PORTUGAL

KEY FIGURES 2026
PERSONAL & ESTATE TAXATION

A| PERSONAL TAX INCOME

In Portugal, individuals are taxed on their income under Personal Income Tax ("PIT").

Individuals who qualify as tax residents will be obliged to disclose their worldwide income and PIT will be calculated on those amounts. Conversely, for individuals who are non-tax residents in Portugal, PIT will only be levied on their Portuguese sourced income.

Bearing this in mind, the following table presents the types of income to be considered under PIT:

TYPES OF INCOME	
Category A	Employment income
Category B	Self-Employment income
Category E	Investment income
Category F	Rental income
Category G	Capital gains
Category H	Pension income

Accordingly, it is important to distinguish that income obtained by a Portuguese tax resident under Category A (employment income), B (selfemployment income), G (immovable property capital gains) and H (pension income) is taxed at the following general and progressive tax rates [1]:

TAXABLE INCOME (EUR)

Bracket		Tax rate (%)	Deductible Amount (€)
	€8,342	12.50	-
+ €8,342	to €12,587	15.70	€266.94
+ €12,587	to €17,838	21.20	€959.26
+ €17,838	to €23,089	24.10	€1,476.45
+ €23,089	to €29,397	31.10	€3,092.77
+ €29,397	to €43,090	34.90	€4,209.94
+ €43,090	to €46,566	43.10	€7,743.27
+ €46,566	to €86,634	44.60	€8,441.48
Above €86,634		48.00	€11,387.17

Additionally, a solidarity surcharge is applied to a collectable income over €80,000, as follows [2]:

Taxable income	Rate
FROM €80,000 TO €250,000	2.5%
OVER €250,000	5%

1) Article 68 of the PIT Code
2) Article 68-A of the PIT Code

- Income from categories E (investment income), F (rental income not from housing rental) and G (movable property capital gains) are liable to PIT at a flat tax rate of 28% [1]. Notwithstanding, the rental income (category E) derived from housing rental is liable to a 25% flat tax rate [2].
- Nevertheless, income derived from the above-mentioned categories may be taxed at the general and progressive tax rates if the individual opts for this in their annual tax return.
- It should be noted that certain types of income derived from blacklisted jurisdictions will be liable to an aggravated tax rate of 35%.

I. NON-HABITUAL RESIDENT SPECIAL TAX REGIME (RNH)

This tax regime ceased to apply on 31 December 2023, but may continue during the transitional period for those who submitted their application and met the requirements before that date.
The RNH scheme has been replaced by 'RNH 2.0.' which provides for IFICI (Tax Incentives for Scientific Research and Innovation)

- **Individuals who meet the following criteria are eligible for IFICI:**

  - Become tax residents in Portugal;
  - Have not been residents of Portugal for the past five years;
  - Have not previously benefited from the former RNH scheme;
  - Are engaged in one of the professional activities eligible under the scheme (e.g. scientific research, technology, innovation or other activities listed in a ministerial order).

Professional eligibility is more restrictive than under the old regime, as it focuses on qualifications and activities considered strategic for the country.

- **Main tax advantages of IFICI (RNH 2.0)**

1. Fixed IRS rate of 20%
Income from employment and self-employment (categories A and B) received in Portugal from eligible activities is taxed at a fixed IRS rate of 20%, instead of the normal progressive rates (which can be as high as 53%).

2. IRS exemption on foreign-source income
The scheme provides for an IRS exemption for income earned abroad, including:

- employment income;
- business and professional income;
- capital income (interest, dividends);
- property income (rent);
- capital gains (except pensions).

This does not mean 0% in general terms: this income is excluded from income tax in Portugal, but it may be necessary to declare it in order to determine the applicable rate (according to specific rules).

3. Relevant exceptions
Pensions from foreign sources no longer benefit from the exemption as before — they are now taxed at the normal progressive rates of the IRS in the country (14.5% to 53%).
Income from countries with clearly more favourable tax regimes ('blacklisted jurisdictions') may not benefit from the exemption

4. Duration
The scheme is valid for 10 consecutive years as of the year of registration as an eligible tax resident.

[1] Article 72 (1) (d), (e) and (c) of the PIT Code
[2] Article 72 (2) of the PIT Code
[3] Article 81 (4) and (5) (in effect until December 31 of 2023)
[4] Article 72 (12) (in effect until December 31 of 2023)
[5] Article 72 (10) (in effect until December 31 of 2023)

B| REAL ESTATE AND INHERITANCE TAXES

- In Portugal, if an individual acquires a real estate property, the following taxes are due: Municipal Property Tax (“IMI”); Municipal Property Transfer Tax (“IMT”) and Stamp Duty.
- Moreover, upon the sale of the property, PIT will also be ascertained over the capital gain arising from the difference between the acquisition price and the sale price (after deduction of the eligible expenses).

I. MUNICIPAL PROPERTY TRANSFER TAX (“IMT”) AND STAMP DUTY (“IS”)

- Upon the acquisition of real estate in Portugal, an individual will be liable for IMT and IS.
- IMT will be calculated based on either the value of the property for tax purposes or the amount declared at the time of the purchase, depending on which one is higher, considering the following rates:

A. IF THE REAL ESTATE IS DEEMED AS A PERMANENT ABODE [ARTICLE 17 (1) (A) OF THE IMT CODE]

Purchase Price (€)	Applicable rates (%)	
	Marginal	Median
Up to 106.346€	0 (exempted)	0.000
From 106.346 to 145.470€	2	0.5379
From 145.470 to 198.347€	5	1.7274
From 198.347 to 330.539€	7	3.8361
From 330.539 to 660.982€	8	-
From 660.982 to 1.150.853	6 (Fixed)	6.000
above 1.150.853€	7.5 (fixed)	7.500

B. IF DEEMED FOR HOUSING PURPOSES BUT NOT AS PERMANENT ABODE [ARTICLE 17 (1) (C) OF THE IMT CODE]

Purchase Price (€)	Applicable rates (%)	
	Marginal	Median
Up to 106.346€	1	1.000
From 106.346 to 145.470€	2	1.2689
From 145.470 to 198.347€	5	2.2636
From 198.347 to 330.539€	7	4.1578
From 330.539 to 660.982€	8	-
From 660.982 to 1.150.853	6 (Fixed)	6.000
above 1.150.853€	7.5 (fixed)	7.500

We would like to stress that different rates are applicable in the following scenarios:

- a) If the individual acquires a Rural Property, a flat tax rate of 5% will be applicable [article 17 (1) (d) of the IMT Code];
- b) If the individual acquires Real Estate (i.e., without residency purposes), a flat tax rate of 6.5% will be applicable [article 17 (1) (e) of the IMT Code].

II. MUNICIPAL PROPERTY TAX ("IMI")

- Each municipality has competence to set its own rate, which may vary between 0.3% and 0.45% for urban real estate. [article 112 (1) (c) of the IMI Code].
- The applicable tax rate for rural properties is 0.8%. [article 112 (1) (a) of the IMI Code].
- For real estate acquired by entities/individuals located in blacklisted jurisdictions, an aggravated tax rate of 7.5% will apply. [article 112 (4) of the IMI Code].

III. ADDITIONAL MUNICIPAL PROPERTY TAX ("AIMI")

- An additional tax is also levied on eligible urban real estate property located in Portuguese territory, since the applicable rules vary depending on whether the property is held by an individual or a corporate entity.
- Real estate held by an **individual**:
  - A 0.7% rate shall be applicable to the sum of the property value for tax purposes if it is higher than €600,000 (or €1,200,000 if married taxpayers or taxpayers under a civil union opt for joint taxation) [1)]
  - A marginal rate of 1% is added to the above amount if it is higher than €1,000,000 and equal to or less than €2,000,000 (in the case of joint taxation, said marginal rate shall be levied for a global value over €2,000,000 and equal to or less than €4,000,000) [2)]
- Real estate held by a **corporate entity**:
  - A 0.4% rate shall be applicable to the sum of the property value for tax purposes
  - Should the entity's tax residency be located in a jurisdiction deemed to be a tax haven for Portugal, then an aggravated tax rate of 7.5% will be applicable to the above sum [3)]

IV. INHERITANCE AND GIFT TAX (STAMP DUTY)

- Portugal does not have any inheritance or gift tax, nevertheless Stamp Duty may be applicable under certain situations, with its payment being the responsibility of the beneficiary.
- Specifically, the onerous acquisition of real estate in Portugal is subject to Stamp Duty at the rate of 0.8% levied on the agreed price. This same tax rate of 0.8% [4)] is applicable if the real estate is gifted, with the addition of a further 10% [5)].
- If the real estate is transferred through an inheritance, then only the 10% rate is applicable, which is the normal rate applicable to the free transfer of goods (gifts) subject to Stamp Duty.
- Nevertheless, it should be highlighted that a subjective tax exemption of the above 10% rate is legally foreseen and applicable between spouses/civil union partners, descendants and ascendents [6)].
- Hence, when a property right over real estate located in Portugal is transferred as a gift (between spouses/civil union partners, descendants and ascendents), the above-mentioned subjective exemption shall apply, regardless, and the 0.8% rate will still be enforced, unless the transfer is by inheritance (since in such a scenario the 0.8% rate is not applicable).

[1)] Article 135-F (1) of the IMI Code
[2)] Article 135-F (2) of the IMI Code
[3)] Article 135-F (5) of the IMI Code
[4)] 1.1 of the Stamp Duty General Table
[5)] 1.2 of the Stamp Duty General Table
[6)] Article 6 (1) (e) of the Stamp Duty Code

C| REAL ESTATE CAPITAL GAINS UNDER PIT

- Under Portuguese PIT, if a Portuguese tax resident derives a capital gain from selling immovable property, such capital gain will be taxed under the general and progressive rates (see table in section A. PIT). However, in most cases, only 50% of the capital gain will be taxable [1)].
- Additionally, it should be noted that if the property was acquired more than 24 months before the sale, a coefficient of monetary devaluation should be applied to the acquisition value for tax purposes [2)].
- The acquisition value will also be incremented by all the demonstrably incurred costs of increasing the value of the property over the past 12 years, and the necessary and effectively incurred expenses inherent in the acquisition and sale of the property [3)].
- The formula for the calculation of real estate capital gains is as follows:

SA – (AA*CMD + DE) = Capital Gain/Loss

SA = Sale amount
AA = Acquisition amount
CMD = Coefficient of monetary devaluation
DE = Deductible Expenses

- A final note on a specific case in which the real estate is acquired encumbered with a usufruct right from a third party. In such situations the calculation of the acquisition amount depends on the age (at the acquisition date) of the person entitled to the usufruct right - the older the usufructuary, the smaller the percentage to deduct from the value of the property [4)]. In a nutshell, this means that the acquisition amount must consider the burden of the usufruct in order to reach the actual value of the bare property “nua propriedade” acquired. If the usufruct right holder dies before the sale date (or if the usufruct is extinguished due to other reasons) and the property consolidates, the corresponding percentage has to be applied to the tax value of the property at the date of decease of the usufruct right holder in order to reach the “complete” acquisition amount of the now consolidated property (unencumbered).

[1)] Article 43 (2) (b) of the PIT Code.
[2)] Article 50 (1) of the PIT Code.
[3)] Article 51 (1) (a) of the PIT Code.
[4)] Article 13 of the IMT Code.