



PORTUGUESE NON-HABITUAL RESIDENT TAX REGIME

a. Abstract

This is a brief overview of the non-habitual resident (NHR) tax regime applicable to both Portuguese nationals returning to Portugal after a period of at least 5 years living abroad and to new inbounds transferring their residency to Portugal.

b. Brief overview of the NHR tax regime

NHR individuals may benefit from a special personal income tax (PIT) regime for a period of 10 years. This regime taxes at a lower rate, or even exempts, certain types of income.

1. Pension income¹ — 10% flat rate with the possibility of offsetting the taxes eventually paid in the country of source;

**Foreign source
income**

2. Employment income — exempt when the following criteria are met:

- The income is taxed in the source country, according to the applicable Double Taxation Treaty (DTT); or
- The income is taxed in the source country, when there is no DTT, as long as the income is not deemed as obtained in Portugal;
- Self-employment and professional income income from some high value added activities referred in an Ordinance, capital income (e.g., dividends, interests and some royalties), rent (real estate) income and capital gains – exempt when the following criteria are met:
 - The income may be taxed in the source country, according to the DTT concluded between the source country and Portugal; or
 - The income may be taxed in the source country, when there is no DTT, according to the OECD Model Convention on DTT, the source country is not blacklisted and as long as the income is deemed by the PIT Code as not obtained in Portugal;

¹ This includes pension funds, retirement savings plan and other complementary social security regimes and life insurance policies (both periodic and lump sum payments).

c. Portuguese source income

Other income types, from a Portuguese source, perceived by NHRs are liable to PIT according to the general rules established for all tax residents.

Employment and self-employment Portuguese income derived from the above referred high value added activities, as listed in the Ordinance, are liable to a 20% flat tax rate.



[Bruno Botelho Antunes](#)