



## “USUFRUTO”

### ***Ownership with an Individual; Tenancy Rights with a Company***

#### **DEFINITIONS:**

“**Usufruto**” (rights to the use and fruits of an asset)

*Non-transmissible deeded temporary or lifetime Tenancy Rights*

“**Nua Propriedade**” (underlying ownership)

*Transmissible underlying ownership with no tenancy rights until ceded, revoked or re-consolidated upon death*

“**IMT**”: Property Transfer Tax, incurred on the transfer of underlying property, subtracting 10% of the Rateable Value (“**VPT**”) for every indivisible 5-year period (maximum of 80%).

#### **SCENARIO: Conveyance of Rights (“usufruto”) to a Foreign Company**

##### ***Advantages:***

- Temporary Tenancy Rights are transferred based on a percentage of “*Valor Patrimonial*” based on the number of years of “*Usufruto*”, not the price declared on the deed nor the Market Value;
- Assessment is on the Company (“*usufrutário*”), not the Individual;
- Deferral of Capital Gains Tax;
- Rights are acquired and therefore should not considered a “benefit-in-kind”.

##### ***Disadvantages:***

- Tenancy Rights continue to term, even after the death of the Owner;
- Portuguese bureaucracy and one-off costs in transfer process;
- If a mortgage exists, potential complications with lending bank;



- Tenancy Rights are subsequently non-transmissible while the Underlying Ownership may be transferred.
- Subsequent to eventual reconsolidation of the Property, any future sale will be based on the difference between Ratable Value (“VPT”) from acquisition and market-value sale price, potentially aggravating Capital Gains Tax.

**REQUIRED DOCUMENTS AND INFORMATION:**

- Property details: *address, deed, property registration, “Caderneta”, “IMI” demand, etc;*
- Foreign Company: *Certificate of Incorporation, Articles of Association, Fiscal Card, etc;*
- Details of Foreign Company Administrators: *passports, fiscal numbers, personal details;*
- Details of Client: *copy of passport, fiscal numbers, personal details.*

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