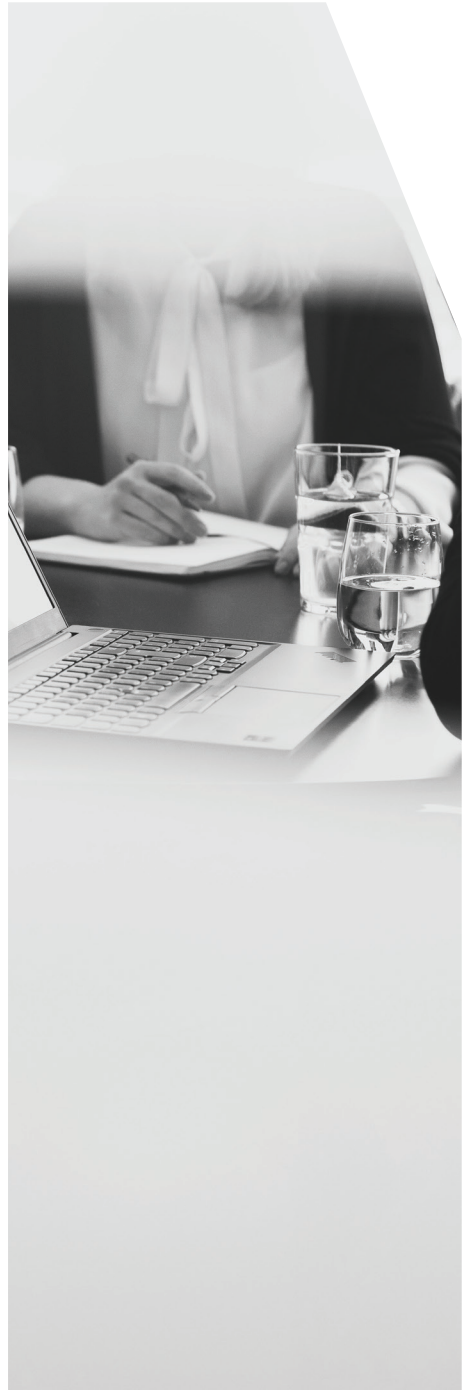




Other tax advantages not restricted to the new tax incentive

- a. **There is no wealth tax or any tax on large properties or fortunes**, except AIMI (Additional to IMI), a tax rate of 0.4% for collective persons and 0.7% for natural persons, which is levied on the sum of residential property owned by individuals and companies, with a taxable value of more than €600,000 and less than €1,000,000. A tax rate of 1% applies to the taxable value of more than €1,000,000 and less than or equal to €2,000,000 and 1.5% to the taxable value of more than €2,000,000.
- b. **Gifts and inheritances are completely tax-free** between spouses, ascendants, and descendants (up to grandchildren, great-grandchildren, grandparents, great-grandparents, or great-great-grandparents). Gifts and donations to other family members, friends or strangers are subject to Stamp Duty at a rate of 10%.
- c. **Exclusion from capital gains taxation** on the sale of a permanent residence if the proceeds are reinvested in another permanent residence in Portugal, the European Union, or countries in the European Economic Area.

- d. **Capital gains on the sale of shares** in Portuguese micro, small and medium-sized enterprises (SMEs) are taxed at 14%.
- e. **Gains resulting from the sale of crypto assets** held for 365 days or more **are exempt from taxation**. Outside the 365-day holding period, gains are taxed at a flat rate of 28%. Taxation in the capital gains category is deferred until the time of conversion to legal tender, assets other than cryptocurrencies and services. Transfers between wallets, addresses or own accounts are non-taxable.
- f. **Tax exemption for capital gains on the sale of valuable second-hand goods:** art, cars and other collectables. If sold by private individuals, ivt is also exempt from VAT.
- g. **There is no exit tax** when you cease to be a Portuguese tax resident, except for holders of crypto-assets to whom an exit tax of 28% will apply on crypto-assets held for less than a year.
- h. **Marriage and civil partnership** are treated in the same way for tax purposes.





Tax incentives for scientific research and innovation and Social Security

In Portugal there is an obligation to register with Social Security if the applicant for the tax incentive for scientific research and innovation earns work income. It should be noted that the tax incentive scheme for scientific research and innovation has no impact on social security contributions.

During the first year of social security enrolment, self-employed workers are exempt from paying contributions. After this period, a monthly levy of 21.4% will be charged on 70% of the gross amount invoiced, with a financial limit of 12 times the amount of the social support index (IAS), set in 2024 at 509.26€.



Validity of the tax incentive for scientific research and innovation

The tax incentive for scientific research and innovation is a tax regime granted for a period of **10 years**. It is important to emphasise that this is a continuous period that is not suspended, which means that if a taxable person changes their tax residence to a different country during the 10 years, the period of validity continues to run. However, they can return to Portugal and benefit from the status if it is still valid.

Income from offshores

If the income comes from a blacklisted jurisdiction, a 35% tax rate applies to the income earned by the taxpayers.



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