

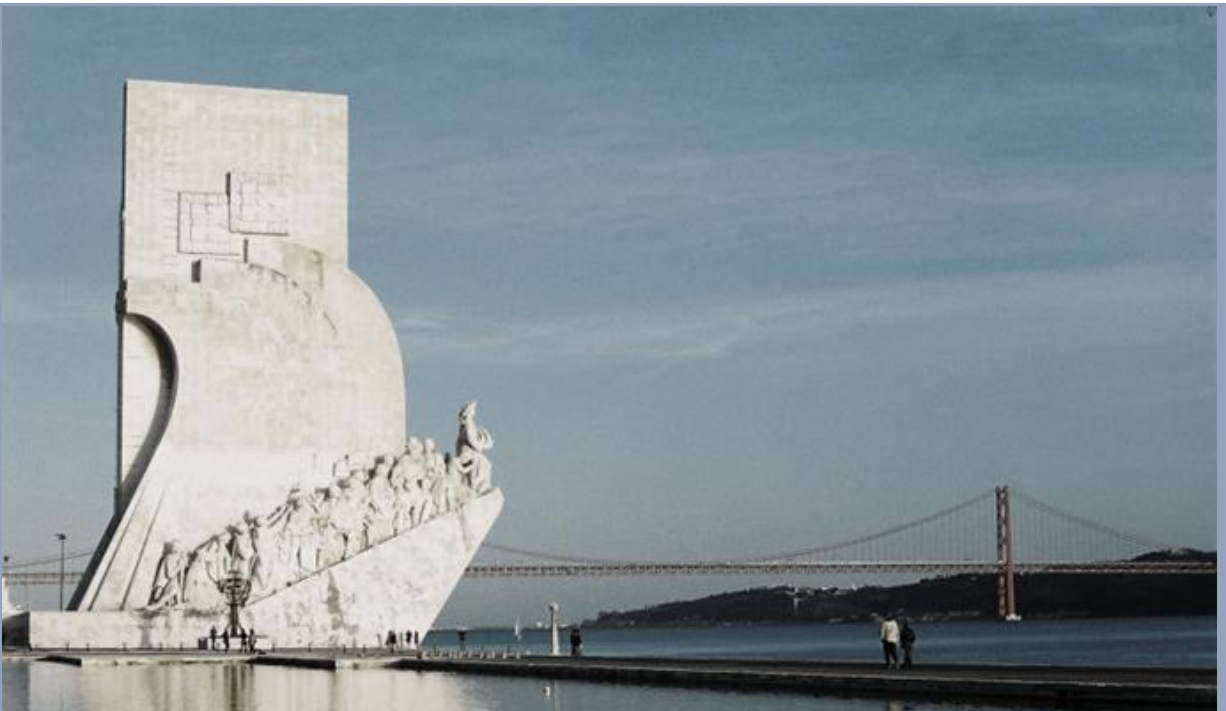
PMCG

Sociedade de Advogados

Investment opportunities in Portugal

Tax benefits for non habitual residents

Special resident permit for investment activities





TAX OPPORTUNITIES IN PORTUGAL

In the past years, Portugal has become competitive as an investment base, by the substantial increase of tax benefits on international taxation.

i. Non-Habitual Resident tax regime (NHR)

The non-habitual resident tax regime is aimed for the new comers to Portugal, that bids excellent tax opportunities for passive income, foreign pensioners, employment and independent personnel services.

When compared internationally with other favorable tax regimes it's a highly competitive regime.

It's also beneficial for pensioners and high qualified workers.

ii. Residence Permit for Investment Activity (ARI / Golden Visa)

The "Golden Visa regime it's a fast track for foreign investors from non-EU countries in order to acquire a valid residency permit in Portugal – Golden Visa.

The residency permit will allow the investor and his family members to enter and/or live in Portugal as well as to travel freely within the European countries (Schengen space).

The Golden Visa regime is a very straightforward and flexible program.

It's one of the most attractive resident permit program for investors in the world.



1.6 NHR Income Source:

<u>Income Type</u>	<u>Tax Rates</u>
<ul style="list-style-type: none">- Income from employment- Income from personal services- Interest and Dividends- Capital gains (movable and immovable)- Income from immovable property- Pensions	<ul style="list-style-type: none">- 20% (high added value)- 20% (high added value)- 28%- 28%- 28%- 48% + up to 5%

NOTE: NHR retired citizens from France
Income from pensions from the private sector: **No taxation!**

1.7 NHR Foreign Income Source:

<u>Income Type</u>	<u>Liable to tax or exempt if:</u>
<ul style="list-style-type: none">- Income from employment- Income from personal services activities related to high added value services providing such as those ones with a scientific, artistic or technical nature; or the provision of information linked with the expertise acquired in the industrial, commercial or scientific sector- Interest and Dividends- Capital gains- Income from immovable property- Pensions	<ul style="list-style-type: none">- Taxed at the source state according to the double tax convention; or taxed at the source state and not earned in Portugal (when there is no DTC)- Taxed at the source state according to the DTC- Taxed in another country or region according to the DTC, since they are not included in the list of tax havens and the earnings do not derive from Portugal- Taxed in the source states according to the DTC;- If they have not been earned in Portugal

1.8 Conclusions

To obtain the NHR status in Portugal, you should get:

i) Legal Counsel/opinion about the qualified conditions to obtain the NHR status and the taxation of the income according to Portuguese tax law and the double taxation treaty applicable;

ii) Submit a request to tax Authorities to obtain the NHR status.





The Special residence permit for investment operations (ARI)

(Law no. 29/2012 of Sept. 9th.)

2.1 “Golden Visa” regime; Legal Framework

The regulation regarding the legal requirements for obtaining a legal residence permit for investment activities, are previewed in the Law no. 29/2012, dated of September 9th, that were later complemented by the provisions of Law no.63/2015, dated of June 30th.

This new regime, is addressed to strengthen foreign investment as well as to attract prospect investors from third countries, and non EU citizens.

Accordingly, the “golden visa” regime cannot be applicable to Portuguese citizens or European union citizens.

This regime allows to the citizen the right to enter and live in Portuguese territory as well as the right to circulate freely in the European countries (Schengen Space).



2.2 Objectives

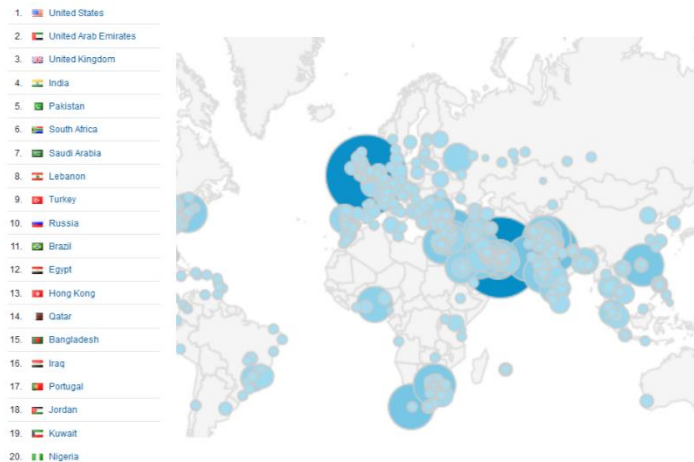
The golden visa regime is aimed to attract foreign investment to Portugal and it's a very straightforward and flexible programme with simple and clear legal requirements.

This regime allows to the citizen the right to enter and live in Portuguese territory as well as the right to circulate freely in the European countries (Schengen Space).

2.3 Legal requirements

To obtain a golden visa the applicants should comply with the following requirements:

- Have a valid Schengen visa;
- Maintain the investment for a minimum period of five years;
- Absence of references in the Portuguese Immigration and the Schengen services and absence of conviction of relevant crime;
- Stay in Portugal for a minimum of seven days during the first year and fourteen days during each subsequent period of two years.



“Golden Visa Applicants by Country 2015”; (source: “*Jornal Económico*”, Jan. 2016.

2.4 Other special requirements

In order to obtain a golden visa, the candidate must comply one of the following conditions:

- Create a Portuguese-based company or procedure to a capital transfer with a value above € 350.000,00;
- Creation a minimum of 5 workplaces;
- By investing € 200.000,00 in Portuguese companies in a difficult economic situation and that are with a recovery plan;
- By investing € 350,000.00 in funds for the capitalization of Portuguese companies.

2.5 Benefits granted

The beneficiaries of ARI / Golden Visa are entitled to:

- Residence visa waiver for entering Portugal;
- Living and working in Portugal, on condition that they stay in Portugal for a period of 7 or more days, in the first year, and 14 or more days, in the subsequent years;
- Visa exemption for travelling within the Schengen Area;
- Family reunification;
- Applying for permanent residence (pursuant to the Aliens Act – Act number 23/2007 of 4 July with the current wording);
- Applying for Portuguese citizenship, by naturalization, provided all other requirements set out by the Nationality Act are fulfilled

2.6 Conclusions

To demand a golden visa the applicant should:

- Get legal counsel/opinion;
- Submit a request on Emigration Authority (SEF).





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