

ANSWERING QUESTIONS FROM OUR READERS

ALL FINANCE MATTERS

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Each month we receive different questions from our readers, although some of these questions are related to specific situations, sometimes the answer may help you to better understand the tax system in Portugal and answer the queries from other readers.

Q: I am a UK citizen and sold my property in Silves last year with a significant gain. This was our holiday home and we never rented it, only used it for our family and friends. How much tax will I pay and when? Should I pay the tax in Portugal, even when I am tax resident in the UK?

Irrespective of your tax domicile, if you sold a property located in Portugal you need to declare it to the Portuguese tax authorities. This is mandatory regardless of if there was a gain or not, so even when you make a loss, you still need to submit an IRS declaration.

The tax declaration is normally made in the months of April to June of the year following to the sale, in case of individual ownership, or within 30 days after the sale, in case of corporate ownership (companies without activity).


Any tax due will be paid in August of the year following to the sale.

As you are non-resident for tax purposes, the tax applicable to your capital gain, will be 28%. However, Portugal is not following the EU rules as tax residents pay tax just on half of the gain. In face of this discrimination, it's possible to challenge the tax authority's decision and pay tax just on half of the gain – 14% of total!

Anyone that paid 28% within the last 4 years on a similar situation, can still issue a formal complaint and receive a tax refund on half of the tax paid. If you wish to know how this can be done, please contact us.

Please be aware that any property transaction performed in Portugal is also reported to the Tax Authorities by the notary that executes the deed. This means that when you declare the sale on your tax declaration, the tax authorities already know of it, so if you fail to include this on your declaration, the taxman will be after you. Don't try to hide from the tax authorities as they will contact you in the country where you live and the collection can be made by the HMRC for instance.

Please feel free to send us the questions you may have to ricardo@allfinance.pt. We will select some of these to be published.



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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."**