



ROLLOVER RELIEF - *Reinvestment in a Ruin*

Rollover Relief is a tax break available to those who sell their *principal residence* and reinvest the proceeds directly into another.

Legislation: n°5, Art. 10°, CIRS

In practical terms, your “*principal residence*” is the one that is registered as your “fiscal” address with *Finanças*. If you eventually reinvest less than the full amount, the tax reduction will occur on a *pro rata* basis.

1) Reinvestment in a Ruin

Reinvestment (purchase & reconstruction) in a ruin is treated identically to the purchase of an “urban” building plot.

Legislation: n° 4, Art. 46°, CIMI

2) New Registration Number - “*Matriz*”

When reinvesting in a ruin, the property is assigned a new “*Matriz*” (*Finanças*’ registration number) and a new Rateable Value or “*VPT.*” (*Valor Patrimonial Tributável*) that serve as a basis for future assessments upon the conclusion of reconstruction (subsequent to issuing of the Habitation License by the Council and “*Modelo 1*” submitted and processed by *Finanças*).

Legislation: d) of Art. n° 1, CIMI

3) Time Periods for Reinvestment

Properly documented reinvestments (“*facturas*”) must be made within stipulated periods:

- a) Prior to 2009, between 12 months prior to Sale in question and 24 months after.



- b) For properties sold after 1 January 2009, the reinvestment period is extended to 24 months before and 36 months after the Sale in question.

Legislation: a) & b) of n° 5, Art. 10°, CIRS

4) **Time Periods for Occupation**

In order to qualify for the above fiscal benefit, the Property must be occupied by the Owners as a principal residence within 6 months of completion.

For new construction (or reconstruction of a ruin as per paragraph n° 1), this period for occupation may be extended as follows:

- a) Up to 6 months for the licensing process;
- b) Up to 24 months for construction;
- c) It is essential to note that these extensions apply only to occupation and not to reinvestment which is rigidly determined as per paragraph n° 3.

Legislation: a) & b) of n° 6, Art. 10°, CIRS