



## ***Buying & Selling a Portuguese Nominee Company***

When real estate is held in a Company, “immoveable” property is transformed into a “moveable” asset (ie. shares). At the point of sale, the Company shares are transferred while the property remains untouched, securely in the hands of the Company.

Needless to say, assessment on share conveyance is quite different from that of immoveable assets. There are many situations where a Company structure can alleviate many burdens, open opportunities while mitigating tax implications of the underlying transaction.

### ***A Fully Compliant Solution***

This is a fully compliant solution. The *Portuguese Nominee Company* structure has been in Portuguese legislation since the nineteenth century and has survived countless reforms over almost 150 years. There are none of the problems associated with Offshore Companies. These are fully compliant companies recognised throughout the EU: and beyond.

### ***Tax Efficiency***

As a non-trading entity, Portuguese Nominee Companies are exempt from Portuguese Corporate Tax (“IRC”) and Special Tax on Account (“PEC”).

The Capital Gains Tax rate in Portugal on the sale of Nominee Company shares remains at only 10% and does not “top-slice” on other forms of income.

### ***An Invaluable Estate Planning Tool***

Domicile or “Personal Law” - the determination of which body of law governs one’s life and estate - is a key element of any Estate Planning strategy. When seeking to establish Domicile of Choice, Portuguese Nominee Companies can be used to retain control of assets located in one country while effectively re-domiciling them to Portugal.



### ***When you buy . . .***

Buying a Nominee Company can save time and money as well as avoid many of the complications and bureaucracy often associated with conventional property acquisition.

#### **✓ Save Time**

Acquiring the shares of a Company is quick process. It can be done at the Notary or in your lawyer's office and can usually be accomplished in a few minutes, rather than week or months.

#### **✓ Simplicity**

Changes in Property ownership inevitably entangle 3 different organs of government: a) "*a Câmara*" (the local Council), "*as Finanças*" (the Revenue) and "*o Registo Predial*" (the Land Registry).

When transferring shares, these bureaucracies are only marginally involved if at all.

#### **✓ Tax Efficiency**

With no Stamp Duty or other taxes to pay, the transfer of shares avoids triggering "*IMT*" (Property Transfer Tax) and the 0.8% Stamp Duty on Deeds of Property Transfer, often proportioning tax savings of tens of thousands of Euros.

#### **✓ Reduced Costs**

Simplicity can also mean lower costs for lawyers, notaries, registrations and other disbursements that are an integral part of any transfer process.

#### **✓ A Fully Compliant Solution**

*Portuguese Nominee Companies* are non-trading *onshore* entities, recognised and accepted in Portugal & throughout the European Union: no heavy-handed legislation, no blacklists, no punitive taxation. They are simple, economical structures that can prove the right solution to meet many financial planning needs.



## ***When you sell . . .***

When it comes time to sell a Nominee Company (effectively transferring the property held within), both Sellers and Buyers can enjoy a full range of options:

- 1) At the notary, the Company's shares are transferred to the Buyers for the full market value of the Property held by the Company.

The Sellers are liable for Capital Gains Tax on the sale of the shares at a flat assessment of 14% rather than face potential assessments that could be as much as 52% were the Property to be sold directly by the Company to the Buyers;

- 2) The Buyers elect one of two options:

- a) If Buyers wish to lock in all of the advantages of the Nominee Company under their control, the transfer of ownership is now complete. As the new Shareholders, they can now take full possession. There is no further taxation: no "IMT" (Property Transfer Tax), no Stamp Duty.

Subsequent registrations can now take place;

- b) If, for whatever reason, the Buyers wish to assume direct ownership of the Company's assets, the Company is dissolved and the Property is transferred to the Buyers' names.

"IMT" (Property Transfer Tax) as well as Stamp Duty are due, followed by subsequent registrations, exactly as would be the case in any conventional property transfer.

- c) Any Capital Gains from the asset distribution will be determined by calculating the difference between the market value of the asset less the cost of acquisition of the shares. If the cost of the shares is equal to the market value of the asset, no CGT assessment arises to the shareholders.

While presented here for the purpose of clarity as a series of distinct and separate steps, the chosen option is prepared in advance and the complete set of transactions then occurs simultaneously in a matter of minutes at the Notary with both parties getting what they wanted.



## **ONGOING DOMICILIARY SERVICES**

In addition to orchestrating the formation or transfer of your *Portuguese Nominee Company*, **euroFINESCO** is also prepared to carry out on-going administrative services as required under Portuguese law. In fact, this structure also provides an essential support from knowledgeable professionals who are on your side to meet your specific needs.

### ***Low Operating Costs***

Annual operating costs are modest for *Portuguese Nominee Companies*. These mainstream onshore structures are not subject to the restrictive and costly prerequisites that increasingly make many offshore regimes prohibitively expensive.

### ***Our Experience and know-how***

**euroFINESCO** is a recognised leader in the field of Expatriate Services throughout Portugal over the past 20 years. Having pioneered the resurgence of *Portuguese Nominee Companies* since 2004, our breadth of experience and expertise can help you find the most appropriate solution tailored to your requirements.

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