

## Taxes

### Tax & Fiscal information

When buying a property in Portugal the buying costs & yearly ongoing costs need to be carefully considered.

Please find below some of the most common taxes & costs.

### IMT - Paid on the acquisition of a property

This is the largest tax paid when purchasing a property in Portugal. There are different tax scales to calculate for primary and secondary residences. \_

### Legal Fees

We always advise our clients to use a local lawyer when purchasing a property in Portugal. Costs are generally between 1% - 1.5% of the purchase price.

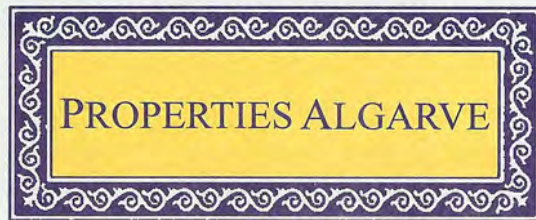
### Permanent habitation (residents)

| Property value        | rate | deduct      |
|-----------------------|------|-------------|
| € 92.407              | 0    | 0           |
| € 92.407 - € 126.403  | 2%   | € 1.848,14  |
| € 126.403 - € 172.348 | 5%   | € 5.840,23  |
| € 172.348 - € 287.213 | 7%   | € 9.087,22  |
| € 287.213 - € 574.323 | 8%   | € 11.959,26 |
| € 574.323             | 6%   | -           |

Example

*A property has a value of € 400.000 would be liable to € 20.040,74 IMT ( $400,000 \times 8\% = € 32.000 - 11,959,26 = € 20.040,74$ )*



**Second habitation (non residents)**

| Property value        | rate | deduct      |
|-----------------------|------|-------------|
| € 92.407              | 1%   | 0           |
| € 92.407 - € 126.403  | 2%   | € 924,07    |
| € 126.403 - € 172.348 | 5%   | € 4.719,22  |
| € 172.348 - € 287.213 | 7%   | € 8.163,09  |
| € 287.213 - € 550.836 | 8%   | € 11.035,30 |
| € 550.836             | 6%   | -           |

*For agricultural land the IMT is 5% and building plots without a ruin 6.5%.*

**ONGOING TAXES & FISCAL INFORMATION****IMI – Imposto Municipal sobre Imóveis**

This is a yearly tax paid by the owners of properties in Portugal usually payable in 2 instalments although from 2013 it can be paid in 3 instalments (April, July and November) depending on its value. The tax is calculated based on size, type, location and facilities of the property.

The tax is based on the rateable value of the property and can vary between 0.3% and 0.5% depending on the council. The IMI for rustic properties is 0.8%.

**Rental income**

All owners renting properties in Portugal should report these rents to the local authorities. The tax is paid on a stepped scale. From these rents you can deduct several costs and expenses such as the IMI, insurance & maintenance of the property and such costs can offset against the rental income

**Capital Gains – Mais Valias**

Mais valias (Capital gains tax) is payable if you sell a property and make a profit. Those who are resident in Portugal and sell their primary residence are allowed to reinvest the profit free of capital gains tax within another EU country within a 36 month period.

There are no exemptions for non-residents.





Capital gains tax for non-residents (which includes non-resident companies) is currently 28% of the profit (2013). Residents pay capital gains tax as if it was income, so the sliding scale for IRS is used. There are costs you can offset against this tax such as invoices of refurbishments made to the property in the last 5 years, taxes, notary and registration fees paid at the time of the acquisition of the property and the your (licensed) real estate agents invoice.

Capital gains can be avoided if the property is registered and sold in an off shore company.

You are exempt from Capital Gains if the property belonged to you prior to 1st January 1989.

### **Inheritance tax**

Inheritance tax and gift tax (Imposto de Sucessões e Doações) are subject to taxation. The level depends on the amount declared to be inherited as well as the **inheritor's** relationship to the deceased.

As per January 2004 inheritance tax is 0% for residents for immediate family, The rates for non-residents are low and set off against any double taxation agreements in place **with the owner's home country.**

The range of 10% is applied on a sliding scale for other beneficiaries.

### **Residency**

If you intend to live permanently in Portugal, or more than 183 days per year consecutively, then you will be required to apply for residency. This is an identification document that entitles you, as a member of the European Union, to the same rights as a Portuguese national. It shows details such as name, address in Portugal, DOB, marital status, passport number and requires a fingerprint and photograph. You will not become a Portuguese citizen nor have to renounce your current nationality.

### **Wills**

We recommend purchasers that they make a will after buying a property in Portugal. This **will doesn't replace the will in your home country but making one will reduce the** expense, time delays and bureaucracy as your will, will have to be translated & and a probate transferred from you country of residence.

