



Taxation of corporation

Corporate tax

- Tax payer

Name of Tax: "IRC - Imposto sobre o rendimento das pessoas colectivas"

- Corporate persons with their head-office or effective management in the Portuguese territory,
- Unincorporated entities in same circumstances then a) (inheritance in abeyance, unincorporated companies, associations, ...),
- Non-residents entities deriving income there from.

- Tax base

a) For resident taxpayers which main activity is a commercial, industrial or agricultural one:

- accountancy profit/loss (single accounts)
- +/- some taxable variations on equity
- + corrections accordingly tax law
- - corrections accordingly tax law
- = taxable profit/loss
- - losses carry on from last 6 years
- - tax benefits
- = imposable profit

b) For other resident taxpayers:

- by categories, like in the taxation of natural persons (sum of categories).

c) For taxpayers referred in c) above:

- if they have a permanent establishment: like a)
- others cases: on income.

d) For small companies (turnover under €150.000) (simplified regime):

- a theoretical margin on turnover (20% on goods and 45% on other income).
- Tax loss

Carry forward for 6 years.

- Rate



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- Normal: 25% (plus a municipal tax from 0 to 10% on tax, i.e., 0 to 2.5 plus; total: 25% to 27.5%),
- Small companies (simplified regime): 20%,
- For entities whose main activity is not a commercial, industrial or agricultural one: 20%,
- Non-resident entities: 25%, except for:
 - royalties, know-how, commissions, equipment rental: 15%
 - interest and related items: 20%
 - lottery, bingo, game prizes, prize competition: 35%

Other profit tax

- Stamp duty ("imposto do selo") (due on some acts)
- Special taxation:
- Non documented and confidential expenses:
 - normal: 50%
 - made by exempted entities or entities whose main activity is not a commercial, industrial or agricultural one: 70%
- expenses with current cars: 5%
(when cars cost over €40.000 and companies presented losses on 2 last years 15%)
- representation expenses: 5%

Property tax

- No wealth tax,
- Local, property tax ("imposto municipal sobre imóveis" IMI),
- property transfer tax ("imposto municipal sobre as transmissões onerosas de imóveis" IMT).

Payroll tax

None

Social security contributions

Normal:

- 23.75% on gross wages and salaries

Special cases:

- from 10% to 21.25%
- Incentives for first jobs, and other cases.

Tax at source

In several cases, from 15% to 35% (see point 6 of taxation on natural persons)



European Tax Survey – Portugal

Country specific rules

Payment on account

- 3 times a year
- furthermore, there are a special payment on account (a minimum tax) that, is applicable, is paid (to be paid in March or in 2 instalments, depending on the amount)



Taxation of natural persons

Income tax

- Tax payer

Name of Tax: "IRS - Imposto sobre o rendimento das pessoas singulares"

- All natural persons resident in Portugal
- Non resident individuals who derives income therefrom
- Tax base
- Global worldwide income for residents
- Income therefrom for non residents
- 6 income categories
 1. A: earned income from dependent employment,
 2. B: income from self-employment or any business activity,
 3. E: investment income,
 4. F: income from real estate,
 5. G: capital gains and others
 6. H: pensions
- ./ deductions on income (by categories)
 - outlays with direct relation to reach income,
 - 70% of employees income, limited by the higher amount of:
 - 72% of 12 x monthly national minimum salary (MNMS),
 - employee contribution to social security
 - syndicate contributions
 - pension: all pension income till €8,823 (disabelds: €10,767.90)
 - 50% of dividends form companies subjected to IRC (see A)
- ./ deductions on tax before deductions
 - for married ones: 50% (disables: + 50%) of monthly national minimum salary (MNMS) for each one
 - for single ones: 60% (disables: + 50%) of MNMS
 - for monoparental families: 80% (disables: + 50%) of MNMS
 - for each dependent: 40% (disables: + 50%) of MNMS
 - for each co-habitant ascendant: without significant income: 55% of MNMS
 - health expenses: 30% of the amount
 - education expenses: 30% of the amount till €160% of MNMS
 - interest of loans for self-habitation: 30% of the amount till €49.00
 - elderly (and similar) homes: 25% of the amount expended with ascendants, till €16.00
 - renewable energy: 30% of expenses with new equipments, till €28.00
 - life insurance premiums: 25% till €7.00 for singles or €14.00 for couples
 - heath insurance premiums: 25% till €6.00 for singles, €15.00 for couples, plus €8.00 for each dependent



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- relevant donations: 25% till €15% of the tax
- deductions of taxes paid on income obtained abroad (with limits).
- Losses

From categories B, F and G (capital gains on financial assets):
carry forward for 5 years for categories F and G and 6 years for B

- Rate

Progressive income tax in 6 steps, from 12% to 40%

Other profit taxes

Stamp duty ("imposto do selo") (due on some acts).

Property tax

- No wealth tax,
- Local, property tax ("imposto municipal sobre imóveis" IMI),
- property transfer tax ("imposto municipal sobre as transmissões onerosas de imóveis" IMT).

Wage tax

Withholding tax, on account of IRS (see 1) from 0% to 31.5%

Social security contributions

- Payer

25.4% on a conventional salary (to choose by himself) from 1,5 to 12 times the minimum national wage.

- Based on
- Payer

11% on gross wage,

Special cases: From 0% to 10%

- Based on
- Rate



Pay-as-you-earn deductions

- Dividends and other profits from companies: 15% (25% for non residents: acquittal),
- Lottery and bingo wins: 25%: acquittal,
- Game prize, prize competition: 35%: acquittal,
- Royalties, know-how, rental equipment, income from real estate: non residents:15%: acquittal,
- Interests and related items: 20%: acquittal,
- Fees (self-employed): 20% (25% for non residents: acquittal),
- Commissions: 20% (15% for non residents: acquittal),
- Real estates rents: 15% (always considered as residents, so is on account).

Wealth tax

No one

Death duty/gift tax

- Payer

Name of Tax : "Imposto do selo" (a section of)

recipient (ascendants and descendants are not in the scope of this tax, i.e., there are no inheritance tax)

- Tax base

Territorial principle: mobile and immobile assets in Portugal.

- Rate

10% on imposable value



Tax sales

- Tax Payer

Name of tax: "IVA - Imposto sobre o valor acrescentado"

All buyers (deductible by commercial entities with no exempted activities: credit tax method)

Excise taxes: tobacco, alcohol, alcoholic beverages, petroleum products, motor vehicles.

- Tax base

Total price of goods or service, customs value of imported goods (in all cases including other taxes and import duties, only excluding V.A.T. itself)

- Rate
 - Base rate: 21%
 - Reduced rate: 12%
 - Special reduced rate: 5%