

THE END OF THE NHR REGIME AND INTRODUCTION OF THE NEW IFICI+ REGIME (TAX INCENTIVE FOR SCIENTIFIC RESEARCH AND INNOVATION)

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

Overview of the New IFICI+ Regime

As of 2024, Portugal is closing the chapter to its long-standing Non-Habitual Resident (NHR) regime, a program that offered substantial tax benefits to expatriates. In its place, the government has introduced the "Tax Incentive for Scientific Research and Innovation" (IFI+I) regime. This new scheme is designed to attract highly skilled professionals to Portugal, particularly those involved in scientific research and innovation.

The IFICI+ regime offers these professionals a special income tax rate of 20% (in addition to social security contributions) on employment income, whether dependent or independent, for a non-extendable period of 10 consecutive years. This initiative is part of Portugal's broader strategy to boost its knowledge-based economy and attract global talent in key innovative sectors.

Eligibility Requirements:

To benefit from the IFICI+ regime, expatriates must meet specific criteria:

1. Becoming a Portuguese Tax Resident from 2024:

– The individual must establish tax residency in Portugal, either voluntarily (by securing a residence permit and establishing a permanent address) or automatically (by residing in Portugal for more than 183 days within any 12-month period or establishing a habitual residence in the country).

2. Engagement in Eligible Activities:

The expatriate must engage in one of the following highly qualified activities related to scientific research and innovation, without an interruption exceeding six months:

– Higher Education Teaching and Scientific Research: Employment in scientific research within entities integrated into the national scientific and technological system.

– Technology and Innovation Centers: Employment or participation in organizations recognized as technology and innovation hubs with effective management and facilities in Portugal.

- **Entities Benefiting from Investment Incentives:** Employment in companies that have signed tax incentive contracts with the Portuguese government for strategic investments.
- **Qualified Professions in Specific Sectors:** Work in sectors like industry and services, particularly in companies benefiting from the Investment Support Tax Regime (RFAI) or those with substantial export activities.
- **Economic Activities Recognized by Public Entities:** Involvement in sectors deemed critical for national economic development by public bodies like AICEP or IAPMEI.
- **R&D Personnel:** Employment in companies that qualify for the R&D tax incentive system (SIFIDE).
- **Certified Startups:** Employment in startups with less than 10 years of activity, meeting specific criteria like workforce size and revenue.
- **Work in the Autonomous Regions:** Activities in the Azores and Madeira, pending further regulatory details.

3. No Previous NHR Status:

- Individuals who previously benefited from the NHR regime and have since left and returned to Portugal are ineligible for the IFICI regime.

4. Employer Restrictions:

- The employer cannot be deducting salary expenses under the RFAI regime (tax incentive regime for investment), which needs to be confirmed by the employee with their employer.

Fiscal Benefits


The IFICI+ regime offers several tax advantages:

- **Reduced Personal Income Tax (IRS) Rate:** A flat 20% rate on employment income, in contrast to the typical progressive rates of 14% to 53%.

- Exemption on Foreign Income: Most foreign-sourced income, such as employment, self-employment, capital gains, and real estate income, is exempt from Portuguese taxation (except from offshore jurisdictions). Notably, foreign pensions are fully taxable under standard rates.

Important Note:

It's important to note that there is currently no official decree or State of Budget for 2025 regarding the IFICI+ regime, which means the details above may be subject to change.



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THAT SAYS YOU NEED TO LEAVE A TIP."**