



IRS and your filing status

FILING STATUS

Single, widowed and divorced taxpayers submit an individual return. Couples should also file an individual declaration but may elect to report jointly. Separated couples who are not divorced should each file singly. This is usually advisable since both spouses are responsible for meeting all fiscal obligations under a joint return. All unmarried couples living together for more than two years, whether of different or the same sex, may also file a joint return. To qualify, both must be registered with Finanças at the same address.

Joint or separate returns?

Couples can settle their accounts with the tax authorities separately or in a joint declaration. This second option must be expressly chosen by taxpayers if so desired and is valid only for that fiscal year. Anyone wanting joint assessment (more favorable for couples with different incomes) can not submit the declaration late after the 31 May deadline. In theory, the rule for separate assessment is designed to end discrimination between married and de facto couples. In practice, unmarried couples will lose the potential access to double deductions.

SPLIT-YEAR RESIDENCY

Split-year residency allows the taxpayer to be a resident in Portugal for only part of the year, as long as he/she remains more than 183 days, consecutive or not, in any 12-month period. The taxpayer will also be considered a tax resident if, having remained for a period of time of less than 183 days, he/she has available housing in conditions considered as the primary residence. Once these conditions are met, the taxpayer is considered to be a fiscal resident in Portugal as of the 1st day of the stay.

Question: I got married in October. Should we file separate returns for the period that we were still single?



euroFINESCO: Yes. In the past, couples were required to file jointly. In fiscal year 2017, this assumption is different. However, you may still report jointly if you find it preferable. Couples often pay less tax than two individuals when there are substantial differences in income.

Question: *My boyfriend and I have been living together for several years. Should we file separate or joint returns?*

euroFINESCO: While either is possible, unmarried couples may file a joint return. To qualify for this status, you must have been living together for at least two years. In practical terms, both individuals must be registered at the same address with *Finanças*. This status applies both to heterosexual and homosexual couples. To be on the safe side, it is a good idea to run a simulation before finalising your return to be sure which status is most advantageous.

Question: *My wife and I broke up last year but we are not yet divorced. Do we still file a joint return or separately?*

euroFINESCO: Both ways are accepted although your circumstances may make separate returns more practical. If you are filing individually, remember that both cannot claim the same dependents or deductions.

Question: *My spouse died last year. How should I declare?*

euroFINESCO: Fortunately, the declaration process has been vastly simplified from past practice. You merely need to declare the total annual income of both spouses for the year and tick the box as a widow (or widower).