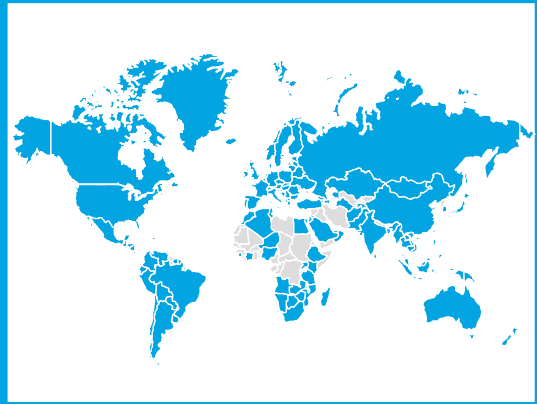


EXPATRIATES

Portugal

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

Domicile Tax Rules

Tax residency, as provided in the Portuguese tax rules, namely Article 16 of the Individual Income Tax Code (CIRS), an individual is considered as a Tax Resident in Portugal if:

- He stays in Portugal more than 183 days, followed or interpolated, in the period of 12 months of the tax year; or
- He stays in Portugal for a lesser period of that year (partial residence), has available in Portugal a domicile that indicates an intention to keep and occupy as his habitual residence.

Individuals who do not meet either of these conditions should be considered as a non-resident for tax purposes.

It is possible to apply either the partial tax residency or non residency.

Tax Exemption on Short Periods of Secondments.

Dependent income earned by taxable individuals that, in the year to which the income relates, have been displaced from their normal place of employment abroad for a period of not less than 90 days (60 of which is necessarily followed) are exempt from income tax, subject to additional conditions.

The annual amount of exemption, per taxable person, may not exceed €10,000.

BREAKING RESIDENCY - EXIT PROCEDURES

Breaking resident status occurs as of the last day of stay in Portuguese territory.

However, a taxpayer shall be deemed a resident of Portugal for the entire year in the year or departure, if both the following below apply:

- Remains in Portuguese territory more than 183 days, followed or interpolated, that year; and
- Receives during that tax year (after the last day of stay in a Portuguese territory), any income that is not exempt from tax, if the person were to remain a resident.

This shall not apply where such income is subject to income tax of another country as a result of their domicile or residence:

- In another Member State of the European Union or of the European Economic Area, provided that, in the latter case, there is an exchange of tax information and that administrative cooperation in the field of taxation is provided for; or
- In another State where the tax rate applicable to such income is not less than 60% of that would apply if the taxpayer maintained his or her residence in Portuguese territory.

A taxpayer will also be considered to be resident of Portugal during the entire year if he subsequently regains resident status in the year immediately following the year in which they ended their residency.

INCOME TAX RATES

NON RESIDENTS	Special Tax Rate
Salary / Employment Remuneration	25%

SOCIAL SECURITY CONTRIBUTION

Employers are generally responsible for social contributions at a rate of 23.75% of the value contained in the payroll. Employees are subject to 11% social contributions through withholding. Therefore, the final total contribution is 34.75% per month.

An exemption from Portugal social contributions is possible if the person is covered by a social security protection system abroad (A1 Form).

For further information and to register for future updates contact expat@bdo.global

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