



GES NewsFlash

Portugal — Special Tax Regime for Inbounds

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New procedures to request registration under the Portuguese tax regime for inbounds (the “Non-Habitual Residents Regime”)

The Portuguese tax authorities issued a new ruling (“Administrative Ruling No. 9/2012”) revising the practical aspects to be registered as Non-Habitual Resident (NHR).

This NewsFlash summarizes the main orientations of the Administrative Ruling No. 9/2012.

Who may require the registration as NHR?

Taxpayers that (i) become tax residents under Portuguese domestic rules, (ii) have not been residents in any of the five years prior to that in which they become resident and that (iii) have required the application for the regime until 31 March of the year following that in which they become tax resident in Portugal.

What documents should be filed with the Portuguese tax authorities to be registered?

A single document (the “Statement”) should be filed stating that the individual was not resident, for tax purposes, in Portugal in the five years preceding the arrival in Portuguese territory.

The tax authorities may demand the presentation of additional documents?

The previous Administrative Ruling No. 2/2010 created a general requirement, according to which, potential beneficiaries of the regime should present tax residency certificates and tax returns or tax assessments proving that they had been effectively taxed abroad prior to becoming tax residents in Portugal.

This requirement introduced a time wasting bureaucratic procedure that, for several taxpayers, was not possible to be accomplished because the tax authorities of the country of origin did not issue tax residency certificates and/or the taxpayers did not have tax assessments for the years in question.

The most recent Administrative Ruling revokes the obligation to file tax residency certificates, tax returns and tax assessments and states that the requests pending for approval should be analyzed under the new rule.

Nevertheless, in case the Portuguese Tax Authorities have any evidence or doubts about the lack of veracity of any of the elements included in the Statement, additional documents can be required in order to sustain the veracity of the facts, such as:

1. Tax residency certificate(s)
2. Any other document able to prove that the vital and economic interests of the individual were in another State in the five years preceding the arrival in Portugal

Portuguese tax withholding

A special withholding tax rate of 20% should be applicable to the employment and self-employment income, derived from the eligible highly-qualified professional activities, when paid by Portuguese entities.

Deloitte's view

This measure renders the formalities of the regime less complicated by ending with the obligation to file tax residency certificates, tax returns, and tax assessments of foreign countries as part of the corresponding application process.

In addition, it clearly enables individuals coming from States that do not issue certificates of tax residency and/or do not provide tax assessments to apply for this tax regime when moving to Portugal.

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