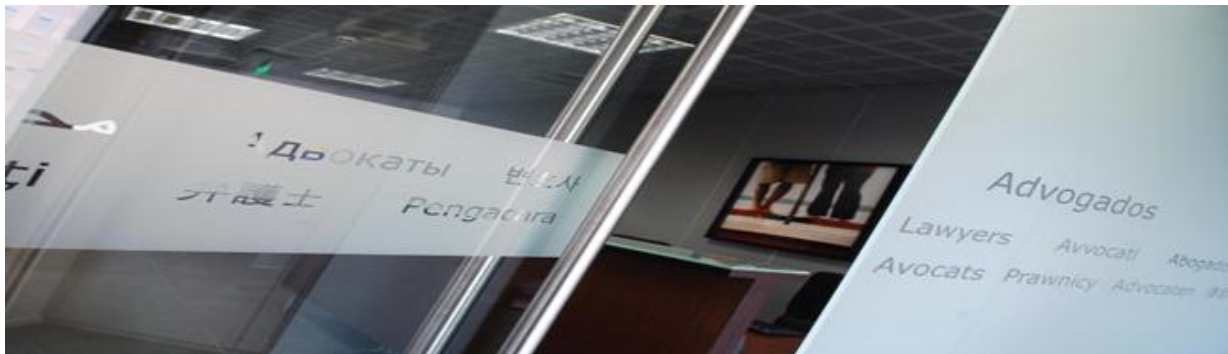




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TAX REGIME FOR NON-REGULAR RESIDENTS



- i) What is the “tax regime for non-regular residents”?
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i) What is the “tax regime for non-regular residents”?

The non-regular residents’ tax regime was created by the Decree Law 249/2009, of September 23rd. It aims to attract non-resident individuals with high added value activities or that have specific know-how or that have knowledge in intellectual and industrial property development, as well as foreign pensioners.

ii) Who can apply? What are the compulsory requirements?

The compulsory requirements of the non-regular residents’ regime are:

- a) Not been deemed Portuguese resident for tax purposes up to 5 years prior to the application;
- b) Being deemed Portuguese resident for tax purposes in the year of the application request.

iii) When can I apply?

The application request can be made at the registration as a resident in Portugal or no later than the 31st of March of the following year.

iv) Where do I request the registration and to whom do I address the request?

Preferably by post mail to the Direção de Serviços de Registo de Contribuintes located at Avenida João XXI, No. 76, 6, 1049-065 Lisbon.

The request must be addressed to the Diretor de Serviços de Registo de Contribuintes.

v) What documents do I need to present?

A declaration confirming that 5 years prior to the current application the beneficiary was not deemed a Portuguese Resident for tax purposes.

vi) What are the high added value activities?

- 1 – Architects, engineers and geologists
- 2 – Artists, actors and musicians
- 3 – Auditors, including tax advisors
- 4 – Doctors and dentists
- 5 – Professors
- 6 – Psychologists
- 7 – Some Liberal Professionals, technicians and alike:
 - 701 – Archaeologists;
 - 702 – Biologists and life sciences’ specialists;
 - 703 – Computer Programmers;
 - 704 – Software advisor and activities related to technologies and computing;
 - 705 – Software engineers;
 - 706 – Computer consultancy activities;
 - 707 – Management and operation of computer equipment
 - 708 – Data services;
 - 709 – Data processing, hosting and related activities; Web portals
 - 710 – Data processing, hosting and related activities;
 - 711 – Other data service activities;
 - 712 – News agencies;
 - 713 – Other information service activities
 - 714 – Scientific research and development
 - 715 – Research and experimental development on natural sciences and engineering
 - 716 – Research and development in biotechnology
 - 717 – Designers.
- 8 – Investors, Managers and Directors:
 - 801 – Investors, Directors and managers of companies that promote productive investment, as long as they are connected to projects and concession contracts that are eligible for tax benefits per the Investment Tax Code (Código Fiscal)
 - 802 – Upper Management

vii) What are the advantages of the non-regular residents’ tax regime?

Non-regular residents are subjected to inferior tax rates during a period of 10 consecutive years, non-extendable, as long as they are deemed Portuguese residents’ for tax purposes.

The tax rates applied to the Portuguese source income are the following:

Employment income – IRS tax rate of 20%+3,5%

Self-employment income – IRS tax rate of 20%+3,5%

Capital income, Real Estate income and Capital gains – IRS tax rate of 28%

Pensions – tax rate up to 48%+3,5%+up to 5%

In income of foreign source tax rates may vary depending on the circumstances. Exemption may occur if certain criteria are met.

viii) What are my tax report obligations?

Income earned by non-regular residents in Portugal in activities of artistic, scientific and technical high added value (category A and B) must be declared in annex L of the “Modelo 3” statement.

ix) What are the problematic issues of the current application process?

- ✓ Delays granting the Status of non-regular resident (average of 6 months period to evaluate the application)
- ✓ Demands of extra documentation to prove the existence of an high added value activity
- ✓ (Improper) Demands of prior tax payment proof in the previous country of residence
- ✓ Exclusion of important careers (namely athletes)
- ✓ Tax withholding rates on the source of the employment income

x) What are the applicable legislation and administrative Gide-lines?

- Decreto-lei 249/2009, de 23 de setembro
- Portaria 12/2010, de 7 de janeiro
- Circular 2/2010, de 6 de maio
- Circular 9/2012, de 3 de agosto

Lisboa, 18th of December 2014

Catarina Garcia de Matos

Disclaimer: This is an informative, general and abstract document that does not substitute the appropriate professional advice to a specific case, therefore should not serve as a sufficient basis to make any particular decision.

Contact us for further enquiries on this topic.