



**IMPORTING A CAR: *How much does it cost?***

**Buying a car in from another EU country can bring benefits, however, be sure to take into consideration all of the costs.**

Buying a car abroad and legalizing it in Portugal can bring some economic advantages, especially if it is a second-hand vehicle. However, it is a bureaucratic and time-consuming process because there are documents and procedures that must be addressed. In addition, to calculate the price of the car, you will have to add up the costs inherent to the process, such as any taxes that are due in the country where you buy the vehicle and in Portugal, where it must be legalized.

However, there are several situations where importing may prove advantageous. From a purely economic point of view, in the case of vehicles up to three years, with reduced CO2 values; or in the case of high-end vehicles with more years, where depreciation in Portugal tends to be high.

When an automobile is more than a means of transport, the diversity of the supply that exists in the European market can be quite attractive. The availability is so great that in certain makes and models, even in the case of used vehicles, the consumer can choose colour and equipment as if it were a new vehicle. It can also be an option if you want to buy a vehicle that does not exist in Portugal, such as vehicles from the American or Asian market, or also the classics that, although they may exist in Portugal, may have a high price. Motorbikes, trucks, buses and motor homes are also increasingly sought after in the imported market.

## **How much does legalization cost?**

Costs must be added up before making the purchase because the cost of legalizing the car in Portugal can be discouraging. In some cases, importation may not be worthwhile. You should take into consideration expenses such as taxes, fees and issuance of documents.

### **1. Transport costs**

First, it is important to have the logistics costs associated with the purchase and transportation of the car. Since the car is not registered in Portugal, how will it be transported? According to the European Commission's website, there are three possibilities: to tow it by a registered and properly insured vehicle; hire a specialist transport company or drive it. If you choose the last option, you will need insurance valid for all countries where you will be travelling and a provisional license plate. Find out before making the decision. In addition, you will still have to add fuel costs and tolls.

### **2. Inspection**

Upon arrival in Portugal, the car will need to be inspected at the Technical Vehicle Inspection Centre, where they will check if the car's characteristics coincide with the documents. This process costs €76.25.

### **3. ISV**

Once you arrive in Portugal, you will also have to pay the Tax on the vehicle (ISV). This is a one-time tax, which is levied on the first registration of a vehicle in Portugal. The main factors to take into account are the year and month of registration, engine capacity, CO2 and particulate emissions in the case of diesel vehicles. Other factors such as kilometres, equipment and commercial value may also be relevant. Those importing a vehicle in their first year of residence should be exempt from this levy.

It is also important to note that if you buy a used car, you may have a percentage discount depending on the age of the vehicle. If the car

is between one and two years old, it will pay 20% less. Between two and three years, the discount rises to 28%. If you are between three and four years old, you will be entitled to a reduction of 35%; Between four and five years, the discount is 43%. Vehicles with more than five years old will have a discount of 52%. Before making the purchase, you can do a simulation on the Finance website of the ISV payable.

#### **4. VAT**

VAT payment is different if you buy a new or used car. If you decide to buy a new car, you are exempt from paying the VAT in the country where you buy, but then you must regularize this payment in Portugal. As a new car, those vehicles that are less than six months and less than 6,000 kilometres are considered new.

In the case of a used car, ie. more than six months and more than 6,000 kilometres, there is a difference if it is bought from a private individual or a car dealer. In the first case, there is no VAT charge either in the country of residence or where it is acquired. In the case of a purchase from a dealer, you will have to pay the amount of VAT applicable in the country where you purchased the vehicle, but do not pay VAT in the country of residence. Whatever the case, European Union rules apply so you won't pay the VAT twice.

#### **5. Registration fee**

Whether it is a new or second-hand vehicle, you will always have to request the assignment of a national registration to a vehicle purchased abroad. This request is made at the IMT (*Instituto da Mobilidade e dos Transportes Terrestres*) and is simplified, provided that the vehicle is European compliant with the Community Certificate of Conformity (COC). However, there are associated costs that can range from €45 to €205, depending on whether or not cars have all the necessary documents. Check the IMT website for information regarding documents and fees paid for used or new cars.

## 6. Single Automobile Registration Document

The Single Automobile Document / Certificate of Enrollment is a document that gathers all the information contained in the vehicle booklet and the title of property registration. It is the identification document of the vehicle and it brings together the vehicle's identifying characteristics as well as the elements relating to its ownership. This document can be requested at the counters of the Automobile Registry Office or through the Automobile Online website. The cost is €55.

### *Closing Notes*

A motor vehicle that has been imported on a tax-free basis may not be sold, loaned, pledged or hired for a period of 5 years following the date on which the Portuguese registration number is attributed. In addition, in order to maintain eligibility for tax-free importation, you must continue to reside in Portugal for a minimum period of 12 months. Only one vehicle may be imported tax-free per person once every ten years.

If your application for tax-free importation is turned down, you will be notified by the Customs authority and have to declare to them, within a period of 30 days, what you intend to do with the vehicle. If you fail to do this, they will consider that the vehicle has been brought into Portugal illegally.

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