

PORTUGAL

As per 1 January 2020

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Personal Income Tax Rates – Employment Income	Progressive personal income tax rates from 14,5% – 48% Additional solidarity rate (income above EUR 80,000): 2,5%-5%
Tax Rate	
Tax period	Calendar year
Tax residency / Domicile according to domestic law	Persons are deemed to be tax residents in Portugal for tax purposes if: <ul style="list-style-type: none"> • they have been in Portugal for 183 days or more, continuously or not, in a 12-month period; • having been in Portugal for less than 183 days in a 12 months period, they maintain a residency fit for permanent living; • on December 31st they are crew to a ship or airship currently in service of an entity settled or domiciled in Portugal; • they are employed abroad in service of the Portuguese Government. A person will be regarded as resident in Portugal if any of the above conditions is met.
Tax registration	The registration with the Portuguese Tax Authorities is mandatory for tax residents and optional for non-residents, being the tax ID issued immediately.
Employment income definition	The definition of employment income is quite broad, including the following: <ul style="list-style-type: none"> • Any form of remuneration in cash or in kind for services rendered under an employment agreement, whether or not a contract exists; • Any form of remuneration for public service or position; • Pre-retirement subsidies. All of the above can take any form (salaries, bonuses, rewards, commissions, etc.)
Examples of tax exemption	The majority of income sourced to employees is subject to Personal Income Tax, nonetheless, a few exemptions apply: <ol style="list-style-type: none"> 1. Meal allowances, as defined by the labour legislation, are exempted up to the legal threshold; 2. Daily allowances for costs incurred when working outside of the office area; 3. Health insurances.
Specific expatriate concession	A special income tax regime for non-habitual residents is available, for a 10 year period, if certain requirements are met. Within this regime, in general terms, are exempt from taxation income sourced abroad (with the exception of income arising from tax havens, which is taxed at a rate of 35% and pensions, which are taxed at a rate of 10%. Employment income from “high-value activities” is at a flat rate of 20%. Former tax residents in Portugal may benefit from a 50% Personal Income Tax reduction regarding employment income during a 5-year period. This benefit should only be applicable to individuals who return to Portugal in 2019 and 2020.
Income of board members	The income of statutory directors is broadly taxed in the same way as employees. Director’s duties can never be ‘merely incidental’ (and therefore not taxable).
Tax returns	In general, an individual must file an online return in which the income regarding the tax year is reported. This return must be filed after year-end, between April and June. Notwithstanding, such period may be extended to December when there is income subject to taxation abroad and such taxation was not assessed until the end of June. Late filings and late payment are subject to penalties.
Tax payments	In general terms, income is subject to withholding tax at source. The difference to the PIT yearly assessment must be paid (if tax is due) until August 31st.
Tax on real estate property	

TAX TREATIES

Employment income / income from board members

Art 15/16 Model OECD Tax treaties

INTERNATIONAL SOCIAL SECURITY

Cross border employments

EU Regulation No 883/2004 and EU regulation No. 1408 / 71 and several social security treaties.

Exception under Art 16 of Reg. 883/2004

Generally applicable.

and Art 17 of Reg. 1408/71

Social Security Cost as % from gross salary and absolute amounts

The contributions are shared between employer and employee; the employer's contributions represent 23.75% of the gross salary, the individual's share is 11%, with no cap.

IMMIGRATION

Work permit

Swiss, EU and EEA nationals do not need a work permit to work in Portugal. For all other foreign countries, it must be assessed on a case-by-case situation. Special regimes may apply to citizens from other CPLP members (Portuguese-speaking countries' community). Portugal also allows US, Canada, Australia and New Zealand (among other) nationals to enter and stay in Portugal for a 90-day period within six months without any kind of visa.

Visa

Nationals from the EU/EFTA and Switzerland are granted visa-free entry. All other foreign visitors will need a passport that is valid for at least six months, and only some will require a Portuguese visa, which is typically processed by the Portuguese embassy in the person's country of residence. Visa requirements depend on the purpose of a person's visit and how long they intend to stay. Special regimes may apply to citizens from other CPLP members.

Residency permits / registration certificate

Citizens from the EU/EFTA or Switzerland do not need a permit but will need to request a registration certificate. Non-EU/EFTA nationals moving to Portugal for more than three months will first need a long-term residence visa to allow for Portuguese residency permit application from SEF (Portuguese immigration services).

Driving license

Driving licences issued in other EU an EFTA countries are recognized in Portugal. Drivers with driving licences issued in other countries must apply for the exchange within 185 days after being settled in Portugal (if there is an agreement between Portugal and the country where the driving license was issued).

STOCK OPTION PLAN

The earnings arising from the attribution of shares to employees, with a discount to market value, are considered as income in the sphere of the employee, hence, subject to PIT. The taxable amount is the difference between what the employee paid to acquire the shares and their market the value at the time.

ARTICLE 15 OF THE OECD MODEL

183 days

Is considered as a day for residency in Portugal, any day, in part or in total, which includes an overnight stay to the following.

Notion of employer

Economic and formal employer.

Existence of a permanent establishment

The definition of a permanent establishment is determined in the tax treaty.



Sérgio Santos Pereira

Partner, Head of Tax

Send Email (<https://www.mazars.com/Users/Our-team/Sergio-Santos-Pereira>)

Direct line: +351 217 210 180

Mazars
(http://publicationsdrafts.ro/expat-tax-2014/wp-content/uploads/2018/05/Sergio-Santos-Pereira_profile.jpg)

Address: Rua Tomás da Fonseca – Torres de Lisboa – Torre G – 5º Andar 1600-209 Lisboa Portugal
<https://publicationsdrafts.ro/expat-tax-2014/app/>
www.mazars.pt (<http://www.mazars.pt>)