



Closing your Local Lodging business

If you have been engaged in Local Lodging and no longer wish to continue to let short-term furnished accommodations to holidaymakers, there are several steps that you will need to take:

Step nº1: “Finanças”

First, you will need to go to the local Tax Office and report the closing of your business. This is called "*Cessação de Actividade*". If you are still contributing to Social Security (which you shouldn't), the “AT” will inform “*Segurança Social*” of the change.

Step nº2: “Balcão Único Eletrónico”

Next, contact the "*Balcão Único Eletrónico*" online to inform them that you wish to deregister your license. This reporting must be done within 10 days of closure with Finanças. You are also required to notify any online advertising platforms of the closing during the same period.

Step nº3: “IRS”

Until June 30th following the fiscal year, you must submit an “IRS” income tax return including “*Anexo B*” to declare your “AL” business income in Portugal.

Step nº4: Potential Capital Gains Tax

Withdrawing a property from a Local Lodging activity was already potentially subject to Capital Gains tax under prior legislation. However, the way the law was drafted left room for doubt as to the exact point that the tax might be due. Updates to legislation have clarified this uncertainty, turning unambiguous that CGT assessment is deferred only when the property is further assigned to long-term rental income from Category F. Without this abeyance, a Capital Gain may be arrived at in the year of the closing of the “AL” business assignment. Regardless of whether a gain is, in fact, reached or not, report all taxable income in your “IRS” return.