



Portugal - Tax Regime 2017

Important Tax Changes

It was greatly anticipated and there was much speculation that the Portuguese Socialist Government would introduce an Inheritance Tax. Although this did not materialise, we still believe that this could be introduced in the future. What they did introduce was a Wealth Tax which we believe will be extended in coming years.

Wealth Tax

Introduced in the state budget this year, and will be collected within the current IMI system as an additional tax for higher-valued properties. The new tax is called "Adicional Imposto Municipal Sobre Imóveis" (AIMI). The tax will be applied if your property is worth over €600,000. Commercial properties will be exempt. The tax rate starts at 0.3% and is charged annually.

Income Tax

The personal income tax rates remain unchanged. However, the income tax margin bands have increased slightly on last year.

Surcharge Tax

introduced as part of the austerity policy. This will be phased out this year.

Solidarity Tax

The solidarity tax is applied to individuals with higher incomes. The rate of tax is 2.5% on income over €80,000 and 5% over €250,000.

Investment Income

interest and investment income is taxed at a flat rate of 28%. One can choose to be taxed at the Income Tax marginal bands instead, if this more beneficial. Investment income arising in a jurisdiction which is on the Blacklist, the rate of tax remains at 35%.

Non-Habitual Residence regime

This remains in place.

Trusts

Since January 2015, Portugal taxes distributions from trusts and foundations paid to individuals resident in Portugal. Where a jurisdiction levies tax which is 60% less than the equivalent tax rate applied in Portugal, the Portuguese tax authorities could deem this jurisdiction as "blacklisted", irrespective of whether this jurisdiction is published as blacklisted.

As ever, if you wish to consult us on any aspect above, please do not hesitate to get in contact.



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