



BUYING PROPERTY IN PORTUGAL AS A NON-RESIDENT: A NEW IMT TRAP YOU NEED TO KNOW ABOUT

ALL FINANCE MATTERS

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For many years, Portugal has been one of the most attractive destinations in Europe for international property buyers. Whether acquiring a holiday home, planning a future relocation, or investing in the rental market, thousands of foreign buyers purchase residential property in Portugal every year.

However, a recent clarification issued by the Portuguese Tax Authority has introduced an important change that many prospective buyers are unaware of. In some situations, a non-resident who expected to benefit from the normal IMT (Property Transfer Tax) rates may instead be subject to a flat 7.5% tax rate, even when relocating to Portugal shortly afterwards.

The new guidance may have significant implications for expatriates, returning residents, and international couples purchasing property in Portugal.

What Changed?

As part of Portugal's 2026 Housing Package, the Government introduced a new IMT (Property Transfer Tax) regime for certain non-resident buyers of residential property. This includes a flat IMT rate of 7.5% applicable to non-resident purchasers.

The objective was partly to encourage residential occupation and moderate-rent housing while differentiating between resident and non-resident buyers. However, the practical application of these rules created some uncertainty.

To address this, the Portuguese Tax Authority recently issued a tax ruling, clarifying how the rules apply depending on the purchaser's residency status, marital regime and previous connection to Portugal.

The Surprising Detail: Your Past Matters

Many people assumed that the relevant question would simply be:

"Are you a Portuguese tax resident on the date of purchase?"

The Tax Authority has confirmed that there is an additional factor that must be considered.

Even if you are a non-resident when buying the property, your previous residency history in Portugal may affect the applicable IMT treatment. According to the new guidance, a buyer who has previously been considered a Portuguese tax resident may not fall within the same treatment as a person who has never

been resident before.

This can be particularly relevant for:

- Former NHR beneficiaries;
- Individuals who lived and worked in Portugal in the past;
- Retirees returning to Portugal;
- Digital nomads who previously established tax residency;
- Portuguese emigrants returning home after living abroad.

A Common Algarve Scenario

Consider a situation that we frequently encounter in the Algarve.

A British couple decides to relocate permanently to the Algarve. While still living in the UK, they find their ideal property and sign a promissory purchase and sale agreement. However, their residence permit appointment is not scheduled until several months later.

On the date of the completion deed, they are not yet registered as Portuguese tax residents. Under the current rules, they may therefore be treated as non-residents for IMT purposes and subject to the flat 7.5% rate.

This can create a significant upfront cash-flow burden.

For example, on the purchase of a €600,000 property intended as a primary residence, a tax resident would pay €34,236.65 in IMT. By contrast, a non-resident subject to the 7.5% rate would initially pay €45,000, a difference of €10,763.35. Although reimbursement may be available in certain circumstances once the buyers have regularised their Portuguese tax residency, they must still have sufficient funds to pay the higher amount at completion.

The proportional difference can be even greater for lower-value properties because the resident IMT rates are progressive. For instance, on a €300,000 purchase, a resident would pay €10,542, whereas a non-resident would initially pay €22,500, more than twice as much.

Married Couples: One Spouse Can Change the Result

Another particularly important clarification concerns married couples. The Tax Authority's guidance indicates that, where spouses acquire property under a matrimonial property regime creating a single taxable transaction, the

residency history of both spouses becomes relevant.

Consider the following example:

Husband: never lived in Portugal.

Wife: lived in Portugal several years ago and was a Portuguese tax resident.

Although both are currently non-resident, the historical residency position of one spouse may affect the tax treatment of the purchase.

For international families relocating to Portugal, this is an area that should be reviewed before the deed is signed.

Timing Can Be Extremely Important

One lesson emerging from these new rules is that the purchase date may become more important than many buyers realise.

We are increasingly seeing situations where clients:

- Sign a promissory contract first;
- Obtain residency documents later;
- Complete the deed before understanding the tax consequences.

Where timing is flexible, it may be worthwhile analysing whether delaying completion until after residency formalities are completed could produce a better outcome. Naturally, this depends on the individual circumstances and should always be reviewed before making a decision.

Questions Every Buyer Should Ask Before Purchasing

Before proceeding with a property acquisition, a buyer should consider the following:

1. Am I currently a Portuguese tax resident or have I ever been a Portuguese tax resident?
2. Am I buying alone or jointly? If married, what matrimonial property regime applies?
3. Will this be my main residence or an investment property?
4. Am I planning to relocate to Portugal shortly after the purchase?

These questions may appear simple, but they can materially affect the tax cost of the transaction.

Final Thoughts

Portugal remains one of Europe's most attractive destinations for property ownership and relocation. However, recent changes show that the tax consequences of a property acquisition can no longer be assessed solely by looking at the purchase price.

Your residency status, your previous connection to Portugal, the timing of the transaction, and even your marital situation may all influence the final IMT payable.

As we often remind clients, the best moment to undertake tax planning is before signing the deed, not afterwards. A brief review before completion can often identify opportunities, avoid surprises, and ensure that the transaction is structured as efficiently as possible.

Should you be considering buying property in Portugal or relocating to the country, professional advice obtained at an early stage can make a significant difference to the overall tax outcome.



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