



PORTUGUESE NOMINEE COMPANIES *Property Subdivisions*

The value of a tract of land in a desirable location can multiply when partitioned into Building Plots (when developed for residential purposes) or Horizontal Property (when building vertically). However, with *Property Subdivision* comes an increment in diverse forms of taxation: Capital Gains Tax (“CGT”); Property Transfer Tax (“IMT”); Stamp Duty. Without proper planning, profits will shrivel and final costs to consumers can escalate out of reach.

Portuguese Nominee Companies can be an ideal vehicle to mitigate these tax liabilities. First and foremost, they are fully compliant structures. This means that your strategy has legal foundations built on bedrock legislation: the Portuguese Civil Code. No dicey Delaware Companies, no Offshore snarls.

Normally, at the onset, Portuguese Nominee Companies cost no more than buying property in your own name. Assuming “average” legal and procedural fees, locking in the long-term advantages of the Nominee Company structure should not increase expenses.

However, when it comes time to sell, the respective tax burdens offer a dramatic contrast, specially for the non-resident. We strive to reduce set up costs while keeping the tax bill to the legal minimum. By using Nominee Companies, we achieve impressive combined tax savings, reducing or eliminating the principal forms of assessment on your investment.



Additional advantages of the *Nominee Company* are numerous:

No punitive taxation

Unlike Offshore Companies, there is no punitive taxation. There are no punitive Property Rates, no Deemed Income against the Company. In fact, *Nominee Companies* are tax exempt and any tax are levied directly to the Shareholders.

Reduced CGT Liability

14% CGT, plain and simple. There is a CGT rate of 14% on the sale of Company shares. This tax is flat rated, assessed independently from other income, so it will not “top-slice”, unwittingly forcing the taxpayer into a higher tax bracket.

No Property Transfer Tax for Buyers

There is no “IMT” (Municipal Transfer Tax) on the sale of the shares as long as a single shareholder does not have absolute control of the Company (exceeding a 75% concentration of ownership).

Ease on Entry

When transacted through **euroFINESCO**, buying a property via a *Portuguese Nominee Company* should cost no more than the direct purchase of the property. We can perform both Company formation and the Property transfer simultaneously.

Reduced Closing Costs

Buyers also enjoy reduced closing costs, avoiding the 0.8% Stamp Duty on property transfers. For example, in a recent *Nominee Company* sale openly reported at €1,700,000, the total tax bill came to only €25 for incidental expenses on the deed, saving the buyer “IMT” and Deed Stamp Duty that normally would have cost more than €136,000.



Low Operating Costs

The annual operating costs are modest for *Portugese Nominee Companies*: just €700+VAT. This annual fee includes all basic compliance requirements and offers a support structure for non-Portuguese speaking investors to guide them through the maze of bureaucracy.

Capital Improvements Don't Expire

Under normal Capital Gains Tax calculations, only improvements done in the 12 years prior to sale are eligible to be considered as deductible expenses. In other words, after this period, these improvements “expire”. However, injections of capital into your company never lose validity and add value to the Company at the point of sale.

a Fully Compliant Solution

Last but not least, this is a fully compliant solution. The *Nominee Company* structure has been in Portuguese legislation since the nineteenth century and has survived countless reforms over the past 150 years. While no one has a crystal ball to look into the future, this basic structure under Portuguese Law has undoubtedly stood the test of time. Although this type of company had fallen into disuse until recently, its revival is thanks to the “win-win” solution that it offers to both buyers and sellers, squarely within legislation.