

NEWSLETTER

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NON-HABITUAL TAX RESIDENT AND THE TAX INCENTIVE FOR SCIENTIFIC RESEARCH AND INNOVATION



The State Budget Law for 2024 approved significant changes to the non-habitual tax resident regime.

In order to minimise the impact of these changes, the government approved a transitional regime for the non-habitual tax resident regime, as well as a new tax regime designed to encourage scientific research and innovation by foreigners.

Non-Habitual Tax Resident Transitional Regime

Through the transitional regime, the status of non-habitual tax resident continues to apply under the same conditions, provided that one of the following situations is verified:

1. On 1st January 2024, the person is already registered as a non-habitual tax resident and can benefit from this regime until the 10-year period runs out;
2. On 31 December 2023 meet

the conditions to be considered a tax resident in Portugal, i.e. stayed in Portugal for more than 183 days during that year; has a dwelling in Portugal with conditions that suggest the intention to maintain and occupy it as a habitual residence;

3. Becomes a tax resident until 31 December 2024 and has one of the following:
 - l. Promise or contract of employment, promise or



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secondment agreement concluded until 31 December 2023, where the duties are to be carried out in national territory;

- II. Lease agreement or other agreement granting the use or possession of a property in Portugal, signed before 10 October 2023;
 - III. Reservation contract or promissory contract for the acquisition of a right in rem over real estate in Portuguese territory signed before 10th October 2023;
 - IV. Enrolment or registration for dependents in an educational establishment domiciled in Portugal, completed until 10 October 2023;
 - V. Residence visa or residence permit valid until 31 December 2023;
 - VI. Procedure, initiated until 31 December 2023, for the granting of a residence visa or residence permit, with the competent authorities, in accordance with the applicable immigration legislation in force, namely through the request for an appointment or the actual appointment for the submission of the application for the granting of a residence visa or residence permit, or through the submission of the application for the granting of a residence visa or residence permit;
4. Is a family member of the taxable person referred to in the preceding paragraphs.

The application for registration as a non-habitual tax resident can be made after 25/03/2025, provided that the taxable person has changed his/her tax residence to Portugal during 2024 and fulfils the requirements set out in the transitional regime. However, in these cases, the respective taxation as a non-habitual tax resident will take effect from the year in which the application for registration is made, but only for the remaining period, until the end of the 10th consecutive year from 2024. In fact, in these cases, the taxpayer will not benefit from this tax regime for the 10 years.

THE APPLICATION FOR REGISTRATION AS A NON-HABITUAL TAX RESIDENT CAN BE MADE AFTER 25/03/2025



Incentivo Fiscal à Investigação Científica e Inovação

The Tax Incentive Scheme for Scientific Research and Innovation, which is not applicable to those who benefit or have benefited from the non-habitual tax resident regime, was created for the taxpayer who fulfil the following cumulative conditions:

1. Become tax resident in Portugal;
2. Has not been tax resident in Portugal in any of the previous five years; and
3. Obtain income from employment or self-employment from one of the following activities:
 - I. Higher education teachers and researchers integrated into the national science and technology system, as well as professionals in recognised technology and innovation centres;
 - II. Qualified jobs and board members in organisations benefiting from tax incentives for productive investment;
 - III. PHighly qualified professions in the areas of finance and economics developed in

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- companies with relevant applications and in industrial and service companies that export significantly;
- IV. Qualified jobs and board members in entities recognised by AICEP, EPE, or IAPMEI, IP, as being relevant to the national economy;
 - V. Research and personnel development posts, whose costs are eligible for the Tax Incentive Scheme for Research and Business Development (SIFIDE);
 - VI. Jobs and board members in entities certified as start-ups, under the terms of Law no. 21/2023, of 25 May; or
 - VII. Workplaces or other activities carried out by tax residents in the Autonomous Regions of the Azores and Madeira, under the terms to be defined by regional legislative decree.

The main features of this regime are:

- 1. Its application for a period of 10 consecutive years, counted from the year of registration as a tax resident in Portugal;
- 2. A flat 20% tax rate applicable to income from employment and/or self employment (provided within the scope previously mentioned);
- 3. Exemption from taxation on foreign source income, namely income from dependent and self-employed work, dividends, interest, royalties, rents and capital gains.



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