



NON-HABITUAL RESIDENCY IN PORTUGAL

The status of Non-Habitual Resident individuals can be obtained by persons who become resident for tax purposes in Portugal (or became resident from the 1st of January 2009) without having had tax resident status in Portugal in the five years prior to application.

This status may be enjoyed for a maximum period of ten consecutive years, after which they will become regular tax resident individuals and will be subject to the standard IRS tax regime.

Within the period of 10 years, it is also possible to benefit from the above mentioned status during separate non-consecutive periods.

Portuguese tax residency for IRS purposes (in general) may be acquired:

- a) By staying for more than 183 days in the Portuguese territory, whether these days are consecutive or not;
- b) If staying for a shorter period, by having in the Portuguese territory, on the 31st of December of the given year in which such status is requested/sought after, a dwelling under circumstances that lead to the presumption of an intention to hold and occupy as a place of habitual domicile;
- c) Being, on the 31st of December of the given year in which such status is requested/sought after, a member of the crew of an aircraft or ship which is at the service of a company or entity with registered office or effective management in Portugal; or
- d) Being a member of a household where one of the spouses is, on the 31st of December of the given year in which such status is requested/sought after, a Portuguese tax resident.



NON-HABITUAL RESIDENCY TAX REGIME

The Non-Habitual Resident Individuals' special tax regime previews the following exemptions/benefits:

A) Professional Income from Portugal

Income generated in Portugal classified under the IRS code as derived from categories A (employment) and B (self-employment, royalties), linked with “high value-added activities” of a scientific, artistic or technical nature, as defined by the Portaria no. 12/2010 of 7 January

Professional Activities with high added value

- 1 - Architects, engineers and the like;
- 2 - Visual artists, actors and musicians;
- 3 - Auditors;
- 4 - Physicians and dentists;
- 5 - Teachers;
- 6 - Psychologists;
- 7 - Professional services, technicians, etc.
- 8 - Investors, administrators and managers.

(see summary below) will be taxed at a special flat rate of 20%.

B) Salary from Abroad

Income generated outside Portugal from category A (employment) will be exempt in Portugal if such income is taxed in the source jurisdiction and it is possible to establish a tax credit under an existing tax treaty for the elimination of double taxation or in the absence of such treaty, if taxed in the source jurisdiction and such income cannot be considered as taxable in Portugal under the IRS Code's rules.



C) **Other Income**

Income generated outside Portugal from category B (within high value added activities, as mentioned above) or categories E (capital income), F (letting income) or G (capital gains) will be exempt in Portugal if this income may be taxed in the source jurisdiction and it is possible to establish a tax credit under an existing Tax Treaty for the elimination of double taxation or equivalent provided that such source jurisdiction is not included on the tax havens' black-list (Ministerial Decree no./“Portaria n.º” 150/2004 of 13 February).

D) **Pensions**

Income generated outside Portugal, classified under the IRS code as derived from category H (pensions), will be exempt in Portugal if this income is, **alternatively**:

- 1) Taxable in the source jurisdiction whereby a tax treaty for the elimination of double taxation is in vigour and allows for such tax credit;
- 2) Under the criteria of the Portuguese “IRS” Code, this income cannot be considered as taxable in Portugal.

Despite being tax exempt under the conditions described above, this income must be aggregated in order to determine the tax rate applicable to the remaining taxable income.

Finally, because this status does not allow for a double exemption, it should be mentioned that the Decree-Law gives Non-Habitual Residents the possibility to waive the right to exemption in favour of this method of tax credit.