

# A1 BUYER'S GUIDE



*Reputation*  
FOR  
DISCRETION

A1 ALGARVE LUXURY REAL ESTATE  
AMI 15091



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### buyer's guide

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# UNDER STANDING

EVERY STEP

Ever dreamed of owning a holiday haven in the Algarve or perhaps even relocating to a sun-soaked paradise? Look no further!

We've helped countless dreamers like you turn these fantasies into reality. Our secret sauce? We're a boutique company with a laser focus on YOU and your unique needs.

Join forces with our team of passionate experts and leverage our extensive experience to make an informed decision.

*Agnieszka*

**Founder & CEO**



## THE PROMISE WE GIVE

Since our inception, we have been guided by a fundamental principle of delivering exceptional customer service, catering to individuals worldwide. We would be honored to assist you in realizing your aspirations.





# WHY PORTUGAL

## A Second Home For Many

Welcome to Portugal – the cosmopolitan hub that has been a second home to many wanderers from all corners of the globe! This picturesque country has been luring in folks from Europe, South and North America, Canada, and Japan for decades now, thanks to its affordable lifestyle and safe environment.

But wait, there's more! Portugal has upped its game in the last decade, especially in the IT sector, healthcare, legislation, and education. Plus, with its robust economy and reputation as one of the safest countries globally, it's no surprise that Portugal has become a hotspot for immigrants.

The cherry on top? The vibrant lifestyle, the stunning scenery, and the balmy Mediterranean weather that's sure to steal your heart. So come on over to this little slice of paradise, tucked away on the western edge of Europe – you won't regret it!



## Is Moving To Portugal Complicated?

Before jetting off to Portugal for an unforgettable escape, make sure you get the right advice from trusted experts.

With their guidance, you can tailor your plans to suit your needs and budget, saving you both time and money. So, get yourself a trusty adviser who can be your compass on this exciting journey!

**Our objective is to provide assistance with your relocation to Portugal and guarantee a seamless and comfortable transition. Through collaboration with a team of seasoned professionals, we aim to offer you the necessary information to make an informed decision.**

# FAQ ABOUT LIVING IN PORTUGAL

## LEGAL TIPS



**FERNANDO COSTA LLB**  
CHIEF OPERATIONS OFFICER

“ Non-EU citizens must get residency or Portuguese citizenship in order to live in Portugal. There are several methods to do this, including marriage, descent, naturalization, and investment. If you want to visit Portugal for vacation for up to 90 days, you will not require a Portuguese visa. If you intend to stay in Portugal for an extended period of time, you will require a visa.

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### WHY DO FOREIGNERS CHOOSE TO RESIDE IN PORTUGAL?

Many foreigners opt to live in Portugal because of the excellent climate, high quality of life, and inexpensive cost of living. In many respects, Portugal has become the European country to relocate to. An attractive tax policy is also a nice plus, and Portugal consistently ranks as one of the greatest countries to live in the world.

### IS PORTUGAL A DECENT LOCATION FOR FOREIGNERS TO ENJOY LIVING?

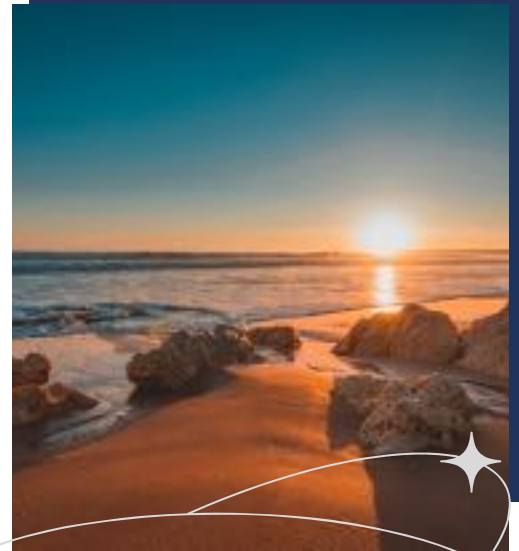
Life as an ex-pat in Portugal is a fairytale. Lisbon, the Algarve, and Porto have the largest foreign-resident communities. Many foreigners believe Portugal to be a wonderful location to live and one of the greatest European nations to migrate to, owing to its charming towns, stunning scenery, and pleasant climate. In addition to the gorgeous surroundings, foreigners migrating to Portugal will enjoy a reasonable cost of living, high-quality healthcare, and friendly residents.

### HOW WOULD THE LIVING COSTS IN PORTUGAL COMPARE TO THE UNITED STATES?

The living cost in Portuguese cities is in general lower than in major foreign cities. If you compare the average rent in Lisbon with any capital city worldwide, you will find that living in Lisbon is about 58% less expensive. Restaurant prices are nearly 45% lower. If you visit the interior of Portugal, away from the tourist attractions, you will be astonished by the country's affordability.

While many foreign expats opt for the hustle and bustle of Portugal's urban centers, **the Algarve is quickly gaining popularity** among those seeking a slice of the country's never-ending sunshine in the south.

# ALGARVE - THE PERFECT PLACE TO LIVE



The Algarve is a dream destination that goes beyond just economic perks. The sun-drenched coast, basking in over 300 days of sunshine, is a top reason why folks flock to the Algarve. The Portuguese paradise is a popular pick for Americans seeking a slower pace of life and cheaper living costs.

With plenty of English-speaking locals, the Algarve is a haven for those looking to retire and indulge in a glass of vino while watching the sun go down. It's no surprise that Portugal, and particularly the Algarve, has become a hot spot for expats seeking a high-quality lifestyle in a culturally rich European hub.

If you want to live by the sea, the golden coast of Portugal's Algarve is a terrific place to visit. The Algarve region, with its stunning, long, pristine coastline, is extremely popular not only with British visitors — and is becoming increasingly popular with foreigners.

The **Central Algarve** with its town of **Vilamoura** is very popular with foreigners due to its flamboyant marina, nightlife, and golf courses. But the two most exclusive and luxurious golf resorts, **Quinta do Lago** and **Vale do Lobo**, are located only a few miles away. Another advantage of choosing the Central Algarve is its closeness to the Faro airport.

## THE CENTRAL ALGARVE Portugal's California







# THE MOST COMMONLY USED VISA OPTIONS

## RESIDENCE PERMIT PROGRAM APPLICATION IN PORTUGAL

To embark on the application process for a visa permit in Portugal you have first to analyze which visa fits your requirements the best.

A visa has to grant the privilege of entry to the country and a stay within the country for a maximum period adapted to your lifestyle and be financeable while giving you advantages and perks that fit your needs.

The most frequently used visa options for NON-EU citizens are:

- D7 or Passive Income Visa
- Golden Visa
- D2 or Digital Nomad Visa

Elevate your lifestyle with privileged access to the rights and comforts of the right choice of visa for yourself. To embark on this extraordinary journey, applicants must diligently follow a series of residence applications at the Portuguese Consulate.

## D7 VISA

Passive Income Visa

### UNDERSTANDING THE ELIGIBILITY REQUIREMENTS FOR THE PORTUGAL PASSIVE INCOME D7 VISA

For non-EU/EEA/Swiss individuals seeking to make Portugal their new home, the D7 Visa is a remarkable

gateway to residency. Boasting a reasonable net regular passive income is the key to unlocking this prestigious path. What sets it apart is that it doesn't restrict you from pursuing professional activities in Portugal. Once granted, the privilege extends to immediate family members through the "family reunification" provisions.

### MINIMUM STAY REQUIREMENTS

For individuals holding a temporary residence permit, such as the Portugal Passive Income D7 Visa (excluding the Golden Visa category), it is crucial to meet the minimum stay requirements. During the initial two-year period, a minimum stay of 16 months within the country is required, followed by an extended obligation of 28 months in each subsequent three-year period.

The Portugal Passive Income D7 Visa, resembling the prestigious Golden Visa, is an exclusive credit-card-sized ID. It is registered in the Schengen Space central system, providing visa-free access to all.

**If you are interested in learning more about this exceptional opportunity or the broader Portugal residence permit program, feel free to reach out to us for further information.**





# D2 VISA

Immigrant Entrepreneur Visa

## THE BENEFITS OF THE D2 VISA FOR PORTUGAL

The D2 Visa, which is also known as the Immigrant Entrepreneur Visa for Portugal, is a type of visa that non-EU and non-Schengen Area residents can apply for if they want to start an investing activity in Portugal. This visa is one of the many types of Portugal visas that you can apply for to get your residence permit, live in Portugal, and enjoy all the benefits the country has to offer.

Some might think they need to open a large company and hire dozens of employees to qualify for this visa. However, that's not the case with the D2 Visa. While the Portuguese government does offer the Golden Visa Portugal for those who wish to invest a lot of money, the D2 Visa is for people who want to be entrepreneurs and start a small or medium company in a social, economic, technological, scientific, or cultural area.

If you already have a company in Portugal, you can also apply for the D2 Visa.

When applying for the D2 Visa for Portugal, you must be able to justify your choice. To increase your chances of getting the visa, you can consider opening a company in Portugal and having proof that it is viable.

## ESSENTIAL REQUIREMENTS FOR THE D2 VISA

To be granted the opportunity to become part of the Portuguese system, you must prove certain things to the government. The country needs to see value in your activity and that you have the means to open your activity.

In short, some of your priorities should focus on:

- Proof of business viability
- A solid business plan
- The social capital
- Reasons you choose Portugal

To obtain the D2 visa, there are a few requirements to fulfil. Don't worry though! Our reliable legal team is ready to assist you every step of the way.

Feel free to reach out for expert guidance and support.



# GOLDEN VISA

2024

## PORTUGAL'S GOLDEN VISA PROGRAM JUST GOT A MAKEOVER

The Parliament has approved changes to come into effect from October 2023.

The traditional way to submit a real estate Golden Visa application is not possible anymore. But plenty of options remain available, including transferring capital to research activities, supporting artistic production, or acquiring participation units in investment funds.

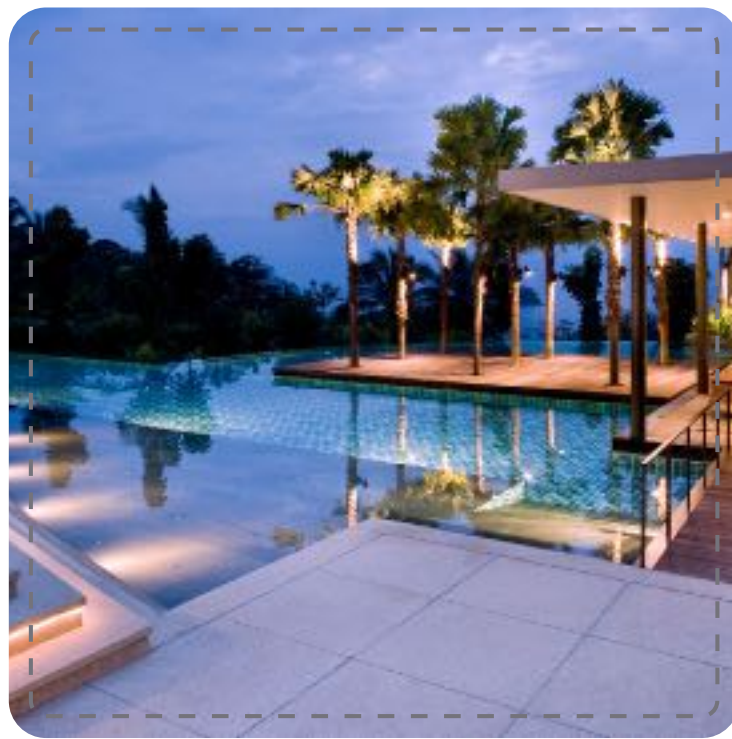
However, the new law will no longer allow investment through capital transfers or real estate acquisition.

It's important to note that the changes won't have a retroactive effect, and applications that are already pending will be converted into regular residence permits for Entrepreneurs.

While the real estate investment option was a popular choice, the revisions are sure to have an impact. But, it's an opportunity to explore alternative investment offerings and introduce innovative projects in various sectors.

Also, there is still the option of the D7 Visa that we described before.

**If you have any questions, get in touch!**



## ABOUT US

Martínez-Echevarría & Ferreira Law Firm was founded in 1983, is a law office with a clear vision for quality and professional excellence. These qualities are the grounds on which our Law firm was built, known for a defined commitment to our clients. We have a team of more than 250 professionals working at our offices in Portugal (Vilamoura, Albufeira, Lagos, Quinta do Lago, Estoril, Lisbon and Porto), Spain (Malaga, Madrid, Sotogrande, Marbella, Alicante, Sevilla, Manilva, Granada, Murcia and Almeria), Turkey (Istanbul and Bodrum).

## ACQUIRING A PROPERTY IN PORTUGAL

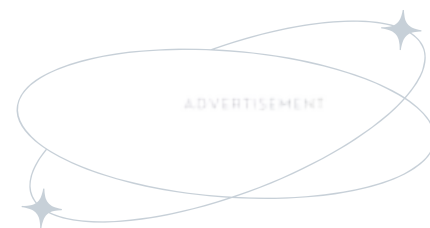
When a client decides to purchase a property in Portugal, the first step to take is to choose a Real Estate Agency that will help him find a property which best suits his needs.

Once the client has decided which property he wishes to acquire, the relevant procedures will be initiated.

## DUE DILIGENCE

Once the property has been chosen, we will request the property and the details of the vendors/vendors' lawyer to notify them of our representation and to request the necessary documentation to carry out the appropriate due diligence by which we will verify all the aspects related to the property, which are:

- a) Purchase From a Developer (Off Plan or New Properties)
  1. Who is the owner of the property you intend to buy;
  2. That the property under construction is legally registered in the corresponding Land registry;
  3. That the property is free from charges (mortgages, liens or encumbrances, etc.) The developer will normally have a mortgage in place that was used to finance the construction. This mortgage will be cancelled at the time of the completion, being all the cancellation costs paid by the developer;
  4. That prior communication or request for a construction license has been made to the City Council, depending on the case, and the respective receipt of payment of legally due fees, as well as prior communication for use of the buildings and receipt of payment of legally due fees due;
  5. Guarantees or insurance policy details, that will guarantee the funds are paid in advance;
  6. Availability of a ten-year warranty, in the case of defects relating to structural constructive elements of the property and five years, in the case of defects relating to non-structural constructive elements or technical installations of the property;
  7. Review the purchase contract drafted by the developer to check that it respects the buyer's rights.
- b) Purchase from an Individual (Resale or Second Transfer)
  1. Who is the owner of the property you intend to buy;
  2. That the property is legally registered in the corresponding Land Registry;
  3. That the property is free from charges (mortgages, liens and encumbrances, etc.);
  4. Prior notice of use of the buildings and receipt of payment of legally due fees or existence of a use license has been made to the City Council, depending on the applicable case;
  5. The study, preparation and signing of whatever private contracts (reservation agreement, promissory purchase contract) or public ones (purchase/sale deed) are deemed necessary to execute the purchase operation.



The normal procedure is to first sign a promissory purchase contract normally with the payment of 10% to 20% of the purchase price and after a reasonable lapse of time, to sign the sale/ purchase public deed.

Power of attorney: you can grant your lawyer a power of attorney to act on your behalf in Portugal during the purchase process. The power of attorney can be granted in Portugal or in your country before a notary public, but in this case, it must be legalized with the Hague Convention Apostille or through consular legalization.

With the power of attorney we can assist the client in transferring contracts and supplying water, electricity and gas, as well as opening a Portuguese bank account.

## PUBLIC DEED OF PURCHASE

After the signing of the promissory purchase contract, in a period of 4 - 6 weeks, depending on the conditions agreed with the vendors, the public deed of purchase will be signed by the client with our assistance or by us with the mentioned power of attorney. At this moment, the balance of the purchase price must be paid to the seller, granting the buyer possession of the property.

## ANNUAL RUNNING COSTS

For the complete process of purchasing a property in Portugal, the following approximate costs should be considered

Property transfer tax:

- Villas and apartments (permanent residency): are calculated according to a scale agreed by the authorities with a maximum of 7,5%
- Villas and apartments (secondary residence/holidays): are calculated according to the scale agreed by the authorities with a maximum of 7,5%
- Apartments classified as tourist 6,5%
- Lands and Offices 6,5%
- Rustic Land 5%
- Stamp Duty 0.8% of the purchase price;
- The notary fee for the purchase of a normal property would vary between 700,00 Euros and 1.000,00 Euros
- Land Registry fee: 250 Euros
- Municipal Tax (paid yearly):
- 0.3% to 0.4% villas and apartments;
- 0.8% rustic land.

## OTHER COSTS YOU SHOULD BEAR IN MIND

If the property has a residential lease and is rented, a 25% rate will be applied to that income, both for European and non-European citizens. Citizens from the EU are allowed to deduct the expenses incurred during the period the property was rented out: electricity, water, community fees, home insurance, interest on mortgages, Council Tax Rates and garbage collection, maintenance, cleaning services.

**MARTÍNEZ ECHEVARRÍA  
FERREIRA**

**A RECENT SURVEY FOUND THAT 90% OF HIGH-NET-WORTH INDIVIDUALS ARE CONCERNED ABOUT LOSING THEIR WEALTH IN A LIABILITY LAWSUIT[1].**

# ASSET PROTECTION FOR THE 0.1%

Building wealth is more challenging than ever before.

High and ultra-high-net-worth individuals are constantly threatened by legal attacks by creditors, litigants, and regulatory agencies. This makes having a robust asset protection plan not just advisable, but critical to ensure the safe stewardship of your wealth for yourself and your family.

An offshore trust is the most powerful asset protection tool available, but it's not for everyone. The first step is always to understand your particular vulnerabilities and opportunities.

Therefore we have partnered with Dominion, a global network of financial and legal advisors who are focused on a single goal: to protect the wealth of its clients against any litany of legal threats that may come their way. Since 1985, they've helped thousands of clients safeguard their assets amid the chaos of global conflict, economic instability, and sweeping regulatory reform, ensuring their wealth remains untouchable.



The state of asset protection today is fraught with deceit, and even well-intentioned firms fail to meet the demands of their most elite clientele.

Decades ago, classic asset protection involved nothing more than a Swiss bank and a shell company. Shaken martini optional.

Banks now require clear and open disclosure of financial transactions and ownership, KYC protocols mandate verifiable personal details, from government IDs to biometric data, and offshore accounts need clear, lawful reasons for existing and can no longer hide in secrecy.

Contact us to learn more about how Dominion could help secure your wealth.

[1] 2023 Chubb Wealth Survey <https://www.prnewswire.com/news-releases/chubb-report-offers-insight-on-mindset-of-the-wealthy-their-passions-and-protecting-what-matters-302019014.html>



THE PROCEDURES TO TAKE IF  
YOU INTEND TO RELOCATE TO  
PORTUGAL

# SIMPLIFIED STEPS

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## GET A NIF

If you are relocating to Portugal, you will need to get an NIF (Número de Identificação Fiscal or Número de Contribuinte) from a Finanças office (Government Tax Office). This is simply a Portuguese tax number that you will require while conducting business in Portugal.

## DO IT YOURSELF

In case you decide to do this yourself, you must bring your passport and proof of address to your local Finanças (Tax Office). If you already live in the country, provide your Portuguese address; otherwise, your address outside of Portugal will suffice. To obtain your NIF as a non-EU resident, you will also need to have a tax representative in Portugal. To prevent a long waiting time, we recommend arriving at the Finanças office twenty minutes before they open. It's easier to let your lawyer handle that.

## OPEN A PORTUGUESE BANK ACCOUNT

In order to open a bank account in Portugal, you must have your NIF number, present a valid passport, proof of address (utility bill in your name), and evidence of employment. Millennium BCP, Montepio, Banco BPI, and Banco Santander Totta are some of the most reliable banks to consider in Portugal and you will find English-speaking personnel. You will also be asked to provide a small deposit and a Portuguese telephone number.

## LET US HELP YOU

**Don't sweat the small stuff! We've got your back with our English-speaking squad of legal eagles, money magicians, and number ninjas. They'll help score you an NIF and set up your bank account before you can even say "obrigado!"**





# SECURE YOUR DREAM PROPERTY IN ALGARVE

The real estate market in Portugal is currently witnessing a consolidation, yet is still attracting the attention of foreign investors like in the past years. The country's year-round sunshine, exceptional lifestyle, delectable cuisine, as well as its high-quality healthcare and education systems have made it an attractive destination for international families. Real estate transactions have been on the rise since 2020, indicating a positive trend for Portugal's property market.

If you're contemplating purchasing a property in the Algarve region, rest assured that you've come to the right place. Our team is well-equipped to guide you through the entire process of acquiring real estate with confidence and transparency, drawing from our wealth of expertise and experience.

## WHAT'S SO SPECIAL ABOUT OWNING PROPERTY IN PORTUGAL?

Portugal is the hot spot for real estate investors right now, and let us tell you why diving into the Portugal real estate scene is a brilliant idea:

- The opportunity to own a house with year-round sunshine.
- Portugal is a secure country with excellent political stability.
- It is an investment with strong rental yields.
- It has one of the lowest living costs in Europe.
- Portugal has an excellent standard of living.
- It is a lovely nation with an unspoiled landscape and gorgeous beaches.
- Direct flights from Europe, Africa, and the United States to international Faro airport.
- Health care, transport, school system, and infrastructure are of a good standard.
- Buying and retaining ownership of a home for at least five years may qualify you for Portuguese residence and citizenship.





# THE BUYING PROCESS

Portuguese real estate law and its associated contractual practices differ considerably from those of English-speaking nations. We believe that this guide will assist you in smoothly and securely completing your purchase, providing you with confidence at each step of the process. We will handle all the necessary paperwork and expertly lead you through the legal process of owning your dream home in the Algarve.

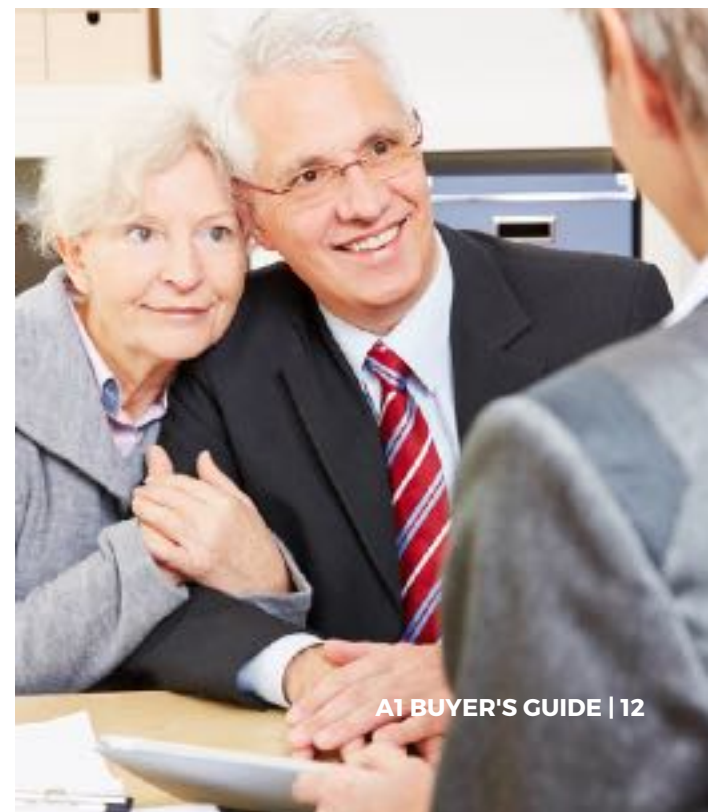
**Purchasing a property overseas can be a thrilling adventure for you. Rest assured, we're here to support you every step of the way!**

Acquiring a piece of paradise abroad? Prepare for an exhilarating journey! Our objective is to expertly assist you in securing your ideal Algarve residence with expertise and enthusiasm. Rely on a seasoned real estate professional to support you throughout your property search and ensure a seamless and enjoyable experience.

## THE SIGNIFICANCE OF HIRING A LAWYER

Upon completing a real estate purchase in Portugal, a lawyer, hired by the buyer, oversees the process. In contrast to the UK, in Portugal, the notary's role is strictly notarial. The lawyer guides the buyer, drafts the contract, and initiates the application for the buyer's mandatory tax number (NIF).

The lawyer's duties also involve verifying property documents, ensuring there are no encumbrances, confirming legal compliance under building regulations, checking the land register and tax office extracts, reviewing floor plans, examining the building authority's certificate of use, as well as the technical and energy certificates.



# THE INDIVIDUAL STEPS OF THE PURCHASE

Our daily routine could potentially become your next significant adventure



**FERNANDO COSTA LLB**  
CHIEF OPERATIONS OFFICER

“ Explain to your agent what properties you are looking for, how and where they should be located, and compile a list of what is most important to you. Your agent will then only select properties that match your criteria. Compile your wish list.

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## VIEWING OF PROPERTIES

Have us provide you with a list of properties to consider and book the viewings. Do not look at more than 3-4 properties per day. This will only confuse you. During the pandemic, realtors should be able to offer virtual viewing tours. Ask your Agent!

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## MAKE A BID

You have found the property that best suits your criteria? Then make sure and visit it a second time at a different time of day. When you are sure that you want to make an offer, ask your estate agent to advise you on the price at which you should enter into negotiations.

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## OFFER ACCEPTED

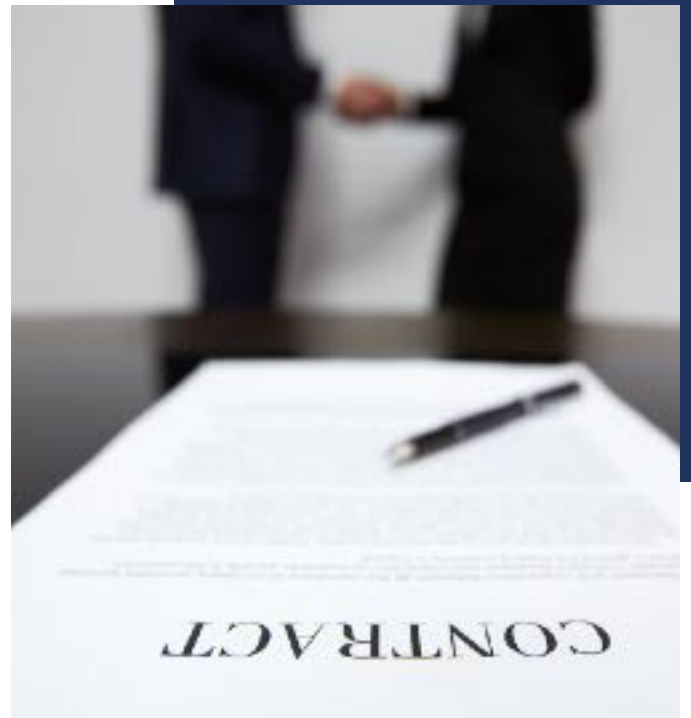
Has the seller accepted your offer? Have your estate agent confirm this in writing. Ask your estate agent to recommend an English-speaking lawyer, a surveyor and, if desired, an architect or builder.



Once your dream vacation home offer gets the green light, **the next move** is sealing the deal with a Promissory Contract to lock in the property. A Letter of Intent does not carry legal weight in this process.

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# CONTRATO DE PROMESSA



Buying property in Portugal involves a process similar to that of other nations. The **promissory contract** (Contrato de Promessa de Compra e Venda) holds **significant importance** throughout the procedure.

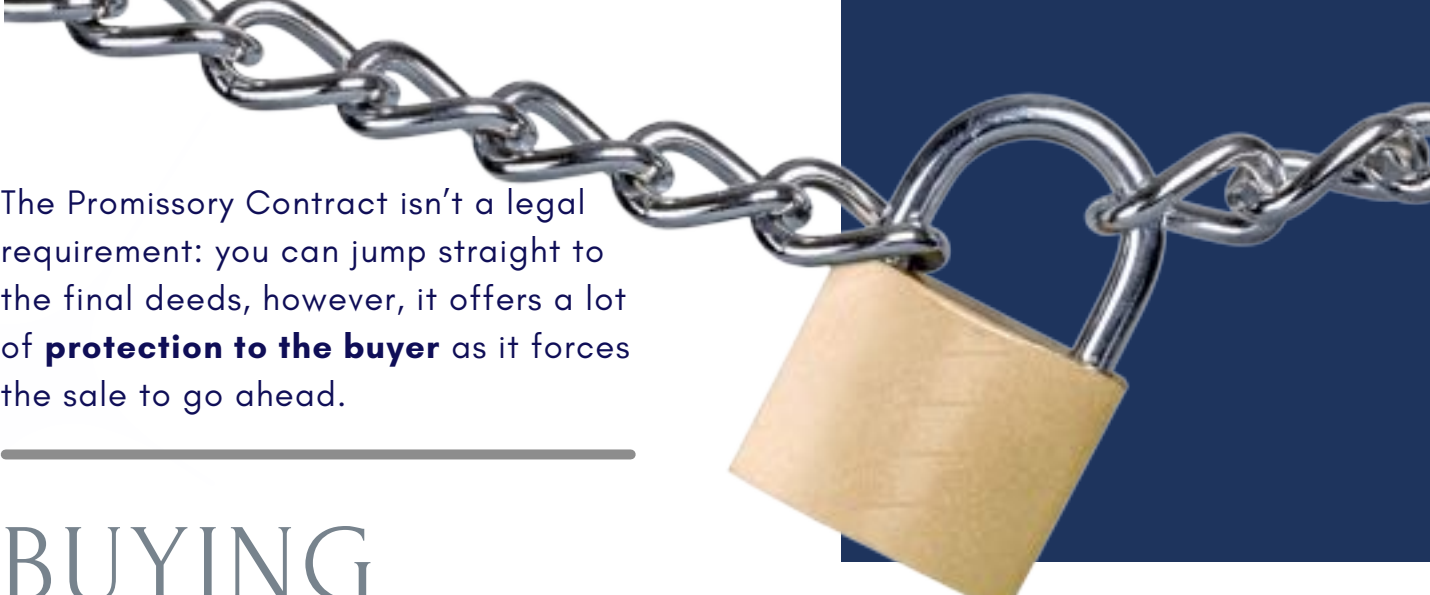
While most first-time buyers encounter no problems, there are potential challenges to consider, including legal and structural implications of property features like swimming pools and the risk of properties being constructed on non-residential land. **To navigate these potential obstacles, it is crucial to work closely with a lawyer.**

In Portugal, the Promissory Contract (referred to as Contrato de Promessa de Compra e Venda or **CPCV**) plays a crucial role in real estate dealings. This contract is governed by specific regulations under Portuguese law and includes detailed provisions.

The Promissory Contract imposes limitations on either party's ability to back out effortlessly. Normally, if the buyer withdraws, they lose the deposit, while if the seller withdraws, they typically need to compensate the buyer with double the deposit sum.

CPCV  
Contrato de Promessa

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The Promissory Contract isn't a legal requirement: you can jump straight to the final deeds, however, it offers a lot of **protection to the buyer** as it forces the sale to go ahead.

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## BUYING SAFELY

Although ownership of the property does not pass to the buyer until the final deeds are signed, the promissory purchase contract serves to secure the property and all conditions associated with the purchase.

There is no priority notice of conveyance that secures a claim to the acquisition of ownership in Portugal. The promissory contract can, but does not have to, be entered in the land register.

**After registration, the promissory contract has urgent effect and is also valid vis-à-vis third parties.**

Although putting down a deposit is a normal part of the buying process in many countries, in Portugal this is a much bigger step.

## BUYER Protection

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When signing the promissory, the buyer will typically need to put down a **deposit** (10% to 25% of the agreed sales price).

The promissory contract makes it difficult for either the buyer or seller to pull out. **The terms of the promissory contract usually state that if the buyer pulls out, they lose the deposit. If the seller pulls out, on the other hand, the seller usually has to pay the buyer double.**

The promissory isn't a legal requirement: you can jump straight to the final deeds, however, it offers a lot of protection to the buyer as it forces the sale to go ahead.



Signing the promissory contract means the sale is more than likely going ahead. It could still fall through, but at least you'll have doubled your deposit.

### PROMISSORY CONTRACT FACTS

Another important aspect of the Promissory Contract is that it gets everything down on paper and signed by both parties. In case you have spotted some problems when you were viewing the house or there may be some paperwork missing. This kind of problem warrants getting a **survey** done, something we stress as pivotal when purchasing a property. **It's also common to state that the sale is contingent on your mortgage being approved for the sale amount and contingent on the survey or property inspection not revealing any major problems.** It's also common for the CPCV to state **what will and won't be left in the property** when the sale is complete. Also, the **date of the Final Deed (Escritura)** will be mentioned in the CPCV.

The deposit is normally paid by cheque or bank transfer and made out either to the seller or seller's lawyer (escrow isn't typical in Portugal). The Deed takes place at the Notary.

## ESCRITURA PÚBLICA - FINAL DEED

### FINAL DEED PROCESS

**The final deeds are signed only once all requirements in the promissory contract are met and all documents are verified.**

Your lawyer will notify you of the notary appointment, and you can either be present or have your lawyer sign on your behalf if you've granted power of attorney.

**Before the notary appointment**, your lawyer must have the purchase price difference, IMT tax, and any additional costs in his account. The IMT must be paid at least 24 hours prior to the notary appointment.

**Property ownership is transferred to the buyer at the notary's office during the signing of the purchase contract.**

Upon signing, you will receive the keys and can move into your new property right away. Your lawyer will send you the deed of sale approximately six weeks after the signing.

# OCCURRING COSTS



**These are the costs that the buyer has to pay when buying a privately owned property in Portugal:**

- **Notary fees** are regulated by law and vary based on the property's selling price, typically ranging from €1,000 to €2,000. If you purchase a plot of land, you will incur notary fees for both the land and the building separately.
- A **stamp duty** of 0.8% of the purchase price is required for each property in addition to IMT.
- **Legal fees** generally amount to 1-2% of the purchase price. It is recommended to request a legal fees estimate before engaging a lawyer.
- **Maintenance expenses:** Apart from the purchasing fees, ongoing costs should be factored in. These encompass local property taxes (IMI), income tax on rental earnings, fees for tax accountants, garden and pool upkeep (for private villas), building and contents insurance, gated community charges, and management fees if a company is hired for property maintenance or rental management.
- **IMT** (Land Transfer Tax) is levied on the property's purchase price, on a sliding scale. Usually, you can expect around 5.5% for residential properties. If the property has a purchase value of more than 1 million €, it will be 7.5%.



## SOLE MANDATE-YOUR WINNING ADVANTAGE

The real estate scene in Portugal is like a wild rodeo, with the market running amok. While the Anglo-Saxon countries have cracked the code, Portugal is still snoozing on this fancy trick.

Once a **sole mandate** is accepted by the real estate agent, they will go the extra mile to find a buyer, especially focusing on communication and document preparation.

For the buyer, this translates to receiving personalized attention and high-quality documentation, professionally and efficiently crafted in collaboration with the notary, architect, and the seller's legal advisor. This attention to detail is primarily because the real estate agent, understanding the seller's expectations and negotiation flexibility, **concentrates on presenting the property only to potential buyers** capable and interested in making a compelling offer.



## INFORMATION: Brokerage Fees

In Portugal, the seller is responsible for paying conveyancing fees. However, in specific situations, the buyer may assume the commission fee. It is important to remember that a Real Estate Agent can only receive a commission from either the buyer or the seller, but not from both parties.

**REAL  
ESTATE**

## BUYER'S COSTS

When purchasing a property in Portugal, the buyer is responsible for covering the following expenses:

- Surveyor
- IMT
- Stamp duty
- Notary
- Lawyer

# SIMPLIFIED TIMELINE

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## DAY 1

We locate a fitting residence for you and initiate price negotiations.

## DAY 2

Once you and the seller agree on the price and essential sale details, you choose your legal representative. An agreement letter is prepared, outlining all the crucial aspects clearly. This letter will be shared with both lawyers to draft the promissory contract accordingly. Note that this document is not legally binding and can be revised later on. We will provide the lawyers with all agreement documents, house details, and other pertinent information.

## DAY 5

Get in touch with your lawyer to finalize the important details and discuss the fees. Acquire a Portuguese tax number. Direct a surveyor to assess the property. Once you approve the surveyor's report, your lawyer will prepare the promissory contract. Remember, this document is legally binding and should be drafted with legal guidance.

## DAY 7

Once you and your lawyer have reached an agreement on the promissory contract, which has also been approved by the seller, proceed by transferring the agreed deposit to your lawyer's client account. This will enable your lawyer to arrange a meeting with a colleague to sign the promissory contract.

## DAY 14

Upon paying the agreed deposit into your lawyer's account, a promissory contract will be signed. Subsequently, your lawyer will examine all documents and arrange a meeting with the notary that includes all parties.

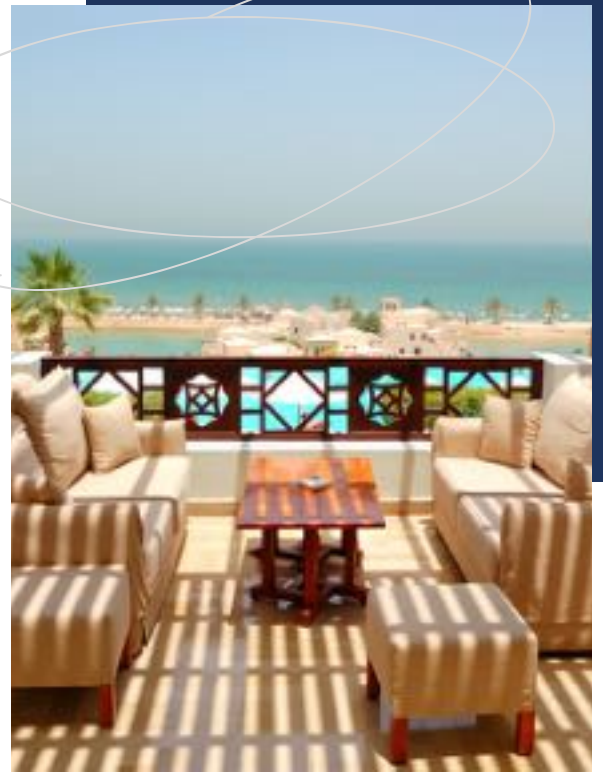
## DAY 20-60

FINAL DEEDS for the property are signed at the notary's office. The remaining payment, IMT, stamp duty, and notary fees are your responsibility. Congratulations, you are now the proud owner of a property in the Algarve!



The sale and purchase process of a property owned by a corporation differs in several aspects from the previously mentioned process. When considering buying a property under corporate ownership, here are the steps you should take.

# CORPORATE OWNERSHIP



## THE SIGNIFICANCE OF DUE DILIGENCE IN PROPERTY PURCHASE

Once your offer is approved, the property documents are handed over to your legal advisor for a comprehensive review. This procedure, known as due diligence, involves scrutinizing the property's background, legal matters, upkeep expenses, continuing costs, guarantees, and legal standing of the acquiring entity. The primary goal is to ensure that both the buyer and the attorney have a clear understanding of the property's present condition.

## SIGNING A SHARE PURCHASE AGREEMENT

1. Draft a Share Purchase Agreement: Both parties agree on the terms and conditions of the agreement, as well as the value of the property being purchased.
2. Transfer of Deposit: The buyer transfers a 10% deposit to the vendor to show good faith and commitment.
3. Set a deadline for signing: A deadline is usually set for signing the final deed.
4. Compensation: If either party defaults on completing the final deed, compensation is in place using the deposit.

## TRANSFER OF THE DEPOSIT

## PAYMENT OF REMAINING BALANCE

The transfer of company ownership is completed once the remaining balance is paid. This can be done under the company's domicile or under Portuguese jurisdiction. Once the final terms of the Share Purchase Agreement are agreed upon, the remaining balance can be transferred to the buyer's lawyer's account or via any other agreed form of payment to the vendor.

It's important to note that this process involves legal and financial considerations, so it's important to consult with a lawyer or other experts in the field before completing the transfer of ownership. Process documentation, such as a detailed description of the process, can be helpful in ensuring clarity and alignment of objectives among team members



## COMPANY OWNERSHIP OFFICIATION

- Transfer of ownership: The management team transfers ownership shares to the new UBO, and any remaining tasks are organized by the management company.
- Change of proprietorship: The company management team appoints a new UBO and transfers ownership shares, with any other tasks handled by the management company.

## TRANSFER OF SHARES



# TAX LIABILITY



**After purchasing a property in Portugal, consider the following taxes:**

- **IMI** (Municipal Property Tax): This yearly fee is assessed and revised by individual municipalities. Rates range from **0.3% to 0.5%** for **urban** properties and **0.8%** for **rural** ones levied on the VP (patrimonial value), depending on the location. The amount is recorded by the Portuguese Tax Authorities and can be paid in 2 or 3 installments.
- The **AIMI** (Additional Municipal Tax) is imposed on the total value of the rateable value of all properties and is applicable to urban residential property and land designated for construction. It is an annual payment due in September. **Corporate-owned properties incur a flat rate of 0.4%**, while privately owned properties fall under three AIMI classifications:
 

PROPERTY VALUE	AIMI TAX
up to €600,000	N/A
€600,000 – €1,000,000	<b>0.7%</b>
€1,000,000 – €2,000,000	<b>1%</b>
above €2,000,000	<b>1.5%</b>
- **CGT** (Capital Gains Tax) is triggered upon the sale of a property. In Portugal, non-fiscal residents face a flat rate of 28%, while non-resident companies are taxed at 25%. Residents are subject to CGT on 50% of the profit, calculated in their annual income tax return. If selling a primary residence, reinvestment within the EU/EEA area within 3 years exempts CGT. Expenses such as property improvements and real estate agent fees can be fully deducted from CGT.
- Portugal does not impose **INHERITANCE TAX** between close relatives (spouses, children, parents). However, a Stamp Duty Tax of 0.8% based on the property's rateable value is applicable. Other inheritance or gift scenarios face a 10.8% rate. It is recommended to have a will prepared with legal assistance.



# Legal advice on real estate

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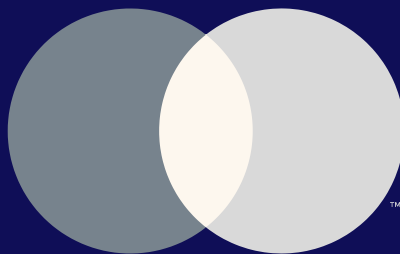
## take a lawyer!



For a secure real estate transaction in Portugal, it is advisable to involve a lawyer selected by the buyer. Unlike many other countries, notaries in Portugal are solely responsible for notarization tasks.

The lawyer guides the buyer on the Promissory Contract, usually drafted by the buyer's legal representative. Your lawyer will collect all the necessary original documents, some of which may need to be requested from the town hall.

To simplify your responsibilities, receive secure guidance throughout the purchase process, and concentrate on your new investment, consider authorizing your lawyer to sign all contracts on your behalf by granting power of attorney. This approach allows you to transition to your new life in the Algarve without the need to be physically present during the signing procedure.



# MORTGAGE

Here are a few tips to keep in mind when you hunt around for your home loan

- Opt for the shortest loan term possible: while this will reduce interest in the long run, keep in mind that monthly payments will be higher. It's essential to strike a balance with your income and other expenses.
- Focus on paying off both interest and principal: this approach can lead to lower interest payments throughout the loan term as the principal amount decreases with each repayment.
- Consider fortnightly instead of monthly repayments: this adjustment can potentially save you thousands in interest and help clear your mortgage sooner.
- Maintain an LVR of at least 80%: aiming for this lower LVR can decrease the total interest paid and save you money. The catch is accumulating a 20% deposit. You'll need to consider whether you prefer to enter the property market sooner with a higher LVR that might require mortgage insurance.



**SÉRGIO FAGUNDES**  
CREDIT INTERMEDIARY

“Hi, I'm Sérgio Fagundes, and as an independent credit intermediary, I enjoy helping people find the best financial solutions. I aim to simplify the mortgage process by offering specialised guidance and a wide range of options.

## WHY CHOOSE MY LOAN BROKERAGE COMPANY?

- Impartial Mortgage advice since 2006
- Access to a wide financial offer provided by the banks with which we have partnerships
- Impartial and transparent guidance
- Saving time and effort when searching for credit
- Search for the best banking products in Portugal according to the type of rate you want
- Assistance throughout the process of obtaining a loan
- Service in English, German and French

**SÉRGIO FAGUNDES - [sf.mortgagept@gmail.com](mailto:sf.mortgagept@gmail.com)**

**Mortgage PT, registered with Banco de Portugal  
registration number BdP 0003683.**

ADVERTISEMENT

# LOCATIONS & GUIDE PRICES FOR HOLIDAY PROPERTIES IN THE ALGARVE 2024



LOCATION	APARTMENTS	VILLAS/HOUSES/QUINTAS
Excellent location	€2m to 8m	€10m to 30m
Very good location	€1.2m to 3m	€5m to 9m
Good location	€900k to 1.2m	€ 3.8m to 5m
Moderate location	€500k to 900k	€1.4m to 2.5m



## RENTAL INCOME

When renting out a property in Portugal, the income is always taxable in Portugal, regardless of residency. It's important to understand these tax implications of January 2020, for non-residents, tax on LONG TERM rental income is set at 28%, although property maintenance, repair expenses, and IMI (property tax) may be deducted.



**A non-resident that rents out a property SHORT TERM (holiday let), pays 28% tax over only 35% of the income. The remaining 65% of the income is tax-free.**



**For those who are resident in Portugal,** your rental income on LONG TERM rentals has a flat tax rate of 28% on income, after expenses have been deducted. Alternatively, you can choose to add rental income to your other income for the year and pay tax at your normal scale rates. However, with rates up to 48%, this option only benefits those within the lowest (14.5%) tax rate band. A Portuguese resident that rents out their property SHORT TERM (holiday let), pays 28% tax over only 35% of the income. The remaining 65% of the income is tax-free.

As to our way of working with our rental clients, it all depends on the bespoke wishes of the owners. If you wish us to present a higher rental income for you, allow us to introduce our exclusive ideas on how to revolutionise luxury rentals.





## FAQ ABOUT BUYING PROPERTY IN PORTUGAL

### CAN EUROPEAN FOREIGNERS OR ANY OTHER NON-EU MEMBERS BUY PROPERTY IN PORTUGAL?

Foreign property ownership is not restricted in Portugal. The Portuguese government favours foreign ownership of property.

### WHAT ARE THE ADDITIONAL FEES WHEN BUYING A PROPERTY IN PORTUGAL?

This depends on the type of property you buy. However, the overall additional fees for the purchase of a private home should be about 9%.

### HOW MUCH DO I NEED FOR A DEPOSIT PAYMENT?

The deposit is usually between 10% and 25% of the agreed total purchase price.

### IS PORTUGAL A GOOD PLACE TO INVEST IN PROPERTY?

Portugal's real estate market is affordable compared to other Western European countries, and it has witnessed a period of consistent expansion without producing a bubble in recent years, making it a desirable area to invest.

### WHAT DOCUMENTS DO I NEED TO ACQUIRE PROPERTY IN PORTUGAL?

To buy a property in Portugal, you'll need the following documents:

- A copy of your Passport
- A copy of the Portuguese Tax Number (NIF)
- Proof of address (recent utility bill)
- Your credit report
- Any recent payslips
- Any recent bank statements
- Your most recent tax return
- A copy of the tenancy agreement

### DO I NEED A LAWYER WHEN BUYING A PROPERTY?

**Yes, it is *strongly advised*.** An unbiased lawyer will operate only on your side and in your best interests.

## A DEDICATED TEAM TO SERVE YOU



### AMBITIOUS AND PASSIONATE



I believe that everything comes down to the communication and connection between people. In everything I do, I respect these relationships.

Once you decide to work

with me, I will invite you to explore the Central Algarve through my loving eyes and share my 25-year long local experience with you. My goal is to discover the one property you are searching and to manage the process carefully from start to finish, so **that you have peace of mind** – all the way forward successfully!

Agnieszka Kijonka – FOUNDER & CEO



### CALM AND ANALYTICAL



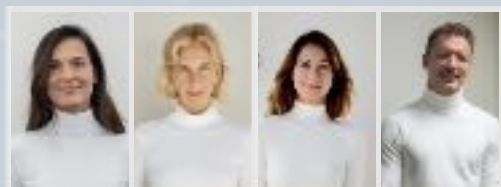
My clients are everything. I am incredibly dedicated to helping buyers find the home of their dreams, and helping sellers seamlessly sell their homes.

**Making the entire process easy, low-stress and fun** in every transaction that I'm involved with. If you are looking for an amazing experience the next time you need to buy or sell real estate I would love to help!

Fernando Costa – COO & PARTNER



### PROACTIVE AND ENTHUSIASTIC



Picking the perfect real estate agent is one of the most crucial choices you'll make.

Sure, it could mean the difference between being guided every step of the way or being left in the dark once the deal is sealed.

Enter A1. We're not your run-of-the-mill agents, oh no. We play matchmaker, offering transparent and unbiased advice, painting a clear picture of the real estate market in Algarve.

As a boutique firm, we're not about the hard sell. You can count on us to give you straightforward, top-notch advice that has your best interests at heart.



## A1 OFFICE

Our HQ, nestled in the heart of Quinta do Lago, sets us up for a prime location near the ritzy hotspots of Central Algarve.

From Vale do Lobo to Vilamoura and beyond, we're only a stone's throw away. Find us with ease and park up in a jiffy as we have plenty of space.

Don't forget to give us a heads up beforehand as we're open by appointment only.

The Regus building houses our office, mirroring our ethos of putting clients in the spotlight rather than hogging center stage. We like to keep things sustainable too, so sharing a business center helps us keep our carbon footprint in check.

Come and catch up with us! Sip on a steaming cuppa and feast your eyes on the stunning properties we have on offer, all up close and personal on the big screen.





CONTACT US



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