

IRS CHECKLIST

AS THE TAX RETURN IS SUBMITTED OVER THE INTERNET, IS MANDATORY TO HAVE PASSWORDS TO ACCESS THE TAX PORTAL FOR EACH INDIVIDUAL INCLUDED ON THE TAX RETURN

IF YOU SOLD A PROPERTY

- Copy of deeds of purchase
- Copy of deeds of sale
- Taxes paid at purchase
- Notary and registration bills at purchase
- Improvements in the last 12 years (properly documented with invoice or receipt)
- Invoices of the real estate commission
- Invoices of the energy certificate

IF YOU RENT A PROPERTY (LONG TERM)

If you rent a property, please ensure that your rental contract is duly registered and the rental receipts were issued. If not, AFM can register the contract and issue the receipts, but please provide us with all the contract details and be aware that fines may apply.

DEDUCTIBLE EXPENSES (must include your fiscal number and the address of the property rented)

- IMI Council tax
- Management and administration fees from the property agent
- Property improvement invoices
- Property insurance
- Property condominium fees
- Utility bills (only allowed if referred in the contract that the owner is responsible for these)

The inclusion of expenses in the tax return is optional and will result in a reduction on your tax bill. Please ensure that all documents related to the expenses are delivered to our office from your property management company, to allow AFM enough time to submit the tax return. AFM is not held responsible if the documents are not delivered to us on time and additional fees may apply, if we have to obtain documents from third parties. **PLEASE DELIVER ALL DOCUMENTS BEFORE 31-03-2022**

IF YOU ARE RESIDENT OR NON HABITUAL RESIDENT AND HAVE EARNED INCOME ABROAD

If you are resident or non-habitual resident, please provide full information on the following income. Please note that Portugal only requires information on the income and not on the assets. The tax year is from 01-01-2021 to 31-12-2021.

- Total earnings from state pensions and tax retained on source
- Total earnings from private pensions and tax retained on source
- Total earnings from private contributive pensions and tax retained on source
- Total earnings from annuities and other insurance/finance products and tax retained on source
- Dividends and tax retained on source
- Interest and tax retained on source
- Capital gains and tax retained on source
- IBAN from your overseas bank accounts, where you may have earned interest

We will submit the tax return, based on the information provided. AFM will not be held responsible for any misleading information provided. Please be aware that copies of the documents to prove the earnings declared, may be requested by the tax authorities, so please if possible, send us these documents. **PLEASE DELIVER ALL DOCUMENTS BEFORE 31-03-2022 to avoid late delivery penalties.**

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Main deductions and limits of IRS expenses 2021

IRS DEDUCTIONS APPLY TO TAXPAYERS, IF THERE IS NO TAX TO PAY, THERE ARE NO TAX REFUNDS OR REBATES ON THE EXPENSES. IT IS ALSO NOT POSSIBLE TO DEDUCT EXPENSES IN EXCESS OF THE TAX PAYABLE. (COLLECTION)

HEALTH EXPENSES

Health expense invoices give you the right to deduct from your IRS bill, regardless of the VAT rate. In this category it is possible to deduct 15% of the amounts paid, up to a maximum of EUR 1 000 per household.

The health deduction covers a broad set of expenditure. Consultations, surgical interventions, hospitalizations, treatments, medicines, prostheses, orthodontic appliances, glasses (including the frame) and health insurance are some examples.

Note: Health care expenses with VAT at 23% must have a medical prescription. It is also necessary to associate this prescription with its invoice in the personal page of the e-invoice, in the Tax Portal.

EDUCATION AND TRAINING

Practically all expenditures related to school activity can be deducted from the IRS: tuition fees for colleges and kindergartens; fees; manuals and textbooks; explanations; meals; transport; accommodation of displaced students; and school supplies (if purchased at school).

INCOME OF DISPLACED STUDENTS

The deduction for education and training also includes accommodation expenses for displaced students. Displaced students are those who are less than 25 years of age and attend an educational establishment more than 50 kilometers from the permanent residence of the household. To deduct these charges from the IRS you must have a lease. In addition, the landlord must register the lease in the Finance Portal and indicate in the income receipts that the amount paid is allocated to the leased student.

The deduction of education and training allows to deduct from the IRS collection 30% of the contemplated expenses, up to a maximum of 800€, per household. To reach this limit it is necessary to present invoices of expenses in the amount of 2.667€. However, if there is accommodation expenses for displaced students, the ceiling for the deduction of education and training may rise to 1.000€. But it is necessary that the difference between this special limit (1.000€) and the general limit (800€) is due to those expenses.

NURSING HOMES

This deduction includes home support, nursing home and other support services for the elderly of taxable persons (taxpayer and spouse), as well as charges for homes and independent residences for persons with disabilities, dependents, dependents, and collateral up to the third degree who do not have income above the national minimum wage (665 euros in 2021). The limit is 25% of the expenditure with the ceiling of 403.75€.

ALIMONY

Those who pay maintenance pensions fixed by a judgment or judicial agreement may deduct 20% of the amounts paid and not reimbursed to the IRS. Food pensions can be awarded to children, adoptees, stepchildren and civilian grandchildren, and those who until the age of majority were subject to guardianship.

DEDUCTION OF VAT BY INVOICE REQUIREMENT

Requesting an invoice in specific sectors of activity again qualifies for a tax benefit, corresponding to the deduction of a percentage of VAT paid: 15% in the cost of repairing cars and motorcycles, accommodation and catering, hairdressing and veterinary activities and 100% with monthly public transport passes.

PROPERTY MORTGAGE

In this category are deductible the interest charges of credit agreements for the purchase of permanent housing concluded until 2011. Those who contracted a mortgage loan to the same effect at a later date are not entitled to this deduction. The same applies to those who signed a housing loan agreement until 2011 and transferred it after that date.

The interest expense on home loans can be deducted by 15%, with the maximum limit of 296 euros. For those who have lower incomes, the deduction can be increased up to 450 euros.

TENANCY AGREEMENTS

In addition to the interest on mortgage loans, it is possible to write off 15% of the amount of the rents paid, from your income tax. This applies if the rented house has the purpose of permanent housing and that the lease has been entered into under the Urban Lease Scheme or the New Urban Lease Scheme.

15% of the amounts spent on rent are deductible in the IRS, up to a maximum of 502€. This deduction can be increased for lower yields, up to 800€.