



THE PORTUGUESE NON-HABITUAL RESIDENT TAX REGIME

The NHR status explained

Why Portugal?

Portugal is increasingly becoming a destination of choice amongst global expats whether they are seeking a slower pace of life, a warmer climate, a safe-harbour post Brexit. Acquiring NHR status can help optimise a client's financial situation and brings benefits through a favourable tax regime

A favourable tax regime

Special tax regime for Non-Habitual Residents in Portugal

- **20% flat tax rate** on income arising from highly qualified activities performed in Portugal*
- **10% flat tax** rate on foreign pension income
- **Exemption from personal income tax** on foreign income (subject to certain requirements):
 - Dividends
 - Royalties
 - Interests
 - Capital gains

Non-Habitual Residents in Portugal benefit, as any Portuguese tax resident does, as well from:

- **Full tax exemption** for gifts/inheritance between spouses, descendants or ascendants (*10% flat tax rate to other individuals*)
- **No wealth tax** and free remittance of funds either in Portugal or abroad

Residency rules

Specific rules to qualify as non-habitual resident

- **Register as a tax resident in Portugal in a certain year**
Without having been tax resident in the previous 5 years
- **Spend more than 183 days in Portugal in any 12 month period** starting or ending in the relevant fiscal year... **OR** Spend less than 183 days in Portugal and maintain a domicile which suggests habitual residence in Portugal

An individual may benefit from this regime over a 10-year period

* List published by Portuguese authorities

Advantages of life assurance for Portuguese NHR residents

Taxation

Not all the income is exempt under the Portuguese NHR regime (for instance, capital gains or distributions from fiduciary structures). In this sense, life assurance can help in the following scenarios:

- Full tax deferral for clients holding portfolios that generate substantial capital gains due to "high rotation" (buy-sell)
- Alternative for clients receiving income from structures or funds domiciled in black-listed jurisdictions – taxation might go up to 35%

Protection, compliance and flexibility

- Asset protection ("Triangle of Security") and investment flexibility of a top financial jurisdiction in Europe
- Full compliance with the Portuguese tax & legal framework compared to fiduciary and offshore structures
- Simplified cross-border succession procedures linked to multiple jurisdictions
- Simplified reporting
- Portability of the solution to other jurisdictions (subject to certain requirements)
- Possibility of assigning/pledging the policy or use it as collateral

Find out more



NHR Status E-book



Taxation Fact Sheet Portugal



The OneLife
Wealth Portugal solution



Luxembourg
Policyholder Protection

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