



“IMI” - Municipal Property Tax and “VPT” Calculation

The local tax on real estate is a municipal tax levied on the net worth of property situated within the territory of each municipality.

Immovable property is classified as rural, urban and mixed.

Levy of Tax

IMI is assessed one year in arrears. The taxable person is the owner, the beneficiary or the party having the use or the benefit of the property on the 31st December of the year to which the tax relates.

Description	Rates
Rural Properties	0.8%
Urban Properties: <ul style="list-style-type: none">• evaluated according to current IMI legislation	0.3% - 0.5%
Offshores	7.5%
Abandoned properties for more than 1 year pay double.	

Exemptions

There shall be exempted from local real estate tax, in particular:

- property classified as a national monument or of public interest;
- housing property or part thereof leased under the rules of conditioned rents;
- urban housing property for the permanent residence of the owner within six months after the purchase or completion of the construction;



- property designed to be rented for residential purposes, when the above conditions are met;
- the 3-year exemption period in the preceding cases is for properties valued up to €125,000.

Taxable Amount

The taxable amount of the property is represented by its net assets value determined under the terms of the Evaluation Code. Meanwhile, the taxable amount is the same as the rateable value (“*valor patrimonial*”).

Rented Property

Property with rental contract prior to 31 December 2001 have a Rateable Value 12 times the yearly rent in 2009.

Additional IMI

Based on the Ratable Value (“VPT”) of the property, the applicable AIMI rates, after deductions, are as follows:

Taxpayer	Rate
Individuals (1) and undivided inheritances	0.7%
Companies (2)	0.4%
Urban properties owned by entities in black-listed tax havens	7.5%

- 1) A marginal rate of 1% applies to individuals on a taxable amount above €1,000,000, or for married or cohabiting couples, €2,000,000;
- 2) In the case of urban properties held by companies that are intended for the personal use of their shareholders, board members or any administrative bodies of the entity, the rate of 0.7% shall apply. In these cases, if the taxable amount exceeds €1,000,000, the marginal rate increases to 1%.



RATABLE VALUE CALCULATION

The definitive evaluation will be determined as follows:

$$\text{VPT} = \text{VC} \times \text{A} \times \text{Ca} \times \text{Cl} \times \text{Cq} \times \text{Cv}$$

VPT	Rateable Value - “ <i>Valor Patrimonial Tributável</i> ”
VC	Cost per m ²
A	Area
Ca	Type of Usage
Cl	Location
Cq	Quality and Comfort of Construction
Cv	Age of Construction

Factor nº1: *Constructed Area and Implantation*

The area is a function of cost. The 2018 value per m² is €603.

Type of Area	Coefficient
Covered Habitation Area	1
Outbuildings	0.3
Garden and Patio areas (up to 2x implantation)	0.025
Surrounding land	0.005

To calculate this primary factor, add the areas, previously multiplied by the respective coefficients, then multiply by the cost per square metre. This base is then altered by the remaining coefficients.

Factor nº 2: *Type of Usage*

The Area Factor is adjusted by type of Usage. Residential Property normally has a coefficient of 1.0.

Factor nº 3: *Age*

Next, the base is adjusted according to the year of construction or last re-evaluation of the property, ranging from 1.0 if new and 0.35 for houses more than 80 years old.



Factor nº 4: *Location*

The Location Coefficient ranges from a low of 0.35 to a high of 3.0, making it the wildcard of the equation.

Factor nº 5: *Quality of Construction*

This component is a two-edged sword: attractive features, such as a pool or private garage, will push up the overall value of your home. Living on a dirt track, as opposed to a tarmac road, will drop the appraisal.

AGRICULTURAL LAND

Rustic land used exclusively for agricultural purposes is valued at 20 times its annual production.

ASSESSMENT AND PAYMENT

The first “*IMI*” notice comes in the month of April. If the amount is equal to or less than €250, this is the only time you will receive a notice and this will be the sole payment.

If the amount exceeds €250 or less but is less than €500, the tax is paid in two installments in April and November.

If the “*IMI*” value exceeds €500, payment will be split into three instalments with notifications in the months April, July and November with payment due in the following month.

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