



SPAIN APPROVES NEW WEALTH TAX

In view of the announced retreat of the parliamentary majority on the elimination of the special IRS regime for NHR (non-habitual residents), and if the extension of this regime for another year is confirmed, there are several benefits that are expected for Portugal.

Due to the political and fiscal situation in Spain, many Spanish tax residents see the extension of the NHR in Portugal as an efficient solution for managing their family and business assets, which will certainly benefit Portugal by combining tax benefits with geographical and cultural proximity.

In addition to the fact that a government has been elected with the support of nationalists / independentists, this attraction for Portugal is strongly marked by the decision of the Spanish Constitutional Court, which ruled that the application of a general tax on wealth and large fortunes, which is levied on assets in excess of three million euros, also applies in the municipality of Madrid.

We must not forget that the NHR regime does not apply to taxes such as VAT, IMT, IS, AIMI, IUC, Social Security and other contributions, so maintaining this regime has undoubted benefits for Portuguese tax revenue.

We would remind you that the regime applicable to NHRs provides for the application of a single rate of 20 per cent to salaries and self-employment income from high value-added activities, the taxation of pensions at a single rate of 10 per cent and the exemption from taxation of some foreign source income provided that it can be taxed in the state where it is obtained.

The benefits are there to be seen. What remains to be seen is whether Portugal will be able to take advantage of them.



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