



NON-HABITUAL RESIDENCE TAX REGIME

The tax regime for non-habitual residents is intended to attract to Portugal certain qualified individuals and investments which may give rise to tax saving opportunities for expatriates. The Non-Habitual Residence special tax regime has the following exemptions and 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 (see summary below) will be taxed at a special flat rate of 20%.

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 & related professionals;
- 8 - Investors, administrators and managers.

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 the 13th of 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*:

- Taxable in the source jurisdiction whereby a tax treaty for the elimination of double taxation is in vigour and allows for such tax credit;
- Under the criteria of article 18th of the IRS Code, this income cannot be considered as arising in Portugal.