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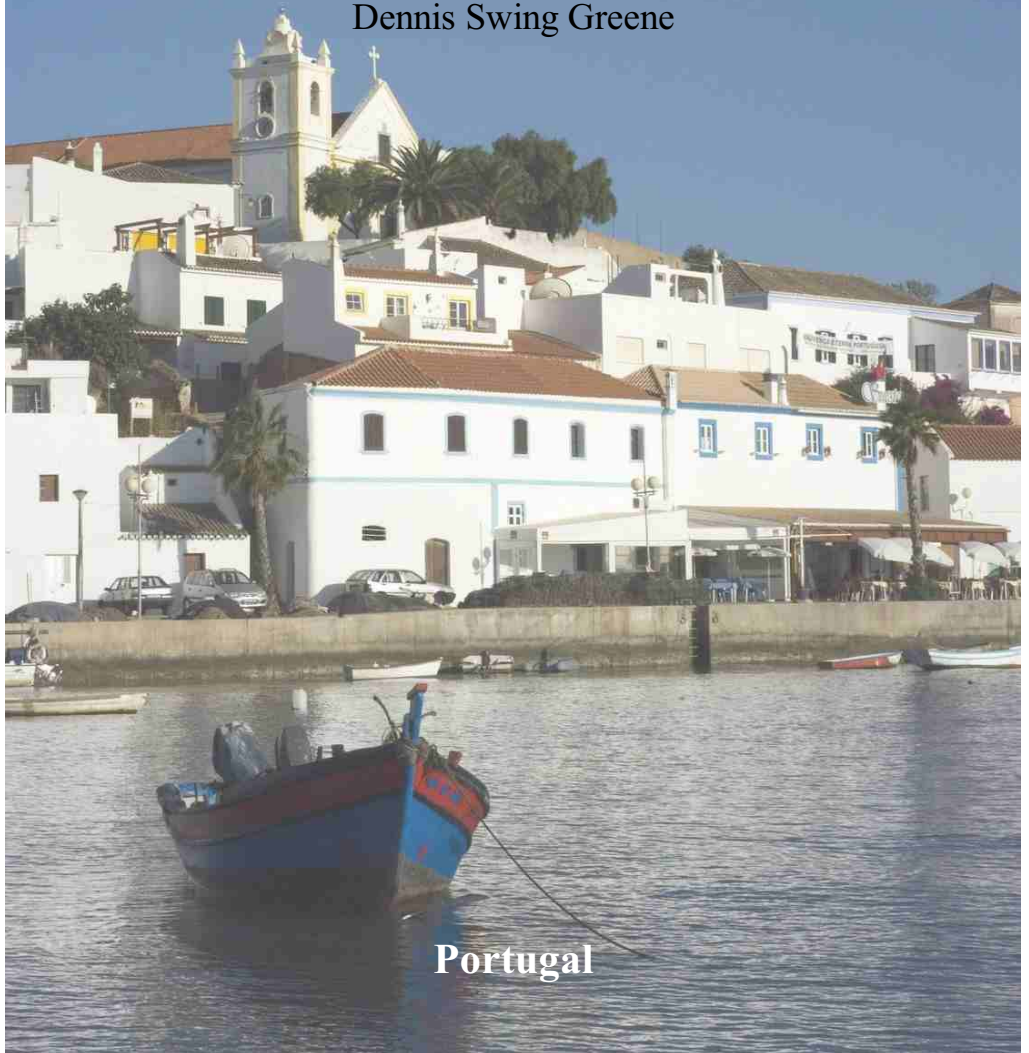
e-Book nº 29

*Relocating to Portugal*

# Golden Residence Visa

by

Dennis Swing Greene



Portugal

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Autor: Dennis Swing Greene  
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***euroFINESCO s.a.***

### **HEADQUARTERS**

Rua do Sol, 4  
8200-448 GUIA (Algarve)  
*tel:* +351 289 561 333  
*fax:* +351 289 562 061

### **Madeira Branch**

Rua do Aljube, 61, 2º Dtº  
9000-067 FUNCHAL (Sé)  
*tel:* +351 291 221095  
*fax:* +351 291 221103

### **Lisbon Branch**

Rua A.M. Cardoso, 15, 4ºD  
1200-273 LISBOA (Chiado)  
*tel:* +351 21 342 4210  
*fax:* +351 21 342 4212

### **Internet**

e-mail: [info@eurofinesco.com](mailto:info@eurofinesco.com)  
**[www.eurofinesco.com](http://www.eurofinesco.com)**  
Portugal  
*mobile:* +351 96 910 2813

# *Moving to Portugal*

## **GOLDEN RESIDENCE VISA**

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### *Note from the author*

This eBook is an extract of the complete work  
**“Relocating to Portugal - Useful Information”**

Other chapters include:

- Visas and Legal Framework
- Marriage and Cohabitation
- Your Rights to Medical Care
- Access to Education
- Recognition of Qualifications
- Social Security Entitlements
- Acquiring Portuguese Citizenship
- Portuguese Tax Codes
- Golden Residence Permit

Copies are available through the offices of **euroFINESCO**



At **euroFINESCO**, we take pride in being a frontrunner in fiscal and expatriate services in Portugal, playing a leading role in interpreting Portuguese fiscal legislation as plain English for the foreign resident community since 1991.

### **PORTUGUESE TAXATION**

- *IRS* - Individual Income Tax Returns
- *IRC* - Tax Preparation for Portuguese Nominee Companies as well as Non-Resident Companies
- Fiscal Residency Transitions to Portugal
- Fiscal Representation for Non-Resident Individuals
- Fiscal Representation for Companies

### **INTERNATIONAL TAX ISSUES**

- Bilateral Tax Treaties
- International Tax Reconciliation
- Compliance Issues

### **PERSONAL TAX PREPARATION**

The Portuguese tax system offers surprising opportunities to the foreign resident. When properly prepared, Portugal can prove to be a “tax haven within Europe” for you.

### **PORTUGUESE “*IRS*” INCOME TAX RETURNS**

**euroFINESCO** specializes in helping foreign residents by preparing their annual Portuguese *IRS* Income Tax Returns.

## **NOMINEE COMPANIES FOR PORTUGUESE PROPERTY**

- Meeting basic compulsory compliance commitments;
- Liaison between *Finanças* and Company Owners.
- Resourcing information to Owners;

## **FISCAL REPRESENTATION**

- Protecting your Valuable Investment
- Meeting Compliance Requirements
- Resourcing Key Information
- Liaison with *Finanças*
- Personalised Service
- Payment Facility
- Plain English

## **DOCUMENTATION**

We can assist you by cutting through the bureaucracy:

- “*Residências*”
- Portuguese Wills
- Driving Licences
- Rates Exemptions
- Fiscal Numbers
- Medical Cards

## **SMALL BUSINESS FORMATION**

We can help expatriates launch new businesses in Portugal:

- Choosing the right structure
- Accountancy Services
- Social Security & VAT
- Local Lodging Plan



The Golden Residence Permit Programme is a simple, fast-track programme designed to attract foreign investment into Portugal. The governing regulations for the Programme were published on 28 January 2013. As a result of the interest shown by foreign investors in this Programme, the Portuguese government has since amended the original rules to simplify the terms and conditions to obtain this residence permit.

### **Golden Visa Benefits**

- Residence visa waiver for entering Portugal;
- Living and working in Portugal, on condition that they stay in Portugal for a period of 7 or more days, in the first year, and 14 or more days, in the subsequent years;
- Visa exemption for travelling within the EU Schengen Area;
- Family reunification;
- Applying for permanent residence;
- Applying for Portuguese citizenship by naturalization, provided all other requirements set out in the Nationality Act are fulfilled.

### **Requirements**

The Programme is only available to non-EU citizens who make qualifying five year investments in Portugal. These investments may be completed directly or through a company, meeting one of the following requirements:

- Purchase of real estate costing at least €500,000;
- Capital of at least €1,000,000 to be invested in any type of business or company;

- Creation of at least 10 permanent jobs;
- Urban renewal project of at least €350,000;
- Scientific research funding of at least €350,000;
- Support of the arts and historical heritage of at least €250,000;
- Investment in Small and Medium Business funds of at least €500,000.

The investment activity must be maintained for a minimum period of five years after granting of the residence permit.

### **Other Conditions**

The Permit is first issued for one year and then subsequently renewed for successive periods of two years, provided that the requirements of the investment activity continue as well as the following minimum periods of stay in Portugal are maintained:

- seven days during the first year
- fourteen days in the following two-year periods

### **Documents**

To get you started, we will need:

- Valid Passport & proof of legal entry
- Proof of health insurance
- Absence of Debts Declaration
- Criminal Record Certificate
- Signed Application & Service Contract

### **Costs**

#### **State Fees** “*Serviço de Estrangeiros e Fronteiras*”

Application fee (per person):	€ 517.40
Approval (per person):	€5,173.60
Renewals (per person):	€2,586.80





### ***What is the special legal mechanism for obtaining a Residence Permit for Investment (Golden Residence Permit)?***

The Golden Residence Permit mechanism allows third country nationals to apply for a Resident Permit to conduct an investment activity with a visa waiver to enter national territory.

### ***What are the advantages of the programme?***

In return for the investment made in Portugal, the beneficiary of Golden Residence Permit is entitled to;

- Resident Residence Permit exemption to enter Portugal;
- Living and working in Portugal, while maintaining residence in another country;
- Residence Permit exemption for travelling within the Schengen Area;
- Family reunification;
- Obtain permanent residence (after five years and in the terms and conditions set out by the legislation in force);
- Acquiring Portuguese citizenship (after six years and in the terms and conditions set out by the legislation in force);

### ***Who is entitled to be a beneficiary of Golden Residence Permit?***

All third country citizens who conduct an investment activity, as an individual businessperson or through a company set up in Portugal or in another EU Member State and who, in addition, is stably settled in Portugal, provided that these citizens fulfil the quantitative and time requirements set out by the relevant legislation.

The Golden Residence Permit legal mechanism does not apply to individuals with Portuguese citizenship and to EU and EEE citizens.

***What quantitative requirements must be fulfilled by an investor to enable him / her applying for a Golden Residence Permit?***

The minimum quantitative requirement is deemed fulfilled when one of the following conditions is met in national territory:

- a) Capital transfer with a value equal to or above €1,000,000, including the purchase of shares in companies;
- b) The creation of, at least, 10 job positions; or
- c) Purchase of real estate property for at least €500,000.

Where the investment is made through a company, only the proportion of the capital actually invested by the applicant of Golden Residence Permit shall be ascribable to him / her.

Requirements concerning Residence Permit for purposes of performing investment activities in national territory may be amended; however the procedure of shifting from a requirement to another may not exceed three months. Such amendment must be previously validated by the Portuguese Immigration and Borders Service (SEF) – *Serviço de Estrangeiros e Fronteiras*.

***What are the minimum time requirements for the investment activity (i.e. how long does it have to continue?)***

The minimum time requirement for maintaining the investment is five years from the date of issuance of the Residence Permit.

***What are the requirements in terms of cautionary measures and documents?***

All of those interested in obtaining Golden Residence Permit are, cumulatively, subject to a number of cautionary measures, whereby they may not;

- . have been convicted of an offense punishable in Portugal with penalty involving deprivation of liberty of more than one year;
- . have been banned from entering national territory, following expulsion from the country;
- . have had an alert in their name issued in SIS (listed person);
- . have had an alert in their name issued in SEF's Integrated System

All of those interested in obtaining Golden Residence Permit are cumulatively subject to a number of document requisites:

- . Hold a valid passport;
- . Hold a Schengen Residence Permit, when applicable, and legalize their entry with SEF within 90 days from the date of their first entry in Portugal;
- . Deliver a criminal record issued by their country of origin or by the country where they have been residing for more than one year;
- . Deliver a declaration giving their consent to a criminal record check in Portugal;
- . Up-to-date declarations issued by the Portuguese Tax Authorities and by the Portuguese Social Security confirming the absence of any debts to those entities;
- . Affidavit, signed by the applicant, undertaking the responsibility of fulfilling the requirements correlated to the investment activity conducted in national territory;
- . Health insurance;
- . Receipt of Golden Residence Permit application fee (€513. 75).

Any document that is not written in Portuguese or in English shall be translated by a translator recognized by the Portuguese diplomatic or consular post at the country of origin, and then authenticated by that same authority.

### ***Where may I apply for Golden Residence Permit?***

Anyone interested in applying for Golden Residence Permit, may submit an application to that effect in one of the following ways:

- . By registering online. After registration in complete the applicant shall receive a password to fill in and submit the necessary form and send the relevant documents, as well as proof of having paid the application fee of €517.40;
- . In person, at the Portuguese diplomatic posts or consular post abroad, where they shall submit the whole application procedure (application + proof of the investment + proof of payment of application fee in the amount of €517.40);
- . In person, at SEF's Regional Directorates and Delegations in Portugal: The interested party may apply for Golden Residence Permit at the Regional Directorate or Delegation of SEF in his / her area of residence, within a maximum period of 90 days from the date of his / her first entry into Portugal, where he / she shall deliver the application procedure (application + proof of the investment + proof of payment of application fee in the amount of €517.40).

### ***What are the means of proof are accepted for granting Golden Residence Permit?***

In order to prove the quantitative requirements, investors shall deliver the following documents:

- a) Bank transfer for an amount equal to or above €1,000,000:

This requirement is deemed fulfilled where the applicant is able to demonstrate having transferred capital in the minimum amount required, including investments in shares of share capital of companies, for which he / she shall deliver:

- . Declaration issued by a banking institution duly accredited in national territory, certifying that the applicant has effectively transferred capital, in an amount equal to, or in excess of, 1 million Euro, into an account of which he / she is the sole or first holder of capital, or to purchase interests or shares in companies; and
  - . An updated certificate issued by the Commercial Register, certifying that the applicant is the share holder in a company.
- b) Creation of, at least, 10 job positions: This requirement is deemed fulfilled where the applicant presents an updated certificated issued by the Social Security.
- c) Purchase of property in value equal to, or above, €500,000:  
This requirement is deemed fulfilled if the applicant presents:
- . Final Deed of Purchase, or promissory contract for the purchase of a property which must include a statement from a Portuguese financial institution certifying the effective transfer for the acquisition or initial payment €500,000 or above;
  - . Up-to-date certificate issued by the Real Estate Register, which, in the case of a promissory contract must include where legally feasible its registration in that department.

***What are the means of proof are accepted for renewing Golden Residence Permit?***

- a) In order to renew a Golden Residence Permit:
- . Submit the means of evidence required according to the type of investment made;
  - . Provide up-to-date declarations issued by the Portuguese Tax Authorities and by the Portuguese Social Security confirming the absence of any debts to those entities;
  - . Have a health insurance, if he / she is not covered by the Social

- Security system in Portugal;
- . He / she may have to prove compliance with the minimum period of permanence (seven days in the first year and 14 days in the subsequent periods of two years, consecutive or non-sequential);
  - . Exhibit a valid passport and flight tickets or proof of accommodation;
  - . Provide an affidavit, on his / her word of honour that he / she shall comply with the minimum quantitative requirements and with the minimum investment time of the investment activity.
- b) Depending on the type of investment made, the applicant shall deliver one of the following:
- Regarding the transfer of funds equal to or above €1,000,000:
    - . Statement issued by a financial institution accredited in national territory confirming the existence of an average bank balance (on a quarterly basis) equal to, or above, €1 million;
    - . Up-to-date certificate of the Commercial Register confirming the ownership of share capital in a company; or
    - . In case of companies listed in the Stock Exchange, a statement issued by the Stock Market Regulator, or by a banking institution accredited in national territory certifying the ownership of shares;
    - . In case of companies not listed in the Stock Exchange a statement issued by the Administration or by the Management of that company, together with the certified accounting report proving the ownership and the full compliance with the minimum quantitative requirement.
  - Regarding the creation of, at least, 10 job positions, the applicant shall deliver:

- . Up-to-date Certificate issued by the Social Security certifying the maintenance of 10 job posts.
- Purchase of real estate property with a value equal to or above €500,000, the applicant shall deliver:
  - . Up-to-date Certificate issued by the Real Estate Registry showing registrations, endorsements and entries in force, as evidence of ownership of properties.

***What is the time-limit for reaching a decision on an application for obtaining or renewing Golden Residence Permit?***

Provided the application contains all the required documents, SEF shall validate the application in a maximum period of 72 hours.

***What is the cost involved in obtaining or renewing an Golden Residence Permit?***

- Where the application for the granting is approved, investors shall pay a fee for €5,173.60;
- Where the application for the renewing is approved, investors shall pay a fee for €2,586.80.

***When has the Golden Residence Permit special programme came into effect?***

This programme came into effect since October 2012.

***As Golden Residence Permit holder, what family members may benefit from this same scheme, where and when may I apply for family reunification, and how much does it cost?***

- The following are considered conventional relatives:
  - . Spouse;
  - . Minor children and incapacitated children under the custody of the couple or of one spouse;

- . Legally-recognised adopted children;
- . Children of age, who are dependent on both or one parent, provided they are single and studying in Portugal;
- . First degree ascendants (parents) of the applicant or of the spouse, provided they are dependants;
- . Minor siblings, under the custody of the applicant by order of a legal decision by the relevant authorities of the country of origin, if such order is recognised in Portugal.
- The following are considered relatives resulting from non-marital partnership:
  - . Life partner, with registered partnership under the law, either in national territory or abroad;
  - . Minor, single or incapacitated children, including children who have been adopted by the life-partner who has been given legal custody over those children.
- Family reunification can be applied for at a Regional Directorate or Delegation of the Immigration and Borders Service (SEF) from your area of residence.
- Family reunification can be applied for at the same time as the Golden Residence Permit title, or at a later stage, according to the preference of the investor. In any case, it is always dependent on the decision on the application of Golden Residence Permit.
- Family reunification requests in connection with the Golden Residence Permit scheme that are approved cost €5,173.60 per each family member; renewals cost €2,586.80.

### ***What fiscal rules apply in Portugal?***

The fiscal regime of investors who are in Portugal under the Golden Residence Permit scheme depends on the individual conditions of each investor and must be properly assessed by specialized tax advisors duly accredited to that effect by the Portugal Tax Office.





It may come as a surprise that filing a correct tax return in Portugal can actually save you money. Submitting a tax declaration is not necessarily synonymous with paying tax. The Portuguese tax code has many generous allowances and unexpected exclusions on certain forms of income as well as liberal tax credits for many common expenditures. Many find their tax burden in Portugal to be significantly lower than in their country of origin. Note these examples:

### ***Pensions***

Many occupational pensions paid within EU and beyond are entitled to an appreciable exclusion applying basic principles of elimination of Double Taxation. If eligible, an occupational pension of €50,000 could have little or no tax to pay.

### ***Non-Habitual Resident***

- Only Portuguese-sourced income of a non-habitual resident's salary is subject to Portuguese Income Tax. Additionally, this income will be levied at a flat rate of 20%.
- Foreign-sourced income will be exempt from assessment in Portugal when assessed under the rules of standing Double Taxation Agreements or the like.

### ***Disabilities Benefits***

Sometimes the common consequences of aging qualify taxpayers for 60% or greater disability status and still not hurt your golf game. If you are eligible, you will enjoy enhanced deductions.

### ***Income from Portuguese Property***

When reported as Portuguese-sourced business income, final tax rates are 5% or less with no further tax liability in the home jurisdiction for Non-Residents.

### ***Dividends***

Dividends paid by Portuguese and EU Companies are entitled to a 50% exclusion and are taxed on the other half at marginal rates with withholding on national dividends.

### ***Roll-Over Relief***

If you sell your principal residence and fully reinvest the proceeds in a new home, the capital gain is exempt. This is to be extended eventually to new home reinvestment anywhere in the EU.

### ***Nominee Companies***

If you purchase property for investment purposes, using a Portuguese Nominee Company will provide many benefits including simplified bureaucracy and tax efficiency.

### ***Inheritance Tax***

Portugal abolished Inheritance Tax as of 2004. Transfers to immediate relatives (spouse, children, grandchildren, parents and grandparents) are tax exempt. Others pay only 10% Stamp Duty.

### ***Sidestepping “Forced Heirship” Rules***

Portugal is a Civil Code jurisdiction that applies the principle of “*forced heirship*” where partial inheritance of the estate is the legal right of the both spouse and children. In some cases, this may not be the preferred order of the testator. Portuguese succession rules only apply within Portugal (“*territoriality*”). You can use a foreign succession instrument, such as a Trust, to accomplish your goals.

These and other benefits are entitlements under legislation. It is your right as a citizen and taxpayer to take maximum advantage of these tax breaks. Who knows? Portugal may prove to be a legal “*tax haven*” for you within Europe.



*euroFINESCO s.a.*

**HEADQUARTERS**

Rua do Sol, 4  
8200-448 GUIA (Algarve)  
*tel:* +351 289 561 333  
*fax:* +351 289 562 061

**Madeira Branch**

Rua do Aljube, 61, 2º Dtº  
9000-067 FUNCHAL (Sé)  
*tel:* +351 291 221095  
*fax:* +351 291 221103

**Lisbon Branch**

Rua A.M. Cardoso, 15, 4ºD  
1200-273 LISBOA (Chiado)  
*tel:* +351 21 342 4210  
*fax:* +351 21 342 4212

**Internet**

e-mail: [info@eurofinesco.com](mailto:info@eurofinesco.com)  
**[www.eurofinesco.com](http://www.eurofinesco.com)**  
Portugal  
*mobile:* +351 96 910 2813

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