



**Gavin Scott**

Senior Partner - Portugal



# Blevins Franks

*Who we are & what we do*

# Who we are

*Leading international  
tax and wealth management  
advisers to private clients  
living in Europe*

# Blevins Franks Group

## OFFICES IN EUROPE



# Blevins Franks Group

Advising clients for over **40** years

**7** countries

**23** Offices

**50** Partners and Private Client Managers

**250+** Employees

**5,100** Families

**€2.7 billion** Funds Under Advice





# Our London Office

## The technical teams:

- **Legal (cross border tax)**
- **Estate planning**
- **Pensions**
- **Investment**

ST. JAMES'S  
SQUARE SW1

CITY OF WESTMINSTER

# What we do

*Tax driven, strategic financial planning  
and wealth management advice...*

*...to clients and their families.*

# **Blevins Franks** SPECIALIST ADVISERS

- UK and Irish Nationals living in Portugal
- Local – offices in Loule and Cascais
- Supported by technical specialists
- UK FCA Authorised
- Brexit plans in place.





# Non-Habitual Residence (NHR)

# Welcome to Portugal

## Portugal believes that:

- Low taxes attract people
- Who then spend money
- This boosts the economy
- Creates additional jobs for locals
- Results in more tax revenue.



# Non-habitual residence **ELIGIBILITY**

## Not resident in Portugal in last five years

- High value-added occupation
- Employed, self-employed, retired...
- **BUT it's imperative to plan!**  
Application deadline - 31 March.

# Tax residence

## Straightforward in Portugal

- 183-days in any 12 month period

**OR**

- making it your 'habitual residence'  
i.e. simply making it your home.





# NHR Tax Benefits

# Non-habitual Residence **BENEFITS**

- 10-year period
- Tax exemption on foreign source income
  - Non-Portuguese, pre-defined 'high value added' activities
  - investment income (dividends, rental income, interest, etc.)
- From 2020 – 10% tax on pension income
- 20% flat rate for Portuguese 'high value-added' activities

**BUT...only provided certain conditions are met!**



# So, what is the catch?

- Income may be taxed in source country under DTT
- Not from a tax haven
- The residence test (*here and 'there'*)
- Precise planning needed (*CGT & Income tax*)

# Non-habitual Residence **BENEFITS**

- Qualifying Portuguese earnings taxed at 20%
- Dividends no/lower tax (potentially exempt from WHT)
- Certain Irish pension income and lump sums 10% flat rate income tax for 10 years (not taxable in Ireland DTT)

**BUT - be aware certain income may still be taxed  
in Ireland**

# Non-habitual Residence **CHANGES**

New Portuguese legislation 2019 & 2020...

- From 2019 - withdraw entire pension fund in 10 years –
  - Reclassify as savings income
  - Subject to income tax rates (max 48%)
  - Drawdown over 11 years - max of 50% PCLS
- From 2020 - new arrivers 10% flat rate income tax  
**But need long term plan for capital pot...**



# Longer Term Planning Opportunities

# Longer Term Planning

- Life Assurance Policy (Investment Portfolio Bonds)
  - Tax deferral vehicle – tax paid on withdrawal
  - Tax the ‘Profit’ element of withdrawal
  - After 5 years (80% taxable) and 8 years (40% taxable).

# Longer Term Planning

- Portuguese Succession Taxes (Stamp Duty)
  - Only 10%
  - Territorial Tax
  - Spouse, children and grandparents exempt
  - But beware – Irish inheritance taxes (CAT)!



# In Summary

## Portugal...

- Inside the EU
- Wants to attract long term retirees
- Does this through lower taxes

## No tax for 10 years on...

- Pension income (certain Irish pensions qualify)
- Other tax planning opportunities (earnings, dividends, gains, CAT, etc)

**Talk  
to us...**

*If planned correctly...*

**BLEVINS  FRANKS**  
**Feedback Form**  
 Ireland Portugal Business Network Conference  
 Investing in Portugal - Exploring Living, Working & Business Opportunities  
 Tuesday 4<sup>th</sup> February 2020

**PLEASE FILL IN BLOCK LETTERS**

Title \_\_\_\_\_ First Name/s \_\_\_\_\_ Surname \_\_\_\_\_  
 Telephone \_\_\_\_\_ Email \_\_\_\_\_

Which region/area in Portugal would you be interested in moving to?

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**Thank You**



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