



## TAKING UP FISCAL RESIDENCY

Whether you are planning an impending move to Portugal to retire, simply seeking a more attractive lifestyle in the sun or have lived here for many years yet are in arrears in your compliance obligations, our “*Year One*” Plan will help you get off to a proper start in Portugal.

All those who live more than six months in the tax year in Portugal and earn income on a worldwide basis are required to submit a Portuguese “*IRS*” tax declaration, with only rare exemptions.

Our **euroFINESCO** package of services will help you meet all outstanding requirements related to Individual Income Tax, first by adopting fiscal residency in Portugal, then becoming officially non-resident in your home jurisdiction and finally, getting you a tax refund in the process.

### Your First “*IRS*” Return

Submitting a tax return is not synonymous with paying tax. The Portuguese tax code has generous allowances and unexpected exclusions on certain forms of income, broad deductions for numerous types of expenses and liberal tax credits for many common expenditures. Many people find their new tax burden in Portugal to be significantly lower than they experienced before in their country of origin.

### Fiscal Residency

Submitting your first income tax submission in Portugal is just the kick-off point. You will not be recognised as resident for tax purposes in Portugal or no longer resident back home unless you follow the appropriate procedures. With your first declaration in the hands of *Finanças*, the next step is to make application for a *Certificate of Fiscal Residency*.



## **Eliminating Withholding**

With the completion of this Portuguese-language-only formality, the International Division of the Tax Authority in your home country must be alerted to the change in your status. Some countries have specific dual language forms, while others accept the Portuguese *Certificate of Fiscal Residency*, duly translated. From this point on, most sources of income can be paid to you gross, thereby avoiding any withholding tax levied at source.

## **Your Refund**

Normally, there will be taxes that were inappropriately withheld after the initial date of establishment of fiscal residency in Portugal. By completing the appropriate steps, you will most likely be entitled to a tax refund. Many taxpayers are pleasantly surprised to find that the fiscal residency transition process, when properly completed, can more often than not pay for itself for most people.

## **Remember...**

Just because you have already paid tax in another jurisdiction does not mean that you have done so *correctly*. The relevant Double Taxation Treaty sorts out conflicts between jurisdictions and defines your obligations as a taxpayer.

## **Compliance**

Beyond meeting basic formalities and essential obligations, **euroFINESCO** will be by your side to help resolve problems that may arise in navigating your way through Portuguese bureaucracy: arranging for documentation, tax inspections, myriad manifestations of “red tape”. It is our purpose at **euroFINESCO** to assist you to become fully compliant while helping you pay the legal minimum.