



## CAPITAL GAINS TAX DECLARATIONS ON REAL ESTATE

Even if you had no net gain from the sale of your Portuguese property, an “IRS” Individual Income Tax Declaration is mandatory when you sell. The fiscal year in Portugal is the same as the calendar year - January to December - and annual tax submissions are due in April / May, filed via the Internet, in the following year.

In order to prepare your tax return, you will need copies of the following documents:

- a) Deed of Purchase;
- b) Deed of Sale;
- c) “*Registo Predial*” - Property Registration;
- d) “*Caderneta Predial*” - *Finanças* property booklet;
- e) Expenses necessary for purchase or sale, such as:
  - i) Property Transfer Tax (“*Sisa*” or “*IMT*”);
  - ii) Notary charges;
  - iii) Registration fees;
  - iv) Estate Agency fees (only when mentioned in the Deed of Sale).
- f) Valid Invoices from Capital Improvements made in the 12 years prior to sale. Older invoices or informal receipts are not acceptable.

### ***Calculating Capital Gain Tax from the Sale of your Property***

Although it is *Finanças*, not you, who does the actual calculation, it may be worthwhile to anticipate what the final assessment will be. Let’s suppose that you sold your home last year that you had originally purchased in 1994.



Calculate your Capital Gain as follows:

Step 1: From the sales price, subtract any necessary buying and selling costs.

Step 2: Multiply the purchase price by the Inflation Adjustment Coefficient.

Step 3: Add to the adjusted purchase price any documented capital improvements within the past 12 years.

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

Step 5: For residents, one half of the net profit is assessed unless the gain is rolled over into another principal residence. Non-residents have no 50% exclusion. The sale is reported on Annex G.

Step 6: Non-residents pay at the tax rate of 25%.

Residents aggregate 50% of the gain to other sources of income or achieve rollover relief tax upon full re-investment of the proceeds of the sale. Partial reinvestments are taxed on a *pro rata* basis.

1989..	2.49
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
2014..	1.00
2015..	1.00
2016..	1.00

**NOTE:** *If you own your home through an Offshore company, the full gain is assessable in the year of sale and should be reported on the company's IRC declaration. There is no 50% exemption for companies.*