



INFORMATIVE NOTE

2024 State Budget Law:

- > Non-Habitual Residents Regime
- > Former residents programme [Programa “Ex-Residentes”]
- > Tax Incentives for Scientific Research and Innovation

On 1 January 2024, the 2024 State Budget Law entered into force, which introduces amendments to the **non-habitual resident regime** and to the **Former Residents programme [Programa “Ex-Residentes”]** and creates the **tax incentive regime for scientific research and innovation**, as follows:

1. Cancellation of the non-habitual resident (NHR) regime. The regime will however continue to apply to taxpayers who:

- a) Are already registered as non-habitual residents in the AT [Portuguese Tax Authority] taxpayer register, by the date the law enters into force, provided the period referred to in Articles 16(9) to 16(12) of the Personal Income Tax Code has not yet elapsed;
- b) Meet, by 31 December 2023, the conditions set out in Article 16 of the Personal Income Tax Code to qualify as a Portuguese resident for tax purposes;
- c) Become residents for tax purposes by 31 December 2024 and who declare having any of the following for the purposes of their registration as non-habitual residents:
 - i. A promissory employment or an employment contract, a promissory secondment agreement or a secondment agreement concluded prior to 31 December 2023, where the performance of the duties is to take place in Portugal;
 - ii. A lease agreement or other agreement granting the use

or possession of a property located in Portugal, concluded prior to 10 October 2023;

- iii.** A reservation form or a promissory purchase and sale agreement for the acquisition of rights in rem over a property located in Portugal, concluded prior to 10 October 2023;
 - iv.** An enrolment or registration for their dependents, in a school located in Portugal, completed by 10 October 2023;
 - v.** A residence visa or a residence permit valid until 31 December 2023;
 - vi.** A residence visa or residence permit application, submitted to the competent authorities by 31 December 2023, in accordance with the applicable immigration legislation in force, i.e., an appointment request or an actual appointment for submission of the residence visa or residence permit application, or the submission of a residence visa or residence permit application.
- d)** Belong to the household of the taxpayers referred to in the preceding subparagraphs.

2. New Former residents programme [Programa "Ex-Residentes"]

Those taxpayers who:

- Become tax residents in 2024 to 2026;
- Provided they have not been deemed to be Portuguese residents in any of the five preceding years;
- And who have been a Portuguese resident for any period prior to the one provided for in the preceding paragraph;

50% of income generated from work and business and professional income shall be exempt from taxation.

The proposed limit for this tax exemption is €250,000. The regime will apply for a period of five years.

3. The government also proposes the creation of a "tax incentive scheme for scientific research and innovation" for taxpayers who:

- Become residents in Portugal for tax purposes;
- Have not been residents in Portugal in any of the five preceding years;
- Who earn income from any activity falling in the following categories:
 - Academic teaching in universities and scientific research activities that are part

of the national scientific and technological system;

- o Qualified job positions within the scope of the contractual benefits for productive investment, under the terms provided for in the applicable laws;

- o Highly qualified jobs, as defined in an ordinance issued by the Government members in charge of the areas of finance and economy, carried out in:

- i. Companies with eligible expenses, in the financial year they began operating or in the five preceding financial years, that benefit or have benefited from the Tax Regime for Investment Support [Regime Fiscal de Apoio ao Investimento], under the terms provided for in the applicable laws; or,

- ii. Industrial and service companies whose main activity corresponds to a business activity code (CAE) defined in an ordinance issued by the Government members in charge of the

areas of finance and economy and which export at least 50 % of their turnover in the financial year they began operating or in any of the two preceding financial years; or,

- o Other qualified jobs and members of corporate bodies of entities engaged in economic activities recognised by the Agência para o Investimento e Comércio Externo de Portugal, E.P.E. or by IAPMEI - Agência para a Competitividade e Inovação, I.P. as relevant to the national economy, namely in what comes to attracting productive investment and reducing regional asymmetries;

- o Research and development carried out by staff provided the costs thereof are eligible for the purposes of the tax incentive system for research and business development purposes, under the terms provided for in the applicable laws;

- o Job positions and members of governing bodies of entities certified as start-ups, under the terms provided for in the applicable laws; or

- o Job positions or other activities carried out by tax residents in the autonomous regions of the Azores and Madeira, under the terms to be defined by regional legislative decree.

This scheme provides for a special 20% tax rate on net income from employment (category A) and business and professional income (category B) arising from the above activities, for a period of ten consecutive years, as well as a tax exemption on income from employment, business and professional activities, capital (category E), property (category F) and capital gains (category G) obtained abroad.

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