

# THE NON-HABITUAL RESIDENCE REGIME (NHR)

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The Portuguese Non-Habitual Resident (NHR) Regime is a special tax regime applicable to Portuguese or foreign individuals who relocate their residence to Portugal.

This regime has special rules on the Portuguese personal income taxation on foreign sourced income and Portuguese employment and self-employment income.

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# WHO QUALIFIES AS NHR?

To qualify as NHR, an individual must meet with the following criteria:

- Become tax resident in Portugal, according to the Portuguese personal income tax rules.
- Not having been qualified or taxed as Portuguese resident in the 5 years prior to taking up residence in Portugal.

In order for an individual to qualify as resident, for tax purposes, in Portugal, one of the following rules must be verified:

- Staying in Portugal for more than 183 days (continuously or not) during a 12-month period, which begins or ends in that tax year; or
- Having a residential accommodation available in Portugal in any day of that 12-month period, which is used as the individual's habitual abode.
- Any day (or part of a day) spent in Portugal will count as one day if the individual stays overnight in Portugal. Residency is established as of the first day of permanence in the country.

## NHR SPECIAL

### FOREIGN SOURCE INCOME

#### i. Employment income

Employment income can be exempt provided that:

- It is taxed in the source State according to the applicable Tax Treaty; or
- If no Treaty is applicable, the income is effectively taxed in the source State, and it is not deemed as derived in Portugal.

#### ii. Other Income

Foreign source dividends, interest, capital gains and rental income, together with self-employment and professional income (in this case, only if derived from high value-added activities), can be exempt if:

- The income can be liable to tax in the country of source, according to the applicable Tax Treaty or to the OECD Model Tax Convention; and
- It is not deemed derived in Portugal; and
- It is not deemed obtained in a tax haven.

## TAX RULES



Foreign source pensions (including periodic and lump sum payments from life insurances policies, pension funds, retirement savings plan and other complementary social security regimes) are liable to a 10% flat rate with the possibility of offsetting the taxes eventually paid in the country of source.

The general provisions applicable to residents are applied:

- Residents are taxed on worldwide income.
- Progressive rates go up to 53% (income exceeding Euro 250.000);
- Special rates apply to capital gains on securities (28%), all investment income such as interest and dividends (28%) and rental income (a reduction of the tax rate may be applied depending on the duration of the rental agreement).







## TAX ADVANTAGES OF LIVING IN PORTUGAL:

- No wealth tax in Portugal
- Inheritance/gift tax (Stamp tax)
- Exemption for direct heirs (spouse, parents or children)
- Exemption for foreign assets
- 10% stamp tax on Portuguese assets



The NHR is a quick process that allows you to submit your application and follow up easily with the progress of the status, being only a click away from a member of our team. The NHR Express was created and its platform is managed by Kleya, being the services provided by Kleya's Legal and Tax partners.

The best part: **you can conduct everything from the comfort of your home!**

Should your situation be more complex, Kleya will also analyse your information and consult you on the best steps to take.



## THE NHR EXPRESS IS DONE IN 5 EASY STEPS

1. Document collection
2. Portuguese taxpayer number
3. Residency in Portugal
4. Password to access the Tax Authorities' website
5. NHR registration request

For more information please contact us directly at

[welcome@kleya.eu](mailto:welcome@kleya.eu)  
**+351 211 388 726**

or visit us at  
[www.kleya.eu](http://www.kleya.eu)