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# NHR

## GUIDE



[WWW.A1-ALGARVE.COM](http://WWW.A1-ALGARVE.COM)



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# PORTUGAL

### nhr guide

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# Non Habitual Residence (NHR) Tax Status



## What is the value of NHR tax status?

The NHR is a governmental tax scheme that targets foreigners and other non-residents, whether EU members or NON-EU citizens, who want to establish themselves in Portugal for a variety of reasons, offering relatively favourable tax circumstances.

## What are the tax benefits of NHR?

NHR provides two types of tax benefits:

- lower tax rates on income earned in and outside of Portugal;
- tax breaks for some types of income earned outside of Portugal;

## Who is eligible for NHR status?

Individuals who become tax residents in Portugal are eligible for NHR.

This status is awarded for a term of ten years.

Individuals must have not been deemed tax residents in Portugal in the past five years.

## Do I have to reside in Portugal permanently?

To qualify for NHR, and to be considered a resident, you must remain in Portugal for 183 days a year or have your primary home there.





# Under standing

THE NHR

Our unwavering guiding principle is to be a boutique company focusing on our exceptional clients.

Share our extensive experience and passion in the industry to make an informed decision.

*Agnieszka  
Rijonka*

**Founder & CEO**



## The Promise We Give

Since our inception, we have followed a simple idea: to provide exceptional personal service at an unparalleled level to high-net-worth individuals and businesses from around the world.

# HOW WE CAN HELP YOU

## Turn-key tax & residence services in close collaboration with our partnering Experts



**FERNANDO COSTA**  
COO & LLB

Disclaimer: The tax rates, scope and reliefs may change. Any statements concerning taxation are based upon our understanding of current taxation laws and practices which are subject to change. Tax information has been summarised; individuals should take personalised advice.

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### GET A NIF AND RESIDENCE IN PORTUGAL

There is no need for you to be on site, or even present in Portugal, to attend public service appointments and queues. We review all documents, apply for your NIF (Portuguese tax number), and approve the tax address. We offer an all-in-one turn-key solution that allows you to escape appointments and lines while remaining physically in your country of origin without having to travel to Portugal while we do these activities.

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### IMPACT ON YOUR WORLDWIDE ASSETS

In order to obtain a crucial and efficient worldwide tax solution, it is necessary to be fully informed about the effect and eventualities that may develop, specifically in the tax area, such as the NHR regime.

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### GRANT NHR TAX STATUS

We will assist you in submitting and obtaining the Non Habitua Tax Residence status.





## PORTUGAL NHR AND DOUBLE TAXATION AGREEMENTS

A key feature of Portugal's non-habitual resident tax regime lies in its relationship with Double-Taxation Agreements (DTAs). DTAs allow for most categories of income to be taxed in the country of source of income. Most countries, however, choose not to tax income earned by non-residents as they want to be seen as jurisdictions open for foreign investment.

In turn, under the NHR tax regime, Portugal will not tax most foreign source income earned by NHR individuals because the income may be taxed abroad. This allows for NHR residents to receive foreign income completely free of tax.

Portugal currently has signed Double-Taxation Agreements with 79 countries and the OECD model tax convention may be used in the absence of a DTA.

## KEY ADVANTAGES OF APPLYING FOR PORTUGAL NHR STATUS

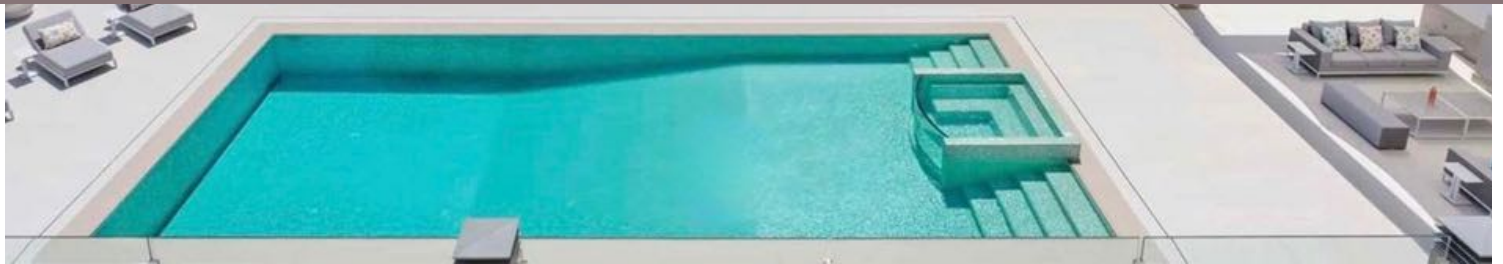
- Benefit from a special personal income tax treatment over a 10-year period
- Enjoy tax exemption on almost all foreign source income
- 20% flat rate for certain Portuguese source incomes (from specific professions and from self-employment), as opposed to normal Portuguese income tax rates of up to 48%
- No minimum stay requirement
- Become part of a white-listed tax environment within the EU
- A tax exemption for gifts or inheritance to direct family members
- No wealth tax
- Free remittance of funds to Portugal





# TAX TREATMENT OF FOREIGN SOURCE INCOME

## *UNDER THE NHR REGIME*



Beneficiaries of the NHR regime in Portugal with a foreign income are largely exempt from taxation in Portugal due to DTAs.

If income is sourced in a country which has a double taxation treaty with Portugal, this means the income will not be taxed in Portugal.

- Employment income
- Foreign source income is tax-exempt under the NHR regime or taxed at a flat rate of 20% if it falls under the list of eligible professions.
- Self-employment income
- Taxed at normal progressive rates unless it comes under the eligible profession categorization
- This income is also subject to social security contributions unless the individual in question already pays into another social security system
- Optionally taxed at a flat rate of 20% —but the taxpayer can choose to pay usual progressive rates if they are less
- Tax-exempt if it is from an eligible profession and comes from a country with a DTA, or in the absence of a treaty under the OECD model tax convention (provided the country is not a tax haven)
- Royalties and income from financial assets
- Tax-exempt if the income comes from a country with a DTA
- Tax-exempt if the income originates from a country without a DTA but which isn't a blacklisted tax haven
- Otherwise taxed at 28% or 35% if the country is a blacklisted tax haven
- Real estate income and capital gains
- Tax-exempt if from a country with a DTA
- Tax-exempt if from a country without a DTA but which isn't a blacklisted tax haven
- Capital gains from the disposal of securities (shares, bonds, etc.)
- Subject to an optional rate of 28%, 35% if from a blacklisted tax haven
- Pension income
- Taxed at a flat rate of 10% (since March 2020)
- Tax treatment of Portuguese source income under the NHR regime
- Employment income
- Usual progressive tax rates apply if employment does not fall under the list of eligible professions
- If employment falls under eligible NHR professions, an optional tax rate of 20% is applicable, although usual progressive tax rates can also be applied if this comes to less
- Self-employment income
- Usual progressive tax rates apply if employment does not fall under the list of eligible professions
- If employment falls under eligible NHR professions, an optional tax rate of 20% is applicable, although usual progressive tax rates can also be applied if this comes to less
- Real estate income and capital gains
- Rental income is taxed at an optional rate of 28% or otherwise at normal progressive rates
- Net capital gains are taxed at 50%, at the normal progressive rates
- Pension income
- Taxed at usual rates (10%)

# INCOMES WITH REDUCED TAXATION

The rules are quite straight forward and it is well defined which incomes have a reduced taxation.

## Which incomes can be tax exempted ?

### Foreign sourced incomes:

- Interests
- Capital gains
- Dividends
- Income from real estate properties
- Some Royalties
- Other incomes from capital

Tax exemption can be granted if these incomes are conceivably taxable in the source State, according to the rules of the Double Treaty Agreement (DTT) signed between Portugal and the source income State (or, in the absence of a DTT, according to the rules of the OECD Tax Model Convention), and that income is not considered to be sourced from a tax heaven blacklisted territory.

- Pensions: 10% rate when not generated from Portuguese sources;

### Revenue from Portugal:

- Employment income: 20% rate when derived from high-value-added scientific, artistic, or technological activities, as specified by Ministerial Order;
- Independent Service Provider: 20% rate on income derived from high-value-added scientific, artistic, or technological activity, as determined by Ministerial Order.





# Exemptions



## INDEPENDENT SERVICE PROVIDER

Independent Service Provider income is exempt when derived from high-value-added activities of a scientific, artistic, or technical nature, as defined by Ministerial Order, and is potentially liable to taxation in the source State under the rules of the DTT or, if not existing, under the rules of the OECD Tax Model Convention; and that income is not considered to have originated in a tax haven blacklisted territory.



## EMPLOYMENT INCOME

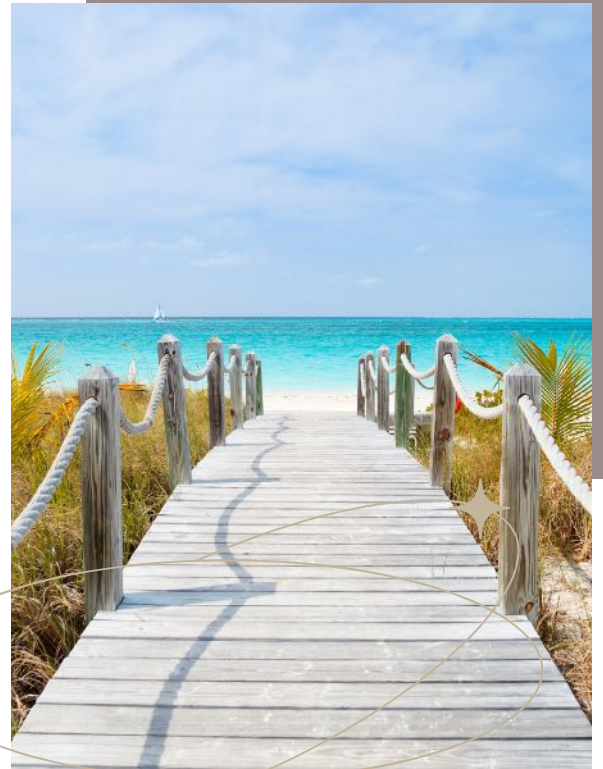
Employment income is exempt as long as it is effectively taxed in the source State under the rules of the DTT or, if no DTT is signed, when it is potentially liable to taxation in the source State under the rules of the OECD Model Tax Convention; and the income is not sourced from a tax haven blacklisted territory.;



*It isn't where you came from. It's  
where you're going that counts.*

-E.Fitzgerald

# ***A SMOOTH MOVE TO PORTUGAL***



The increased number of foreigners searching for a safe, developed, and well-balanced environment in all essential sectors has made Portugal one of the top places in Europe for foreigners to establish themselves.

Learn how you may profit from this unique tax status intended particularly for foreigners.

See how we can assist you with a seamless search for a new home, relocation and stay in Portugal.

We are ready to share the required support on all topics associated to the purchase of a real estate property, such as tax implications and contingencies, as well as the essential legal Due Diligence prior to a safe acquisition; as well as dealing with all business incorporation procedures.

We have built up a lot of valuable contacts over the years and we are happy to pass that information on to you to make your property purchase or sale easier. We recommend impartial advice over and above that offered by ourselves, and we urge you to contract a bi-lingual solicitor.

## ***NHR*** **Non Habitual Residence**



Which succession and inheritance legislation will apply to my descendant as an expat residing in Portugal?

## ***EXPATS INHERITANCE AND SUCCESSION***



Many individuals are unaware that Portuguese law will most likely apply to the inheritance, especially in the case of expats who resided in Portugal at the time. This implies that habitual residents in Portugal, even if they are foreigners with only a basic understanding of Portuguese laws and regulations regarding inheritance, will have their property managed by Portuguese inheritance law rather than the law of their country of origin, regardless of where their assets are situated. Only one law will apply to your succession, whether it is the law of your last habitual residence in Portugal or the law of your nationality (if you select it). Regardless of where the estate assets are located, this law will control the succession of all your assets even if the assets are located in several countries. The legislation governing succession will address topics such as:

Only one law will apply to your succession, whether it is the law of your last habitual residence in Portugal or the law of your nationality (if you select it). Regardless of where the estate assets are located, this law will control the succession of all your assets even if the assets are located in several countries.

A potential inheritance and testamentary will follow Portuguese rules, which include determining who the heirs are, who heirs have or do not have a reserved share of the estate (for example, spouse and direct descendants), which past gifts shall or shall not be brought to the estate in terms of protecting heirs reserved shares, the manner in which the assets are to be distributed, how the property shall be managed until it is divided among the heirs, and so on.

### ***Inheritance Tax***

is 0% in Portugal to direct successors





## INHERITANCE TAX

So you've recently relocated and want to learn more about Succession Law in Portugal?

Learn about the laws that govern inheritance in the country, how they function, who is regarded a genuine successor, and what taxes they must pay.



### INFORMATION: Inheritance Tax

Portuguese inheritance laws are very different to those in the UK or USA, so if you are dealing with any aspect of inheritance in Portugal, you must seek expert legal advice.



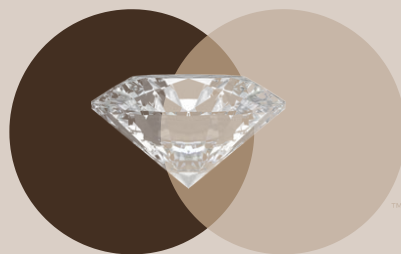
## WHICH LAW WILL APPLY TO A TRANSNATIONAL SUCCESSION?

As general rule, the law which will be applicable to the succession is the law of the country where the deceased had their "habitual residence" at the time of their death. The country of habitual residence is the country with which the deceased had a close and stable relationship and it is not always easy to determine the country of the deceased's last habitual residence.

Let's imagine that the deceased could have been temporarily transferred to another country for professional reasons, or he/she could have lived in several countries without settling permanently in any of them.

Despite those "grey area" cases (for which exist criterias to determine it) the main rule is that the applicable law is the law of the country where the deceased had their habitual residence at the time of their death.

# Who gives legal advice on real estate law?



The safe completion of the real estate purchase in Portugal is accompanied by a lawyer who is commissioned by the buyer. Unlike in the UK, the notary in Portugal only performs a purely notarising function. The lawyer is responsible for advising the buyer and drawing up the contract.

The lawyer's tasks initially include applying for the buyer's obligatory tax number (NIF).

The appointed lawyer has the task of checking the documents of the property, such as the absence of encumbrances, the legality under building law, the extract from the land register, the extract from the register of the tax office, the floor plans, the certificate of use from the building authority, the technical certificate of habitation and the energy certificate.





IN ORDER TO REGISTER FOR THE NHR REGIME IN PORTUGAL, APPLICANTS MUST BE REGISTERED AS A PORTUGUESE RESIDENT AND TAX RESIDENT. NHR REGIME APPLICANTS MUST HAVE PROOF OF A HABITUAL ABODE BY DECEMBER 31. THE NHR APPLICATION THEN HAS TO BE MADE BEFORE MARCH 31.

IT USUALLY TAKES ABOUT TWO WEEKS FOR AN APPLICATION FOR THE NHR REGIME TO BE ACCEPTED OR DECLINED.

NHR STATUS IS GRANTED FOR A PERIOD OF 10 YEARS, RETROACTIVELY EFFECTIVE FROM THE DATE ON WHICH THE APPLICANT BECAME RESIDENT.

# SIMPLIFIED TIMELINE

## STEP 1 – PROOF OF RESIDENCY

The first step towards applying for the non-habitual resident regime in Portugal is securing residency status in the country. To do so, you must have the legal right to reside in Portugal.

EU/EEA/Swiss are allowed to register for residency without a visa. All that is needed to register citizens can register for residency at their local town hall (Sítio da Câmara). Be sure to take with you your passport, EHIC card and your current address (proof of residency not required).

To register as a "Cidadão Europeu," you must locate the necessary ticket at the town hall. The procedure is simple, and the attendant should fill out the paperwork for you. You will then be charged a cost of roughly €16.

Non-EU citizens wishing to apply for the NHR regime must first get a residence permit in order to be permitted to live in Portugal. This may be obtained in a variety of ways, the most prevalent of which being the Golden Visa and Passive Income. Each procedure must be completed either through the "Serviço de Estrangeiros e Fronteiras" (SEF) or at a Portuguese embassy in your home country.

## STEP 2 – FIND A SPECIALIST ACCOUNTANT

The most secure method of applying for NHR status in Portugal is with the assistance of an expert. This way, you can ensure that you have a thorough grasp of Portuguese tax legislation and can discover the best solution for your specific requirements. If you want to apply on your own, please follow the instructions below.

## STEP 3 – OBTAIN A PORTUGUESE TAX NUMBER

Anyone planning to live or conduct business in Portugal must acquire a tax identification number (NIF) (Número de Identificação Fiscal). This is a nine-digit number that acts as a tax identification number.

## STEP 4 – REGISTER AS A TAX RESIDENT

You must register as a tax resident in Portugal after you receive your NIF. This is also possible at finanças.

## STEP 5 – APPLY FOR YOUR NHR STATUS

If you want to apply for the NHR on your own, the most convenient option is through the government's financial site. You must first register on the website before you may utilise the online service.

You will need your NIF, fiscal address, email address, and phone number to do this. These should be the same information that you used to register for your NIF. You will also be asked to answer a hidden question and offer a response.

After you register, a password will be mailed to you. It should take no more than two weeks to arrive.

When you receive your password, you may use the finanças site and register your application for the NHR regime. You may do so by going to Aceda aos Serviços Tributários, then clicking on Entregar Pedido, and lastly Inscrição Residente Não Habitual.

To complete your application, you must send the following documents:

- A statement declaring that you have not been a tax resident in Portugal for the last five years.
- Tax returns for the previous five years
- Proof of property acquisition in Portugal or a rental contract



# REPRESENTATIONS ABROAD

## Embassy of Canada in Portugal

Avenida da Liberdade 196-200, 3rd Floor, 1269-121 Lisbon Phone: +351 21 316 4600  
Email: [lsbon.consulareinternational.gc.ca](mailto:lsbon.consulareinternational.gc.ca)  
Web: <https://www.Canada.ca/Canada-And-Portugal>  
Book your appointment online: <https://cts-ca.anzus.solutions/infoschedule?customer=embassyca&wf=appointments&action=schedule&locationId=LSBON>

## Consulate of Canada Faro (Algarve)

Rua Frei Lourenço de Santa Maria No. 1, 1st Floor, Apartado 79, 8000-352 Faro  
Postal Address: P.O. Box 79, Faro, 8001-901, Portugal  
Phone: +351 289 803 757 :  
Email: [lsbon.consulareinternational.gc.ca](mailto:lsbon.consulareinternational.gc.ca)  
Web: <https://www.Canada.ca/Canada-And-Portugal>



## British Embassy Lisbon

Rua de São Bernardo 33, 1249-082 Lisbon  
Phone +351 21 392 40 00  
24/7 support is available by telephone for all routine enquiries and emergencies: 00 351 21 392 4000  
For other enquiries, please email: [ppa.lisbon@fcdo.gov.uk](mailto:ppa.lisbon@fcdo.gov.uk)

### The British Ambassador to Portugal

Chris Sainty took up his appointment as Her Majesty's Ambassador to Portugal in September 2018. Previously, he was the Deputy Head of Mission for Italy from August 2011 to August 2015.

### The Deputy Head of Mission

Ross Matthews is the Deputy Head of Mission at the British Embassy in Lisbon since May 2018. Before coming to Portugal he was Head of the NATO Section at the Foreign Office.

## British Vice Consulate Portimão

Edifício A Fabrica, Av. Guanaré, 8501-915 Portimão  
TEL: +351 282 490 750

Their staff are working remotely. When calling, you may therefore hear a message stating that our offices are closed. However, we are available 24/7. If in need of urgent assistance, please stay on the line and select the option for 'calling about an emergency involving a British national' to speak to an officer.



## U.S. Embassy in Portugal

Avenida das Forças Armadas, 1600-081 Lisbon  
Phone: 351-21-727-3300  
Web: <https://pt.usembassy.gov/embassy-consulate/lisbon/>

### The Chancery

The U.S. Embassy in Lisbon represents an example of the historic Portuguese-American friendship dating back to 1791, when the first American Resident Minister in Portugal was officially appointed.

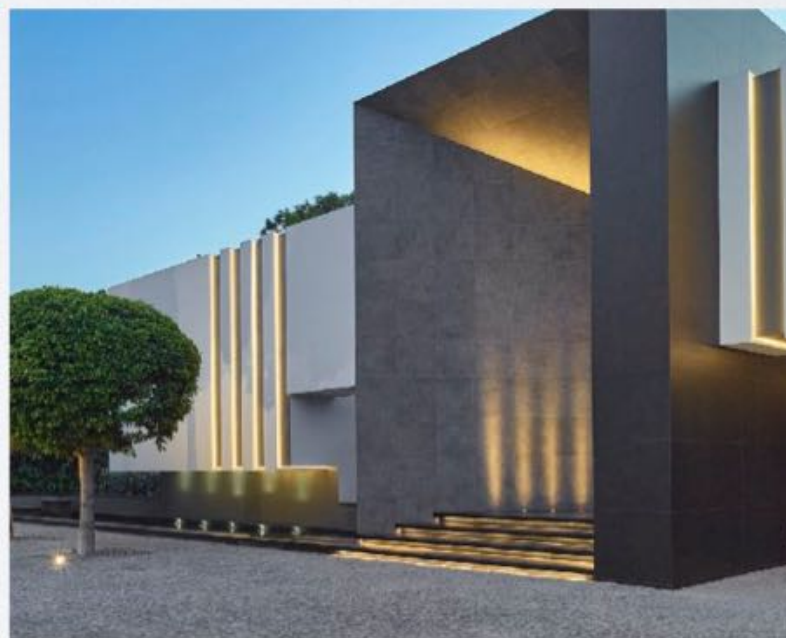
### The Ambassador

Randi Charno Levine is the Ambassador at U.S. Embassy Lisbon as of January 2021. She is a member of the Senior Foreign Service, Class of Minister-Counselor.

### The Deputy Chief of Mission

Rebecca Neff arrived in Portugal as the Deputy Chief of Mission to the U.S. Embassy in Lisbon in June 2022. She is a career member of the Senior Foreign Service. Over the course of her career, she has focused primarily on U.S. policy toward Europe but also on issues of energy security, economic growth and women's entrepreneurship.





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