



Taxation of US Dividends

In the US, non-resident aliens normally face a dividend tax rate of 30% on dividends paid out by U.S. companies. However, they are excluded from this taxation if the dividends are paid by foreign companies or are interest-related dividends or short-term capital gain dividends.

This 30% rate can also be lower. According to the Portugal - USA treaty, the US assessment on dividends is limited to 15%. In your case, as you are NHR in Portugal, this American levy should be final with the US refunding any balance exceeding the 15%.

Nevertheless, these dividends need to be declared in Portugal. If you have Non-habitual Resident status, use Annex L in your Portuguese “IRS” tax return. Other taxpayers should report along with other foreign income on Annex J.

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