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Portugal

Europe's Place to Invest

For over 20 years MCS has provided cutting edge tax advisory on its clients' investments. Upholding this tradition we at MCS are happy to present you our first newsletter on Portugal's investment opportunities and tax benefits.

Recent tax regime changes have turned **Portugal** into the **leading destination** for the modern **investor, businessman** and **Ultra** and **High Net Worth Individuals** (UHNWHs).

Add the **enormous tax advantages for new residents** to the country's investment in premium tourism, real estate and R&D for new technologies and you have an **oasis in Europe for investment**.

– Rosana Rodrigues, CEO

The NHR (Non-Habitual Resident) Tax Regime:

The NHR Regime is what makes Portugal a top choice for UHNWIs who wish to take up European Union residency and citizenship.

The regime is available to all new tax residents in Portugal (provided that they were not Portuguese tax residents in the previous 5 years) for a period of 10 consecutive years.

NHR individuals benefit from:

A reduced 20% Personal Income Tax (PIT) rate both on salaries, business and professional income of Portuguese source arising from high added value activities, as defined by law;

PIT exemption on: 1) Non-Portuguese employment income, if taxed in the source State, in accordance with the applicable Double Taxation Agreement, or in case no Treaty is applicable, the income is effectively taxed at source; 2) Non-Portuguese pensions, if they are subject to tax in the source country, in accordance with the applicable Double Taxation Agreement, or are not considered to be derived from a Portuguese source.

Some Taxation Agreements between source countries and Portugal may preclude those countries from taxing the pensions, resulting in potential double non-taxation (gross equals net). Countries like Sweden, Switzerland and Germany fall under this exception.

Other types of non-Portuguese income, if they are considered not to be derived from a Portuguese source and are not considered to be obtained in a tax haven, as listed by law.

The Portuguese NHR regime, in combination with the Autonomous Region of Madeira preferential, but fully EU regulated, tax regime make Portugal a white listed tax efficient country to invest and reside.

The Golden Visa

The Portuguese Residence Permit for Investment Activity, allows any non-EU and non-EEA (European Economic Area) to access the Schengen Area, provided one of the following investments is made in Portugal:

- Capital transfer with a value equal to or above 1 million Euros;
- Creation of at least 10 jobs;
- Purchase of real estate property for at least 500 000 Euros;
- Purchase of real estate property, with construction dating back more than 30 years or located in urban regeneration areas, for refurbishing, for a total value equal to or above 350 thousand Euros;

- Donating at least 350 000 Euros to public or private scientific research institutions;
- Donating at least 250 000 Euros in artistic output or supporting the arts; or
- Purchasing shares in investment funds or in venture capital geared to capitalize small and medium companies for at least 500 000 euros.

The Golden Visa is Europe's leading citizenship investment scheme with:

- No minimum stay requirements, other than two weeks per year;
- Family and children of the main applicant can benefit from the programme;

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- Apply for Portuguese permanent residency after 5 years; and
 - Apply for Portuguese citizenship (World Top Tier Passport with visa-free access to 155 countries and territories) after 6 years.

Conclusion

Portugal has become the leading destination and main gateway to Europe thanks to its tax regime for new residents and to its Golden Visa programme. These two incentives, in combination with the country's quality of life, European renowned university courses and low cost of living explain why the country is the favorite among BRICS and Scandinavian nationals.

Contacts

 Rosana Rodrigues, CEO

 Ambrósio Jardim, Director

 Maria Alexandra Pires, Director



MCS

MADEIRA
CORPORATE
SERVICES

PORTUGAL

Funchal

Edifício Marina Fórum, Av. Arriaga, 77 - 6.º
9000-060 Funchal - Madeira
T +351 291 202 400
F +351 291 237 188
E management@mcs.pt

Lisboa

Av. da República, 32 - 4.º Direito
1050-193 Lisboa
T +351 217 613 220
F +351 217 613 229
E management@mcs.pt

 /Company/MCS Madeira Corporate Services

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