Non-Habitual Tax residents regime
SUMMARY

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March 2020
I. NON-HABITUAL TAX RESIDENTS REGIME

- A more favorable tax regime aiming to attract production inputs; approved by Decree-law no. 249/2009 of September 23rd and subsequent amendments;

- Taxation scheme with specific characteristics;

- The taxation scheme is based on the taxation of individuals, Portuguese tax residents, enhanced with exemptions and reduced rates;

- It distinguishes between domestic and foreign source income.

II. REQUIREMENTS AND DURATION

✓ Non tax residence in Portugal in the previous 5 years (a tax residence certificate may be requested)

✓ Acquiring Portuguese tax residence:

✓ Having lived for more than 183 days (consecutive or not) in Portugal in any period of 12 months starting or ending in the relevant year.

Or

✓ Having a house, at any time throughout the 12-month period, in such conditions that allow to presume the intention to hold and occupy it as the habitual place of residence.

✓ Application for the registration as Non-Habitual Tax Resident until 31 March of the year following that of registration as resident (e.g. 2020 - registration until 31 March 2021).

✓ Scheme applicable for a 10-year period
III. OTHER FEATURES OF THE REGIME

Taxation under the regime applicable to the tax residents (worldwide income taxation principle)

- Income Statement;
- There is no obligation to declare assets and rights (exception: bank accounts held abroad);
- Tax residents for the purpose of the DTTs.

IV. TAXATION

A. INCOME OBTAINED IN PORTUGAL
   A.1 Work and Self Employment income

- Taxation of 20% flat rate, on revenues resulting from the following activities

  ✓ Manager and Executive Manager (companies);
  ✓ Commercial and Administrative Services Directors;
  ✓ Production and Special Services Directors;
  ✓ Hotel, Restaurant, Trade and other services Directors;
  ✓ Specialists in Physical Sciences, Mathematics, Engineering and related techniques;
  ✓ Doctors;
  ✓ Dentists and Stomatologists;
  ✓ University and Higher Education Teachers;
  ✓ Information and Communications Technology (ICT) Specialists;
  ✓ Authors, Journalists and Linguists;
Creative and Performing Artists;

Sciences and Engineering Mid-level Professionals and Technicians;

Information and Communications Technology (ICT) Technicians;

Farmers and qualified workers in market-oriented agriculture and animal production; Qualified workers in market-oriented Forestry, Fishing and Hunting;

Qualified workers in Industry, Construction and Crafts, including skilled workers in Metallurgy, Metalworking, Food and Wood Processing, Clothing production, Printing, Crafts, Precision Instrument Making, Jewelers, Craftsmen, Electrical and Electronic workers;

Plant and Machinery Operators and Assemblers, including Operators of fixed installations and machinery.

Taxpayers who wish to have their activity recognized as a high value-added activity must have at least Level 4 of qualification of the European Qualifications Framework, Level 35 of the International Standard Classification of Education, or five years of duly proven professional experience;

Investment, Administration and Management of companies promoting productive investment, since verified affectation to eligible projects with tax agreement concession contracts, agreed under the Portuguese Investment Tax Code Decreto n°162/2014, 31 October.
IV. TAXATION

A. INCOME OBTAINED IN PORTUGAL (cont.)

A.1 Work and Self Employment

- When none of the above activities corresponds to the activity undertaken, the Portuguese general scheme for residents is applied.

  ✓ Maximum general tax rate of 48% for higher income amounts;

A.2 Capital, Property and Capital Income

- Separate taxation at a 28% flat rate applicable to:

  ✓ Interest
  ✓ Dividends
  ✓ Capital gains
  ✓ Estate Property income
  ✓ Royalties and revenues from Industrial Property;
  ✓ For Interest, Dividends, Royalties and Industrial Property Income, paid by entities domiciled under blacklisted jurisdiction, the tax rate is 35%.

IV. TAXATION

B. INCOME OBTAINED OUTSIDE PORTUGAL

B.1 Capital, Business, Property and Capital Income

  ✓ Interest
  ✓ Dividends
  ✓ Capital gains;
  ✓ Estate Property income;
  ✓ Royalties and Industrial Property income;
Exemption from taxation if:

a) If income can be taxed in the country of origin, as part of Double Taxation Agreement between Portugal and the corresponding state; or

b) The income can be taxed in the state of origin, according to the OECD tax convention model (excluding all blacklisted jurisdictions), even if the Double Taxation Agreement is not celebrated, and if the income is not considered to have been obtained in Portuguese territory and following the criteria established under the Portuguese law.

c) When the income of a dependent worker is a result of a valued activity, they are exempt from tax as long as they are taxed in country of origin and the Portuguese Tax Agreement and other States or under the fiscal OCDE model (exception of blacklisted legal risks), even though not signed at the ADT and is not income obtain from the Portuguese territory under the Portuguese law.

d) Self employment income of a valued activity are exempt from Tax if and only taxed in country of Origin.

In case of Brazil, these requirements are fulfilled.

IV. TAXATION

B. INCOME OBTAINED OUTSIDE PORTUGAL

A.2 Pension Income

A Fixed Tax of 10% is attributed from pensions with a possibility to compensate on the country of origin as long as the income is not obtained from the Portuguese Territory under the Portuguese Law.

In case of Brazil, these requirements are fulfilled.
### BRAZILIAN SOURCE INCOME

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>BRAZIL</th>
<th>PORTUGAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>Exemption</td>
<td>Exemption</td>
</tr>
<tr>
<td>Interest</td>
<td>15%</td>
<td>Exemption</td>
</tr>
<tr>
<td>Capital gains</td>
<td>Variable</td>
<td>Exemption</td>
</tr>
<tr>
<td>Real Estate</td>
<td>15%</td>
<td>Exemption</td>
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</table>

### FOREIGN SOURCE DIVIDEND

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>BRAZIL</th>
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<tbody>
<tr>
<td>BRAZIL</td>
<td>27,5%</td>
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<tr>
<td>PORTUGAL</td>
<td>Exemption</td>
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<td>Royalties</td>
<td>Exemption</td>
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<tr>
<td>Estate income</td>
<td>Exemption</td>
</tr>
<tr>
<td>Capital gains</td>
<td>Exemption</td>
</tr>
</tbody>
</table>

*Provided potentially taxed in the Source State, according to the current Double Taxation Agreement or OECD tax convention model (in the absence of DTA).*
V. COMPARING WITH OTHER REGIMES

B. UNITED KINGDOM

- Remittance Basis Regime - Resident non-Domiciled
- Tax charge - after 7 years, £ 30,000 per person;
- After 12 years - £ 50,000 per person;
- Income acquired in the UK;
- Inheritance Tax;

C. SWITZERLAND

- Lump sum Taxation Regime - Resident non-Domiciled;
- Taxation based on the value agreed with the national Tax Authorities;
- The person concerned may not have income resulting neither from work nor from business based in Switzerland;

D. SPAIN

- Conditions for Tax Regime application;
- Not having been a Spanish resident in the past 10 years;
- Moving occurred by labour contract;
- Work must be performed in Spain.
PORTUGAL

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