



12 THINGS YOU SHOULD KNOW ABOUT THE IMI

ALL FINANCE MATTERS

Largo das Sete Ruas, 1-B
8800-604 - Tavira

Rua Frederico Lecor, Nº 53 B
8000-247 Faro

E : info@afm.tax

P : +351 281 029 059

W : www.afm.tax

1. What is the IMI?

IMI (Imposto Municipal sobre Imóveis – Municipal Property Tax) is a tax on the taxable value of immovable property in Portugal. This tax came into force in 2003, replacing the Council Tax, and reverts to the respective municipalities.

2. Who pays IMI?

The taxpayer is the property owner as of 31st December of the previous year. This means that if you bought your property at the end of 2021, you will pay the IMI for the full year. Likewise, if you sold your property at the beginning of 2022, you will still need to pay the IMI this year, as it's always related to the previous year.

3. How to calculate the IMI?

IMI is calculated based on the Tax Asset Value (VPT) attributed to the property to which is applied a rate set annually by the municipality ($VPT \times IMI \text{ rate}$). The way the VPT is calculated varies. The VPT is calculated on the basis of various factors such as the construction value per square meter gross floor area, location, quality and comfort and property age, updated every three years.

4. What is the taxable value?

The taxable value of buildings is its value determined by assessment according to the rules of the IMI Code. This value is registered in the land register.

5. Who determines the IMI rates?

The municipalities decide each year, which tax to apply in their council. This needs to be between 0.3 and 0.45% for buildings and 0.8% for plots (rustic property). Properties with tax domicile in "offshore" are taxed at 7.5%, regardless of the type of property.

6. What are the deadlines for the payment of the IMI?

IMI is paid annually through a single billing document in May, if the tax is up to 100 euros. If the value is between 100 and 500 euros, you pay in two installments, 1st in May and 2nd in November. If the amount exceeds 500 euros, you pay it in three times (May, August and November). Please note that if you wish, you can pay the full amount in May.

7. What are the consequences of not paying the IMI on time?

If you do not pay within the period specified in the collection document, you will pay interest on arrears. If the non-payment persists your property can be seized.

8. Where can the IMI be paid?

IMI can be paid at the Tax Office, Post Office, in any ATM machine or through internet banking. If you wish, you can ask your fiscal representative to set up a direct debit from your account, to make sure you never forget to pay it.

9. Who is entitled to an IMI exemption?

Are exempt from property tax, the owners whose annual income on IRS in the previous year does not exceed 15 295 euros, provided that the book value of the property does not exceed 66,500 euros.

Also, if you bought your main residence and if the tax value of the property does not exceed 125.000€ and your yearly income does not exceed 153k, you can apply for a 3 year IMI exemption.

10. Am I entitled to a discount in the IMI due the number of children?

Since 2016 the law considers the possibility of each municipality, to offer a family discount, based in the number of children. It's determined by each council and the maximum discounts are: 10%, 15% and 20%, for one, two or three (or more) children.

11. I am paying too much IMI, can I reduce my IMI bill?

It may be possible to reevaluate your property and reduce your tax liability. We have successfully submitted requests to the local tax departments to reduce the tax values of our clients' properties, thereby saving many on the IMI property tax bills. However please note that any reassessment only takes effects on the following year, as you will only pay IMI for 2022, in 2023.

Please note that if you did not receive your IMI bill, this could be because you have not submitted a tax return in 2020 and incorrectly registered as having no income. This is a mistake and can cost you a lot of money. In this case, please contact us to rectify the situation, avoiding interest or fines.



afm
all finance **m**atters

For any inquiries or support, our team can guide you through the whole moving process. Feel free to reach out to us at info@afm.tax or visit www.afm.tax.

**"YOU MUST PAY TAXES, BUT THERE'S NO LAW
THAT SAYS YOU NEED TO LEAVE A TIP."**