

Momentum

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Package**

38

What future for the real estate market and foreign investment?

October

2023



⊕ Habitação Package

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The logo for Sêrvulo & Associados, featuring the name in a white, elegant, cursive script.

• **+ Habitação Package**

Involved in extreme controversy, Law No. 56/2023, of October 6, commonly known as the **Mais Habitação Package**, was finally published, with the intention to respond to an urgent lack of more affordable residences, especially in large urban centers, namely Lisbon and Oporto. The rental market does not have sufficient homes, demand far outstrips supply, prices have tripled, and as a result became inaccessible, especially to the Portuguese middle class and displaced students. Since neither the State, and on a more local level, nor the Municipalities, are able to provide an immediate response to this deficit in the residential market, the Government has decided to carry out a series of measures, translated in profound changes in several legal regimes that over the last few years have proved to be essential for attracting investment in the real estate market, and which will remarkably be affected by the measures of this package, of which we highlight:

- a. the limitation until December 2029 on the value of rents in new lease agreements, subsequent to lease contracts entered into in the last five years;
- b. the non-transition to the New Regime of Urban Lease (NRAU) of lease agreements executed prior to 1990;
- c. the establishment of forced leases for vacant properties that do not become not voluntarily part of the rental market;
- d. the integration of the procedure of the special eviction and the injunction in rental matters at the Tenant and Landlord Desk (BAS), in order to simplify and improve its operation and strengthen the guarantees of the intervening parties;
- e. the revocation of residence permits for real estate investment activity – Golden Visa;
- f. the ending of new registrations of local accommodation in areas of high urban pressure, namely the metropolitan regions of Lisbon and Oporto;
- g. the establishment of tax incentives for the transition of current local accommodations to the rental market;
- h. The establishment of a validity period and special conditions for renovation of the respective renewal for existing local accommodation establishments.

In this newsletter, we aim to sum up the main changes that result from this **Mais Habitação Package**, and if we are right about the uncertainty of its practical feasibility and its effectiveness in the quick solution of a very serious problem of our cities, the access to homes, we are equally sure about the certainty of the reduction in investment, namely, foreign investment, in the real estate market, the loss of confidence of the players in the Portuguese legal system, and the evident impact that these changes will certainly bring to the economy of the Portuguese people.

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⊕ Habitação

Leasing: main changes with an impact on investors

Law n.º 56/2023, of 6 October 2023 – commonly known as *Mais Habitação* Package – was published 6 October in the Portuguese Official Gazette, after promulgation by the President of the Republic (hereinafter the “Program”). This Update summarizes the main changes brought about by this Program, highlighting the following measures in the area of lease agreements, in order to enhance the offer for residences in Portugal:

New lease agreements for residential purposes: limitation of the initial rent

Until 31 December 2029, the initial rent for new residential lease agreements on properties for which lease agreements have been in force for the last five years may not exceed the value of the last rent charged on the same property, by reference to the previous contract, plus a coefficient of 1.02. Thus, the initial rent for new contracts may not exceed 2% of the previous rent, conditioning the negotiation of rents. This limitation applies to new contracts that exceed the general rent price limits by type set out in the Affordable Rent Program (Decree-Law no. 68/2019 and Government Ruling no. 176/2019).

However, rent increases of more than 2% are permissible:

1. When the immediately preceding lease agreement has not been updated as legally permitted, the annual update coefficients for the previous three years can be applied to the initial rent. In this case, the update coefficient to be considered for 2023 is 1.0543 – in other words, an increase equivalent to 5.43%.
2. When the property has undergone extensive refurbishing or restoration work, duly certified by the City Council, the amount of the costs borne by the landlord may be added to the initial rent of the new lease, up to an annual limit of 15%.

However, the update coefficients for these exceptions can only be applied once each calendar year.

Lease agreements prior to 1990: non-transferability to the New Urban Leasing Regime (the “NRAU”)

Landlords will definitively lose the possibility of transferring to the NRAU residential lease agreements from before 1990, covered by articles 35 and 36 of the NRAU, according to the new wording offered by the Program, which have not yet been transferred to the NRAU. On the other hand, tax compensation measures will be defined, to be applied from 2024 onwards, including IRS (Income tax) and IMI (Municipal Real Estate Tax) exemptions, as well as defining the amounts and limits of the compensation to be awarded to the landlord and the rent to be set for the tenant.

Forced lease

Article 108-C has been added to the Legal Framework for Urbanisation and Building (the “RJUE”), which establishes the forced lease of vacant residential properties. This regime applies to (i) autonomous units for residential use and (ii) parts of urban buildings that can be used independently for residential use, located outside the interior territories (see Annex to Government Ruling no. 208/2017) and must also have been classified as vacant for more than two years, under the terms of Decree-Law no. 159/2006.

In order to implement this measure, the Program provides for a new duty of communication for telecommunications companies and gas, electricity and water distributors. By 1st of October of each year, they must send the municipalities an updated list of either the absence or low consumption supply contracts for each urban building or autonomous unit, including the land registry identification of each related building.

Once two years have passed since the classification as vacant, the municipality sends to the owner of the vacant building:

1. Notification of the duty to carry out conservation works. Once the notice has been served and the works

have not been carried out, the municipality may order the necessary works to be carried out in the event of non-compliance; or

2. Notification of the duty to make use of the property and, if the municipality so wishes, submit a lease proposal, provided that the rent does not exceed by 30% the general rent price limits set out in the Affordable Rent Program (Decree-Law no. 68/2019 of 22 May). If the owner refuses the proposal or does not respond within 90 days and the property remains vacant, the municipality may, exceptionally and supplementarily, proceed with a forced lease, whenever it proves necessary “to guarantee the social function of inhabitation”.

If the municipality does not intend to proceed with the lease and the property is not in need of conservation work, it must send the information about the property to IHRU, I.P., so that this institute, if it so wishes, can notify the owner under the terms of the duty to give use and proceed with the forced lease, under the same terms as the municipality.

Support for the development of housing for affordable leasing

In addition to the incentives provided for in tax legislation to support leasing, this support takes the form of a line of financing and the assignment of land and public buildings.

The financing line is intended for projects in the area of affordable leasing, such as construction or rehabilitation and the acquisition of properties for subsequent leasing. Leasing to public organisations for subsequent sub-letting is also permitted. The homes built with this funding are subject to the affordable rent regime for a period of twenty-five years and are subject to the parameters and values in force for cost-controlled housing, namely the development cost per square meter.

With regard to the assignment of public land and buildings, the government identifies the real estate to be assigned to affordable leasing through the assignment of surface rights, for a maximum period of ninety years, renewable by agreement.

After the lease periods have expired, and in the event of a sale, the municipalities and IHRU I.P. have a preferential right to purchase the buildings (at a price calculated in accordance with the legislation applicable to the promotion of affordable housing).

Lease agreements signed by beneficiaries of this support are subject to the rent price limits set out in the Affordable Rent Program.

The beneficiaries of this support are:

1. Residential and construction cooperatives that meet the conditions for access set out in article 4 of Decree-Law no. 145/97;
2. Commercial companies engaged in civil construction, in consortium or in any other form of association with commercial companies whose corporate object includes leasing for residential purposes and property management, which fulfil the conditions of access laid down in the regulations for granting financing to private civil construction companies for the construction of cost-controlled housing under housing development contracts, or companies in whose capital they participate, as well as entities engaged in property development and investment;
3. IHM-Investimentos Habitacionais da Madeira, EPERAM, and the Regional Housing Division of the Azores, alone or in partnership with the entities referred to in the previous paragraphs;
4. Municipalities and parish councils, alone or in partnership with the aforementioned organisations;
5. Charities, private social solidarity institutions and legal persons of public administrative utility or recognised public interest.

The terms and conditions of the supports will be regulated by an Government Ruling issued by the member of the Government responsible for housing, within ninety days of the law coming into force.

Finally, the support provided for the promotion of affordable leasing will apply, with the necessary adaptations, to student accommodation. However, adherence to this scheme is subject to the application of maximum monthly prices for student accommodation, defined in a decree by the members of the government responsible for the areas of higher education and housing.

Tenant and Landlord Desk

The Tenant and Landlord Desk (Balcão do Arrendatário e do Senhorio (“BAS”)) has been created to exclusively handle the special eviction procedure and the injunction in lease

matters, with jurisdiction throughout the national territory, replacing the Lease National Desk (Balcão Nacional de Arrendamento (“BNA”)) and the Injunction in Lease Matters Service (Injunção em Matéria de Arrendamento (“IMA”)), now extinct. The BAS aims to simplify and quicken these procedures, reinforcing guarantees in the context of residential leases.

From 1 January 2024, the State will be able, under certain conditions, to pay the landlord rent for residential leases due after the deadline for opposing the procedure, with a total maximum limit of nine times the Minimum Monthly Remuneration. With this payment, the State will be automatically subrogated to the applicant’s rights, which can be exercised through tax execution.

Entry into Force of the New Regime

This law came into force on the day following its publication, that is on 7th October 2023.

However, there are exceptions regarding the entry into force of the amendments and additions to the NRAU (except for the amendments to articles 35, 36 and 37), namely with regard to the special eviction procedure, BAS and IMA. These will take effect 120 days after this law comes into force.

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“The entry into force of Law no. 56/2023, of October 6, makes substantial changes to the Residence Permit for Investment regime (“Golden Visa”).”

⊕ Habitação Golden Visa

⊕ Habitação

Golden Visa

The entry into force of [Lei n.º 56/2023](#), of October 6, brings a number of changes to Law no. 23/2007, of July 4, which regulates the entry, stay, exit and removal of foreigners from national territory, within the scope of the residence permit regime for investment activities.

The most significant change relates to the extinction of the following types of investment:

- Acquisition of real estate worth €500,000.00 or more;
- Acquisition of real estate whose construction has been completed for at least 30 years or located in an urban rehabilitation area and carrying out rehabilitation works on the real estate acquired, for a total amount equal to or greater than € 350,000.00;
- Transfer of capital amounting to €1,500,000.00 or more.

It should be noted that the extinction of these investment modalities:

- Does not affect family authorizations/regroupings already granted; and
- Does not apply to processes that have already been submitted and are awaiting a decision from the competent authorities, or which are pending prior control procedures in the councils.

In the cases mentioned above, the renewal of the residence permit has the consequence of converting it into a residence permit for entrepreneurial immigrants. In this context, holders must comply with the minimum period of stay in national territory, i.e. 7 days, consecutive or interpolated in the 1st year and 14 days, consecutive or interpolated, in subsequent periods of 2 years.

Notwithstanding this, the following types of investment remain eligible:

- Creation of at least 10 new jobs;
- Transfer of capital in an amount equal to or greater than €500,000.00, which is applied to research activities carried out by public or private scientific research institutions, integrated into the national scientific and technological system;
- Capital transfer of an amount equal to or greater than € 250,000.00, which is used to invest in or support artistic production, recovery or maintenance of national cultural heritage;
- Capital transfers of an amount equal to or greater than €500,000.00 intended for the acquisition of shares in non-real estate collective investment undertakings, where 60% of the value of the investments is made in commercial companies based in Portugal;
- Capital transfers of €500,000.00 or more, intended for the incorporation of a commercial company with its headquarters in Portugal, combined with the creation of five permanent jobs, or to increase the share capital of a commercial company with its headquarters in Portugal, already incorporated, with the creation of at least five permanent jobs or the maintenance of at least ten jobs, with a minimum of five permanent ones, and for a minimum period of three years.

There are two important changes to the list of investments that remain eligible:

- Regarding the type of investment in collective investment undertakings, the wording of the rule has been altered in order to change the expression “acquisition of units in investment or venture capital funds” to “acquisition of shares in non-real estate collective investment undertakings”.
- In relation to strengthening the share capital of a commercial company already incorporated in Portugal, the number of jobs required has increased. Thus, the “creation of at least five permanent jobs or the maintenance of at least ten jobs, with a minimum of five permanent jobs” is now required, instead of the previously required “creation or maintenance of jobs, with a minimum of five permanent jobs”.

Finally, it should be noted that:

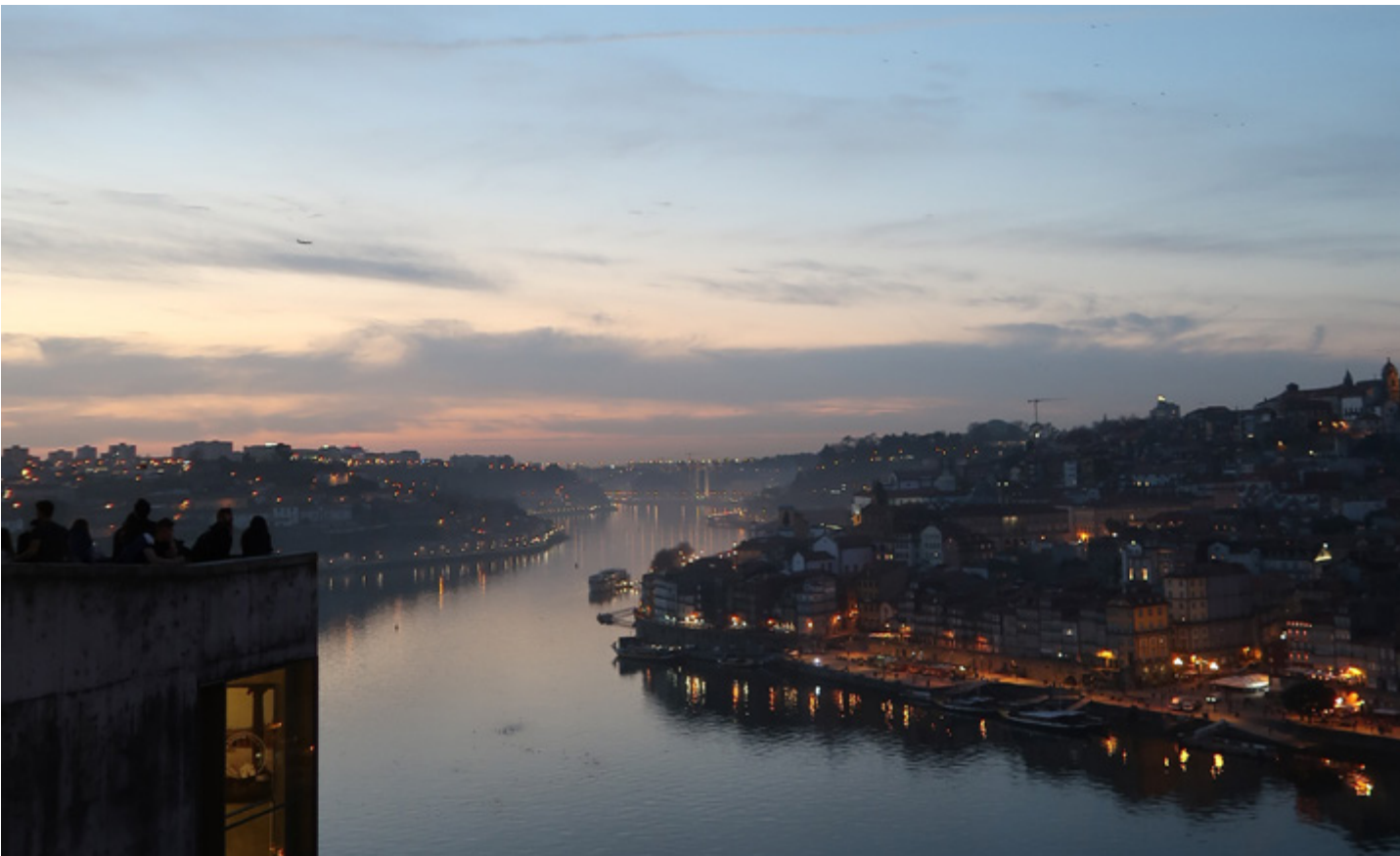
- No investment modality may be aimed, directly or indirectly, at real estate investment.
- The investment modalities that are still eligible will be subject to a specific evaluation every two years, with regard to their impact on scientific and cultural activity and the promotion of foreign direct investment and job creation.

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⊕ Habitação

Local accommodation: the incentives to transfer local accommodation properties to residential leases

In this Update, we summarize the main changes introduced by the **Mais Habitação Package**, also called the Program, highlighting the following measures regarding Local Accommodation, in order to enhance the offer for residences in Portugal.

Non-transferability and expiry of local accommodation registries

Until the Program came into force, the rule of non-transferability of the local accommodation registry number only applied to “houses” and “apartments” located in a containment zone.

The Program extends the scope of this rule and now establishes, for all local accommodation establishments, that the respective registry number is personal and non-transferable, even if held or owned by a legal person. As a result, it is impossible to acquire a registry by transmission.

The Program also changes the situations in which the registry held by a commercial company expires. This registry expires when the share capital of the legal person holding the registry is transferred, regardless of the percentage.

However, the Program allows for exceptions regarding non-transferability and expiry in cases of succession.

Lastly, there is another situation where local accommodation registries expire if they are inactive.

Thus, in order to avoid the cancellation of the respective registries, within two months as from the date of publication of this Program, the holders of local accommodation registries are obliged to provide proof of the maintenance of the operating activity, i.e. the effective exercise thereof - without prejudice to the re-examination to take place during the year 2030.

However, exceptions are made for local accommodation establishments in permanent housing, provided that the operation of the accommodation units does not exceed

120 days/year. For these cases, the obligation to provide proof and the consequences of failure to do so do not apply.

Suspension of new local accommodation registries

The Program determines the general suspension of the issuance of new registrations of local accommodation establishments, in the form of “apartments” and “lodging establishments”, integrated in an autonomous unit of a building, except for inland territories (see annex to Ordinance no. 208/2017, of July 13) and Autonomous Regions.

However, the Program protects situations in which municipalities, by means of Municipal Housing Charters, define the appropriate balance of housing supply and student accommodation, making it possible to withdraw the suspension of the granting of new local accommodation licenses.

It is also important to note that, in municipalities where a housing shortage has been declared, the suspension of registries may cover all or just part of the area of the municipality where the shortage has been declared.

Review of already issued Local Accommodation registries

Through the amendment to the Legal Regime for the Operation of Local Accommodation Establishments, with the entry into force of the Program, the registries of these establishments will have a duration of five years, renewable for equal periods. The respective renewal of titles is subject to an express decision by the local council with territorial jurisdiction.

As for local accommodation registries already issued on the date of publication of the Program, it should be noted that they will be reviewed in 2030. Furthermore, after the first review, registries are also renewable for five years.

However, the Program makes exceptions in the case of local accommodation establishments that constitute a real guarantee for loan agreements signed until February 16, 2023, which have not yet been fully paid off by December 31, 2029. In these situations, the registry will only be reviewed after the full payment has been made.

Likewise, if a decision is made to maintain the respective registry, it will be renewed for a period of five years.

Opposition to the exercise of local accommodation activity and authorization from the Condominium - special rules for buildings under horizontal property regime

With the entry into force of the Program, a new scenario is foreseen for the cancellation of the registry of the local accommodation activity, related to the risk of opposition on the part of the condominium owners, if the local accommodation activity is carried out in an autonomous unit of a building or part of an urban building susceptible to independent use.

Thus, the condominium owners' meeting may oppose the exercise of the local accommodation activity, (i) by resolution of at least two-thirds of the permillage of the building and (ii) provided that the constitutive title does not expressly provide for the use of the unit for local accommodation purposes or when there has been an express resolution of that meeting authorizing such use.

In these cases, and for the purposes of making the cancellations effective, the condominium owners' meeting must inform the Chairman of the municipality with territorial jurisdiction of the decision. Thus, the resolution will take effect sixty days after it is sent.

Deregister means that the establishment ceases to operate.

Furthermore, registries of local accommodation establishments made after the entry into force of the Program, which concern autonomous unit of buildings under horizontal property regime intended, in the constitutive title, for residential purposes, are now subject to the prior authorization of the condominium for a different use. This decision by the condominium is taken unanimously, and it is now compulsory to present the minutes of the condominium meeting, with the authorization, at the time of the prior communication.

Entry into Force of the New Regime

This Law entered into force on the day following its publication, i.e. on October 7, 2023.

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⊕ Habitação

Key Tax aspects

The already mentioned [Law n° 56/2023](#), of October 6, also contains a range of tax provisions with implications for the real estate market. Below we highlight the main changes foreseen in this legislative package:

Taxation of capital gains

New requirements to benefit from the reinvestment regime

The personal income tax exclusion regime for capital gains generated through the sale of the taxpayer's or their family's own permanent home, when the proceeds of the sale are reinvested, now contains a double time limitation:

1. The property transferred has to have been used as the taxpayer's or their family's own permanent home for the 24 months prior to its sale, a fact that must be proven through the respective tax address;
2. Taxpayers have not benefited, in the year in which the gains were made or in the previous three years, from this exclusion regime, although it is possible to prove, in the course of the tax assessment procedure, that failure to fulfil this condition was due to exceptional circumstances.

In addition to this double time limitation, there is also the requirement that both the first property (i.e., the property sold) and the second property (acquired with the proceeds of the sale of the first property) constitutes the tax address of the taxable person. The legislator expressly incorporated into the letter of the law a formal requirement the Tax Authorities had been demanding, albeit unsuccessfully.

Exclusion from taxation of capital gains generated through the sale of land for construction or secondary housing

Gains from the sale of land for construction or residential property that is not intended for the taxpayer's or their family's own permanent home may also be excluded from

personal income tax, provided that the following conditions are cumulatively met::

3. The proceeds of the sale are used to amortise the outstanding capital on mortgage loans for the taxpayers' or their descendants' own permanent homes; and
4. Such amortisation takes place within three months from the sale of the property.

This tax exclusion applies to transfers made between 1 January 2022 and 31 December 2024. For transfers made before the entry into force of this legislative package (i.e., before 7 October 2023), the amortization must be made within three months.

Exemption from taxation of capital gains from the sale of property to public entities

Capital gains arising from the sale of residential property to the State, the Autonomous Regions, public corporate entities in the housing sector or local authorities are exempt from personal income tax and corporate income tax, except:

- a. Gains received by tax residents in a country, territory or region subject to a more favourable tax regime, included in the Portuguese blacklist for tax purposes;
- b. Gains arising from sales for consideration through the exercise of the rights of preference.

Reduced PIT rate applicable to capital gains generated from the sale of rehabilitated properties revoked

The application of the personal income tax rate of 5% on capital gains from the sale of rehabilitated properties located in urban rehabilitation areas is revoked.

Taxation of rental income

Reduction of PIT rates

The tax rate of 28% will now exclusively cover non-residential rental agreements.

The autonomous tax rate applicable to property income from residential rental agreements will be 25%, which may also be reduced depending on the duration of the agreements:

1. If equal to or greater than 5 years and less than 10, a 10% reduction is applied, and for each renewal of equal duration, a 2% reduction is applied. However, these reductions are subject to the 10 per cent limit;
2. If equal to or greater than 10 years and less than 20 years, a 15 per cent reduction is applied to the respective autonomous rate;
3. If it is equal to or greater than 20 years and the property income derives from contracts for real rights to permanent housing, a 20% reduction in the respective autonomous rate is applied to the part relating to the payment of the monthly cash instalment.

These new measures do not apply, however, to property income arising from residential rental agreements entered from 1 January 2024, whose monthly rent exceeds by 50% the general rent price limits by typology depending on the municipality where the property is located, as set out in tables 1 and 2 of the annex to Order no. 176/2019 of 6 June.

New rental agreements benefiting from the regime are subject to an additional 5 per cent reduction in the respective tax rate whenever the rent is at least 5 per cent lower than the rent of the previous rental agreement on the same property.

Exemption for property income from rental agreements under municipal programs

Property income from rental agreements obtained under municipal programs offering affordable housing and student accommodation is exempt from personal income tax and corporate income tax. However, this exemption is subject to recognition by the Minister of Finance.

Transfer of real estate from local accommodation (“Alojamento Local”) to rental for permanent housing

A tax exemption from personal income tax and corporate income tax has also been introduced for property income arising from the transfer of real estate allocated to the exploitation of local accommodation (“Alojamento Local”) for rental to permanent housing.

This exemption applies when the following conditions are cumulatively met:

- a. The local accommodation establishment was registered and used for such purpose by the end of 2022;
- b. The rental agreement is signed and registered on the Tax Authorities’ website by 31 December 2024.

This exemption applies to income earned until 31 December 2029.

Communication of rental agreements by tenants/subtenants

As far as stamp duty is concerned, it will now be possible for the respective tenants or subtenants to communicate their rental or sub-rental agreements if such obligation is not fulfilled by the lessors or sub-lessors.

Properties acquired for resale

Reduction in the period for resale

The period in which properties acquired for resale must be effectively resold is reduced from three years to one year in order to be exempt from property transfer tax (“IMT”) or, in cases where the tax has been paid, enable its reimbursement.

On the other hand, this type of acquisition ceases to benefit from the exemption as soon as the buildings acquired for resale are used for a different purpose which, within the meaning of the new law, means the conclusion of construction, edification or improvement works, or other modifications that may lead to a change in its tax value.

Suspension of Property Tax (“IMI”) on properties acquired for resale revoked

The suspension of taxation up to and including the 3rd year following that in which a building has become part of the inventory of a company whose purpose is to sell it is revoked.

Property tax exemption for land for housing construction

The “*mais habitação*” package created a new property tax exemption for housing land and buildings intended for residential use.

This exemption applies to building land when the prior control procedure has been initiated with the competent authority for building works for residential use and for which a final decision, express or tacit, has not yet been issued.

With regard to buildings intended for residential use, it is required that the prior control procedure for residential use has been initiated with the competent authority and that no final decision, express or tacit, has yet been issued.

Taxpayers who intend to benefit from this exemption shall submit the document proving the start of the prior control procedure to the tax office of the area where the buildings are located.

Reduced VAT rate on construction services

This legislative package amends items 2.18 and 2.23 of List I annexed to the VAT Code (supplies of goods and services subject to the reduced rate of 6%).

Item 2.18 now includes construction or rehabilitation contracts for i) affordable housing, ii) controlled-cost housing, or iii) housing for affordable rent under the terms defined in an order issued by the member of the Government responsible for housing, regardless of the developer. It is required, however, that at least 700/1000 of the buildings in horizontal ownership or the totality of the buildings in total ownership or autonomous fractions are allocated to one of the aforementioned purposes and certified by IHRU, I. P., or, when promoted in the Autonomous Region of Madeira or the Autonomous Region of the Azores, by IHM - Investimentos Habitacionais da Madeira, EPERAM, or by the Regional Housing Directorate of the Azores, respectively.

Item 2.23, in turn, now provides for the application of the 6% rate to building rehabilitation contracts and contracts for the construction or rehabilitation of public facilities for collective use, located in urban rehabilitation areas (critical areas for urban recovery and conversion, intervention areas for urban rehabilitation societies and others) delimited under the legal terms, or carried out as part of requalification and rehabilitation operations of recognized national public interest.

However, the latter will not apply in the following cases:

- a. requests for licenses, prior notices or requests for prior information regarding urban planning operations submitted to the territorially competent municipal council before the entry into force of this package;
- b. licensing or prior communication requests submitted to the territorially competent town hall after the entry into force of this package, provided that they are submitted under the terms of a favorable prior information in force.

Extraordinary contribution on local accommodation (“Alojamento Local”)

An extraordinary contribution on flats and lodging establishments integrated in an autonomous fraction of a building in Local Accommodation - CEAL - was also created.

Taxable persons:

Owners of the local accommodation establishments, within the meaning of article 2 of Decree-Law no. 128/2014, of 29 August. Property owners are subsidiarily liable for the payment of CEAL, even if they are not the holders of the local accommodation license.

Taxable event:

The CEAL is levied on the assignment of residential properties - i.e., properties whose autonomous fractions and parts or divisions of urban buildings are susceptible to independent use of a residential nature - to local accommodation, on 31 December of each year.

To this end, residential properties with a valid local accommodation license are deemed to be used for local accommodation.

Properties located in interior areas, as identified in the annex to Ministerial Order no. 208/2017, are excluded from CEAL and on the other hand, properties located in parishes that cumulatively fulfil the following conditions:

- a. They are covered by a Municipal Housing Charter in force that shows an adequate balance of housing supply and student accommodation in the municipality;
- b. They are part of municipalities in which a housing shortage has not been declared; and
- c. Do not have any part of their territory as an urban pressure zone.

Exemption:

Residential properties that do not constitute autonomous fractions, or parts or divisions susceptible to independent use, as well as local accommodation units also used as own permanent housing, provided that the operation does not exceed 120 days per year, are exempt from this new contribution.

Tax Base and Rate:

The CEAL tax base is made up of the application of the economic coefficient for local accommodation and the urban pressure coefficient to the gross private area of residential properties on which CEAL is levied - the coefficients will be published annually by ordinance, with the coefficients applicable to 2023 being published by Ordinance within 60 days of the publication of this legislative package.

The applicable rate is 15 per cent.



Assessment and payment of CEAL:

The assessment is made based on an official model to be submitted by 20th June of the year following the taxable event, with the payment deadline ending on the 25th of the same month.

Non-deductibility for corporate income tax purposes

CEAL will not be deductible for corporate income tax purposes, even when accounted as an expense in the tax period.

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