



cutting through complexity

Becoming resident in Portugal

Golden Permit
Non habitual residents tax regime

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Becoming resident in Portugal

Recent changes have been introduced within the Portuguese law, which, when combined, may be interesting for foreign nationals currently considering becoming resident in Portugal...

A new set of rules have been introduced regarding the entry and stay of foreign nationals in Portugal, which includes the new Golden Residence Permit.

On the other hand, those who will become tax residents in Portugal may benefit from a special tax regime, which may lead to a more favorable tax rate and an exemption on foreign income, as further detailed in this document.





Golden Residence Permit

Residence permit can be granted to non EU citizen or citizens from States that are not part of the Schengen Convention.

This temporary residence permit is granted provided that the foreign national, personally or through a company, makes an investment corresponding either to:

- a transfer of capital in an amount equal or greater than EUR 1.000.000;
- the creation of 10 jobs;
- the acquisition of real estate of a value equal or greater than EUR 500.000.

Such investment must be maintained for a period of five years from the date the Golden Residence Permit is granted.

The Golden Residence Permit is valid for a period of one year as from issuance date (being renewable for successive periods of two years) and enables the individual to travel around the Schengen area.

Non-habitual residents

For those individuals who also wish to reside in Portugal, a special tax regime for non-habitual residents may apply, which may lead to a more beneficial tax burden.

Broadly, this regime is applicable to individuals who meet the criteria to qualify as tax resident in Portugal under the applicable tax residency rules (namely, if they stay in Portugal more than 183 days during the related year or have, on the 31st December of the relevant year, a place that they intend to use as their habitual residence, which can be the real estate they invested in) and have not been taxed as tax resident in Portugal in the previous five years.

Once granted, this regime applies for 10 years, provided that, in each year, the individual meets the criteria to qualify as a tax resident herein.

The main advantages of this tax regime are:

1. for Portuguese source employment and self employment income deriving from a “high-value-added” activity (as defined by Ministerial Order), a 20% special rate, with an additional surcharge of 3,5%, applies;
2. for foreign source income, a tax exemption may apply in most cases:
 - for rental income, investment income and capital gains, for example, the exemption applies if the income may be taxed in the country of its source based on (i) the double tax treaty rules, ii) the OECD Model Convention if no treaty exists between Portugal and the country of source of the income, provided, in this case, that under the Portuguese domestic rules, such income is not considered as Portuguese source income;
 - for pensions, the exemption is granted provided that the income is (i) taxed in the country of its source based on the double tax treaty rules, or (ii) not considered as Portuguese source income under the Portuguese domestic rules.

This special tax regime is not limited to the Golden Residence Permit holders and can be granted to any individual who meets the conditions above mentioned.

How KPMG can help:

- assistance in the process of application for the Golden Resident Permit;
- analysis of the tax implications of the investment to be made in Portugal;
- analysis of the tax implications at the individual’s level deriving from the tax residency in Portugal, both in the country of origin and in Portugal;
- registration as non habitual resident and related formalities;
- preparation of tax returns and other tax and social security forms.





Personal Advisory Services

KPMG's Personal Advisory Services practice in Portugal has a dedicated team of qualified professionals specialized in two different practices: Private Client and International Executive Services.

Private Client Services

We help individuals and family companies with creative and constructive tax advice. Whether it's your tax return, running your business or passing on wealth we can help. We provide clear advice, tangible results and a transparent approach to fees.

We develop a clear understanding of your needs and aspirations, then apply our skills and experience to maximize opportunities and minimize risk.

What does a KPMG client look like? Our private clients come in all shapes and sizes ranging from wealthy individuals, high earning executives, entrepreneurs, equity partners, family business owners, overseas nationals.

International Executive Services

KPMG's International Executive Services (IES) practice is dedicated to helping global companies better manage their international workforce.

We think beyond the present and beyond borders. In addition to providing extensive global tax compliance and advisory services, KPMG supports our member firm clients' assignment programs through a global network of specialized professionals and a diverse offering of technology-based tools.

Whether clients are considering expansion into a new location, acquisitions, mergers, or downsizing, KPMG's IES practice can offer professional advice and guidance on related issues affecting an expatriate workforce.

We'd love to hear from you. To get in touch with one of our professionals, please use the following contacts:



Jorge Tainha
Partner, Personal Advisory Services (tax)
Tel + 351 210 110 078
jtainha@kpmg.com



Sandra Saraiva Aguiar
Senior Manager, Personal Advisory Services (tax)
Tel +351 210 110 078
saguiar@kpmg.com



Joana Mota
Manager, Personal Advisory Services (tax)
Tel +351 210 110 021
jmota@kpmg.com



Rita Esteves
Manager, Personal Advisory Services (tax)
Tel +351 210 110 021
resteves@kpmg.com



Sofia Elias
Manager, Personal Advisory Services (tax)
Tel +351 210 110 021
sofiaelias@kpmg.com