TAX REGIME FOR NON-HABITUAL RESIDENTS
The Portuguese government has been investing in tax measures aimed at increasing the country’s competitiveness and attracting more foreign investment to Portugal. The regime of Non-habitual Residents’ creation is one of these measures.

**Regime target:**
- Qualified professionals,
- Individuals with assets,
- Pensioners.

**The Regime has the approval of the following entities:**
- European Commission;
- International Monetary Fund;
- European Central Bank;

**REQUIREMENTS FOR OBTAINING:**

**Not having been a Tax Resident for the previous 5 years**
- You must prove that you have not been resident in the national territory in any of the last 5 years.

**Becoming a Resident in Portugal for tax purposes**
- Stay in Portuguese territory 183 days in a row, or interpolated over a period of 12 months,
- Have permanent residence in order to demonstrate intention to establish your residence in Portugal.
The application to the Non-habitual Resident regime must be made by March 31 of the following year to the one in which you intend to become a resident in Portugal.

**Regime benefits:**

The regime is applicable for a period of 10 years from the year of registration as a resident in Portugal.

### Income from Portuguese sources

Income from categories A (dependent work) and B (self-employment), which relates to the exercise of high value-added activities earned by non-habitual residents, are taxed at the rate of 20%.

### Income from Foreign Source

1. The independent work income that non-habitual residents obtain abroad will be exempt, provided that, alternatively:
   
   - Be taxed in the other Contracting State, by the double taxation convention concluded by Portugal with that State;
   
   - Be taxed in another country, in cases where there is no agreement to eliminate double taxation signed by Portugal, provided that the respective income is not deemed to have been obtained in Portuguese territory, under the IRS (tax return) Code.
2 - Income from self-employment, capital, property and assets.

- Income from self-employment, high value-added activities, as well as income from capital, property income and asset increases, which non-habitual residents obtain abroad, will be exempt, provided that, alternatively:
  - Must be taxed in the other State, following the convention to eliminate double taxation concluded by Portugal with that State;
  - Must be taxed in the other country, where no convention exists, following the rules set out in the OECD Model Tax Convention on Income and Capital, provided that:

  (i) is not a territory subject to a privileged tax regime (defined in Ordinance) and,

  (ii) provided that the respective income is not deemed to have been obtained in Portuguese territory, under the IRS (tax return) Code.

3 - Pension Income

The net pension income that non-habitual residents obtain abroad, insofar as it is not considered a tax deduction in Portugal when it originates from contributions, is taxed at the rate of 10%.
You must file the IRS, tax return declaration, every year. Deadline for submission April 1 to June 30.

As a resident in Portugal, you are required to declare all income obtained inside and outside Portugal as well as the IBAN and SWIFT CODE of bank accounts held abroad.

**There are also other advantages in choosing Portugal as your country of residence:**

- There is no wealth tax and no obligation to declare any assets to the Portuguese tax authorities. Only income and identification of bank accounts held abroad are declared (IBAN and SWIFT mention);
- Inheritances and donations, between ascendants and descendants (such as father to daughter, or son to mother, or grandfather to grandchild, etc.) and husband and wife, are exempt from the tax (IS-Impost of Stamp);
- Other inheritances and donations (such as an uncle to a nephew or unrelated persons) are taxed at a flat rate of 10% on assets located in Portugal (other assets will not be subject to tax);
- Portugal is part of the EU and the Schengen area;
- For citizens of countries that are not members of the EU or the Schengen area, Portugal approved in 2012 the “Golden Visa Programme” also known as “Golden Visa”.
- Citizens of Portuguese nationality can also benefit from this scheme, which makes it especially attractive for Portuguese emigrants wishing to return.

**In addition to these tax advantages, there are also other relevant factors:**

- According to the Euro Health Consumer Index, Portugal is among the best health systems in Europe;
- The cost of living in Portugal is relatively low and below the European average;
• According to the Global Peace Index (GPI), Portugal is considered one of the safest countries in the world;

• According to an annual InterNations study, Portugal was considered the country with the best life quality in the world;

• And of course, one could not fail to mention: the climate, gastronomy, culture and geography that have already earned several distinctions.
Since 1 January 2020, in order to support the request of the RNH regime, the Portuguese Classification of Occupations (CPP) code should be considered.

The list of practitioners and their PPC codes on which the application may be based are therefore as follows:

I- Professional Activities

112 - General and executive directors of companies;
12 - Directors of administrative and commercial services;
13 - Production and specialized services directors;
14 - Hotel, restaurant, commerce and other services directors;
21 - Specialists in physical sciences, mathematics, engineering and related techniques;
221 - Physicians;
2261 - Dentists and stomatologists;
231 - University and higher education teachers;
25 - Specialists in information and communication technologies (ICT);
264 - Authors, journalists and linguists;
265 - Creative and performing arts artists;
31 - Technicians and science and engineering professions, intermediate level;
35 - Technicians of the technologies of information and communication;
61 - Market-oriented, skilled farmers and animal production workers;
62 - Market-oriented skilled workers in forestry, fishing and hunting;
7 - Skilled workers in industry, construction and craftsmen, including in particular skilled workers in metallurgy, metalworking, food processing, woodworking, clothing, craftsmanship, printing, precision instrument manufacture, jewellers, craftsmen, electrical and electronic workers;

8 - Plant and machinery operators and assembly workers, in particular fixed plant and machinery operators.

It should also be noted that workers in the above professional activities must have at least level 4 of the European Qualifications Framework or level 35 of the International Standard Classification of Education, or be in possession of 5 years of duly proven professional experience.

II - Other professional activities:

In addition to the professional activities, the Ordinance also indicates other eligible activities for obtaining the regime, namely the administrators and managers of companies promoting productive investment, as long as they are affiliated to eligible projects and with tax benefit concession contracts celebrated under the Investment Tax Code.