



REQUIREMENTS FOR LOCAL LODGING LETTING

If you let out furnished accommodations to holidaymakers on a short-term basis, you are engaged in tourist related services (Category B) and should have already acquired a Local Lodging Licence. This type of activity receives special treatment under the “Simplified Regime”: you are only taxable on 35% of your invoiced income.

REQUIREMENTS

Before Starting

Before you begin your Local Lodging business activity in Portugal, you must first register. Application to operate is done either through the local tax office or via the internet. Next, business registration (“*Início de Actividade*”) with *Finanças* must be completed.

Local Lodging Licensing

Only a simple registration is currently required:

- a) determining the property to be let;
- b) identifying the owner/operator of the business;
- c) signed *Terms of Responsibility* to assure that the property meets the legal standards in full; and
- d) presentation of the “*Início de Actividade*”.

RUNNING YOUR BUSINESS

VAT

Just like any other business, you must collect VAT from your customers. Tourist related activities currently register for VAT. If your business income exceeds €12,000, you charge the lowest rate of 6% (5% in Madeira). Business expenses add 23% (22% in Madeira). The difference between the two is either paid to the State or returned to the taxpayer.



Quarterly declarations must be done over the Internet and are in Portuguese only.

Non-Residents should appoint a Fiscal Representative to meet their VAT obligations. In addition to the normal appointment procedures, the Non-Resident must issue a Power of Attorney to the Representative to answer to any fiscal matters directly with Finanças.

“Recibos Verdes electrónicos” (Green Receipts)

As in all business activities in Portugal, you are required to issue invoices to your clients. Mandatory receipts (former “*Recibos Verdes*”) must be issued electronically via the Internet (*Sistema de Emissão de Recibos Electrónicos* - SERE).

Reporting to “SEF”

Just like hotels, you will be required to report the arrival and departure of foreign visitors. Reporting is done on line to the SEF, “*Serviço de Estrangeiros e Fronteiras*” (Immigration and Border Service) with 3 different programmes available.

Portuguese Income Tax

An “IRS” declaration must be filed in April-June following the fiscal year. Most will find the Simplified Regime to be both easy and economical when compared to standard accounting practices. Gross income is reported on *Anexo B*.

SOCIAL SECURITY

Social Security

Social Security registration and subsequent payment of contributions are no longer requirements for those engaged in Local Lodging under the Simplified Regime (Category B).



CLOSING YOUR BUSINESS

Finally, in order to avoid any unnecessary taxation, you must notify *Finanças* within 30 days when you decide to cease your business activity via the completion of a “*Cessação de Actividade*” form.

CONCLUSION

With compliance under control, you can make the most of your new business in Portugal.

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