



PROPERTY IN A UK COMPANY
Calculating Portuguese Capital Gains Tax

If the UK Company’s property that was originally purchased in 1986 were sold in 2009, the Capital Gain is calculated as follows:

Step 1: From the sales price, subtract any necessary buying and selling costs supported by proper documentation (notary& registry fees, “Sisa”/“IMT”, etc.)

Step 2: Multiply the acquisition price as recorded in the Deed of Purchase by the “Inflation Adjustment Coefficient”:

Year	Coef.	Year	Coef.	Year	Coef.	Year	Coef.	Year	Coef.	Year	Coef.
1986	2.49	1987	2.22	1988	2.96	1989	2.81	1990	2.22	1991	1.96
1992	1.81	1993	1.68	1994	1.60	1995	1.54	1996	1.50	1997	1.48
1998	1.43	1999	1.41	2000	1.38	2001	1.29	2002	1.24	2003	1.20
2004	1.18	2005	1.16	2006	1.12	2007	1.10	2008	1.07	2009	1.08
2010	1.07	2011	1.03	2012	1.00	2013	1.00	2015	1.00	2016	1.00

Step 3: Add to the adjusted purchase price any documented capital improvements within the past 12 years. (The expenses in the late 80's have long since expired for deduction purposes. However, they may qualify as “Shareholder Loans” if such a position can be documented).

Step 4: The difference between the adjusted purchase and sales prices is the taxable profit.

Step 5: As a non-resident company, the tax rate is 25% on the net gain. Tax reporting is done on Annex E of the “IRC” annual return (*Portuguese Corporate Income Tax Declaration*).

For more information on Capital Gains Tax, please consult our *euroFINESCO eBook n° 6, “Capital Gains on Portuguese Property”*, available through our website: www.eurofinesco.com

