

The End of the Non Habitual Residency Program (NHR).

The end is near for the 10 year tax benefit offered by the NHR status, first launched in 2009. This program alone is responsible for thousands of foreign nationals relocating to Portugal since its implementation. People from all over the globe attracted to Portugal by our nice weather, culture, peace index and low taxation offered to non-habitual residents.

The government announced on 2nd October 2023 that NHR will stop in 2024 as a measure to fight fiscal injustice. This is yet it be approved by the Portuguese parliament but likely to become a reality.

In practical terms, and based on the announcement, this means that if you already have a visa or residency authorisation but currently not a tax resident here in Portugal, you will need to become a tax resident here in Portugal by updating your *Finanças* (Portuguese tax office, or “AT”) address to your Portuguese address before the end of 2023 to apply for your NHR status.

If you are an EU national, residing outside of Portugal and interested in relocating to Portugal and secure the 10-year tax relief offered by the NHR scheme, you will need to make a quick decision and relocate to Portugal in the next weeks. You would also need to secure a residency certificate from your local council and ultimately update your tax status to tax resident in Portugal before the end of 2023.

For non-EU nationals and accepting that the government will put the plan into action as announced, it seems extremely difficult to obtain the necessary paperwork, secure a visa and residency before the end of the year. Visa processes can take several months to complete with considerable pressure on services such as SEF (border control) and Portuguese consulates and embassies.

As announced, providing that you have become officially a tax resident in Portugal in 2023 (until the 31st December), you will be able to apply for your NHR during 2024's first quarter.

Note: By becoming a tax resident in Portugal, you will be taxed according to the Portuguese tax laws and will be expected to declare your worldwide income every year, by submitting a Portuguese annual tax declaration or IRS.