

# **NHR REGIME IN PORTUGAL – UPDATE**

## **ALL FINANCE MATTERS**

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The Portuguese Prime Minister announced the termination of the Non-Habitual Tax Resident regime in 2024, grandfathering prior entrants (apparently those that enter the regime until the end of 2023).

The Portuguese Government will deliver the State Budget proposal to the Parliament on October 10th. We will have further information about the Government's intentions at that point. However, it is also possible that the Government only regulates this at a later stage rather than as part of the state budget.

It is impossible to predict when this regime will finish; we will let you know as soon as there are more developments on this subject.

**Our advice at this stage is:**

- 1) If you are already in Portugal and have received your residency permit, consider accelerating your tax residency process to apply to the NHR before 31st December.
- 2) If you are waiting for your SEF appointment, you need to get the appointment before the end of the year to ensure that you are a resident of Portugal before 31st December.
- 3) If you are not yet in Portugal but an EU citizen, consider moving before the end of the year to ensure you can still apply for this regime.
- 4) If you are a non-EU citizen or cannot move to Portugal before the end of 2023, you should remain calm and wait for the Government to release more information on the regime's termination date. The date may be the end of 2024 and not the beginning.

Always remember that Portugal is still one of the best places to live, with no wealth or inheritance tax. Portugal has signed DTAs (Double Tax Agreements) with more than 70 countries and jurisdictions that provide tax relief from international double taxation.

**Are there any further details beyond the Primer Minister statement?**

No. It was a mere sentence during an interview, and no other comments were made from any official source.

### **Will they change the NHR, or will they end it?**

There needs to be further information on whether the intention is to close only the 10% tax rate applicable to pensions and keep the 20% rate for active income or to change or close the NHR regime altogether.

What would be the timeline if a new law is presented to change the NHR?

The Budget Law will be delivered on the 10th of October, and then there will be more clarity about this government's intentions. Please note that even if this is on the State Budget proposal, it will still need to be voted and published and usually, it will only be effective after the 1st of January 2024.


### **Will they keep the rights of those already in the NHR scheme?**

Yes. During the interview, the prime minister mentioned that it was only for new applications. At the last significant change to the NHR regime in 2019, a transitory regime was created whereby the existing registered residents would maintain the regime until the end of the ten years. Therefore, any changes should safeguard the rights of those already in the scheme.

### **I have NHR do I need to do anything?**

You don't need to do anything for now. There will be much news in the press, but we will keep you informed of any changes that matter to your circumstances.





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