

GIBRALTAR · PORTUGAL  
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# Portugal

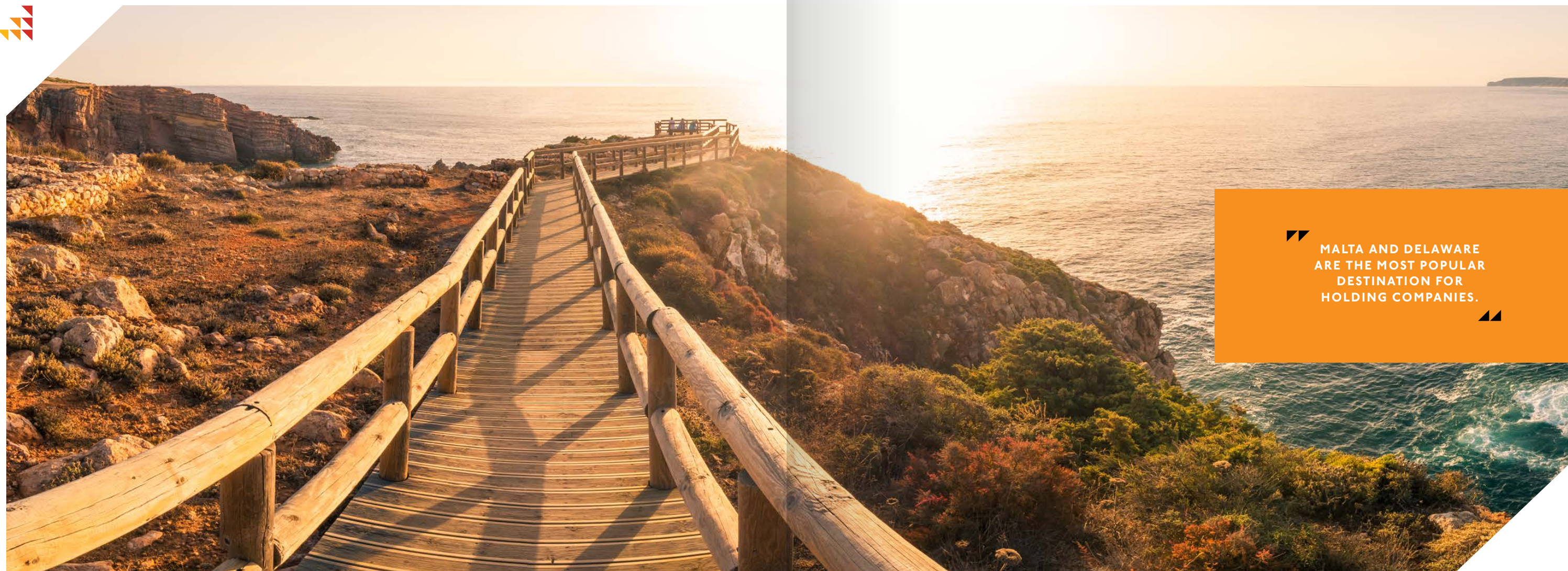


Moving to  
Portugal

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 **ABACUS**  
FINANCIAL SERVICES • EST. 1974





“MALTA AND DELAWARE  
ARE THE MOST POPULAR  
DESTINATION FOR  
HOLDING COMPANIES.”

#### THE ABACUS GROUP

Abacus is an independent, privately owned group of companies, established in Gibraltar over 40 years ago. We provide comprehensive financial solutions and services to both private and corporate clients worldwide. Four decades of expertise in wealth management, corporate structuring, international pensions, tax, fund administration and accounting services help us create and deliver professional solutions that are simple, effective and bespoke. Clients that choose to work with us will benefit from a broad range of integrated services that will be personally selected to suit their needs and implemented to our highest service standards.

Expert Wealth  
Management &  
Financial Solutions

#### ABACUS IN PORTUGAL

Our business in the Algarve can be traced all the way back to 1995. We have always seen the value of having a physical presence where we operate and our long-standing office in Almancil helps us welcome those clients who prefer a face-to-face professional relationship. Our Business Development Director, Anne Darlington, has been based there for over 25 years. She is fluent in both English and Portuguese, which makes her very well-suited to assist our expatriate clients. She has a profound knowledge of how our services can benefit those living in Portugal and in the Algarve area. She is fully acquainted with the Portuguese lifestyle and the practicalities of conducting business arrangements in Portugal.

Our Portugal client base (resident and non-resident) has always been key to our success and historically, our service has revolved predominantly around property holding structures. Our business has evolved over the years and we have developed a wider service offering which now includes fiscal representation, international pensions, such as Qualifying Recognised Overseas Pensions (QROPS) and Qualifying Non-UK Pension Schemes (QNUPS). We are also able to guide clients through the process of application for the popular Non-Habitual Portuguese Residency Regime (NHR). We have always been proud of our presence on the Algarve and the continued value we provide to our intermediaries, lawyers and above all, our clients.

## Property holding companies

The main issue when purchasing a high value property in Portugal is whether or not it should be acquired in the buyer's personal name or via a company structure. Your lawyer in Portugal will be able to guide you as to which is the better option for you. Generally, they will have a view on the cost threshold above which it is advantageous from a tax and cost perspective to use a company for your purchase. For purchases below this threshold, the alternative option is often to hold it under the buyer's personal name due to a local tax called IMI (Imposto Municipal Sobre Imoveis) and AIMI (Adicional Imposto Municipal Sobre Imoveis).

When purchasing property in the Algarve it is also common to note that the prospective property may already be held under a company structure and the purchaser, instead of buying the property directly, purchases the shares in the holding company. This simplifies the sale process as the title of the property does not need to be changed at the land registry, and also saves up to 6% transfer tax on the purchase.

This is a clear benefit to those contemplating such a structure should they ever intend to sell it in the future. Several other benefits of owning a property under a holding company are summarised below:

- ▼ **CONFIDENTIALITY**
- ▼ **EASE OF SALE/PURCHASE**
- ▼ **INHERITANCE PURPOSES/  
SUCCESSION PLANNING**
- ▼ **SHARES CAN BE HELD IN TRUST**
- ▼ **SAVING OF TRANSFER TAX (6%)**
- ▼ **EASE OF PURCHASING A PROPERTY IN  
JOINT NAMES**



# Non-habitual residency

**Portugal offers competitive tax and investment opportunities for individuals who seek to enhance their tax efficiency via the non-habitual resident regime. This is a competitive and favourable tax regime that is available to non-resident individuals that have not lived in Portugal for the last five years and that intend to establish themselves in Portugal.**

This regime, valid for a ten year period, aims to attract highly skilled professionals, high net worth individuals and investors or retirees from any nationality, who may benefit from a favourable taxation of foreign income, with tax exemptions in Portugal and a possible double exemption both in Portugal and in the country where the income is obtained, if a Double Taxation Agreement is in place.

In order to qualify for this regime the applicant has to fulfil the following requirements:

- ▶ Obtain an individual tax number.
- ▶ Not have been taxed as a Portuguese resident in the five years prior to taking up residence in Portugal.
- ▶ Rent or acquire real estate in Portugal.
- ▶ Become a tax resident under Portuguese law.
- ▶ Register as a non-habitual resident in Portugal.

Abacus provides a range of services to help you apply for non-habitual residency. We understand these processes can be confusing and time-consuming and our team will assist you every step of the way. Our service offering includes:

- ▶ Obtain the individual tax number
- ▶ The analysis of possible tax benefits that may result from the change of residence to Portugal
- ▶ Preparation and submission of the formal request for the non-habitual residence tax regime to the Portuguese Tax Authorities.
- ▶ Legal assistance within the scope of real estate purchase or the execution of the Rental Agreement.
- ▶ Administrative Pack (opening of utilities contracts, such as water, electricity, telecommunications)
- ▶ Referral to entities who can assist with the legalisation of a vehicle

## Fiscal representative services

**Abacus offers fiscal representation for non-resident individuals and companies in Portugal. Our fiscal representative will act on the client's behalf and deal with all tax related matters that may arise from being a Portuguese non-resident or owning a non-resident company.**

Any company that is resident outside of Portugal, such as a Malta or a Delaware company, both of which are popular jurisdictions for property holding companies, by law must have a fiscal representative in Portugal. In addition to this, any individual who owns property outside of the EU must also appoint a fiscal representative.

- ▶ Obtaining the company/individual tax number
- ▶ Filing of tax returns for any income or capital gains
- ▶ Paying the annual property tax
- ▶ Liaising with Portuguese tax authorities
- ▶ Coordinating with lawyers, property managers, estate agents and company managers as required.





# QROPS

**Qualifying Recognised Overseas Pension Schemes (QROPS) were introduced as a result of new pension rules set by the UK Government in April 2006. A QROPS is an HMRC recognised pension scheme based in another country or jurisdiction which will accept the transfer value from your UK registered pension scheme, whether from an occupational or personal pension scheme.**

This makes it possible to transfer UK pensions to a jurisdiction that may be more suitable to your personal and financial circumstances, than if you left in the UK.

**There are several benefits to having a QROPS:**

- ▶ Wider investment options
- ▶ Removing your pension from the UK tax system, therefore escaping UK inheritance tax
- ▶ Reduce your currency risk as your QROPS can be denominated in euros;
- ▶ The value of your QROPS will not be subject to a lifetime allowance test, and therefore may save a possible tax charge
- ▶ You may be eligible to take a tax free lump sum of up to 30%
- ▶ Succession planning – you can nominate a beneficiary that will receive 100% of the value of your QROPS
- ▶ Move your QROPS out of the UK lifetime allowance restrictions
- ▶ Consolidation – you can consolidate all your existing pension plans into one scheme, administered by one provider.

**QROPS MAKES IT POSSIBLE TO  
TRANSFER UK PENSIONS TO A  
JURISDICTION THAT MAY BE  
MORE SUITABLE TO THE CLIENT**



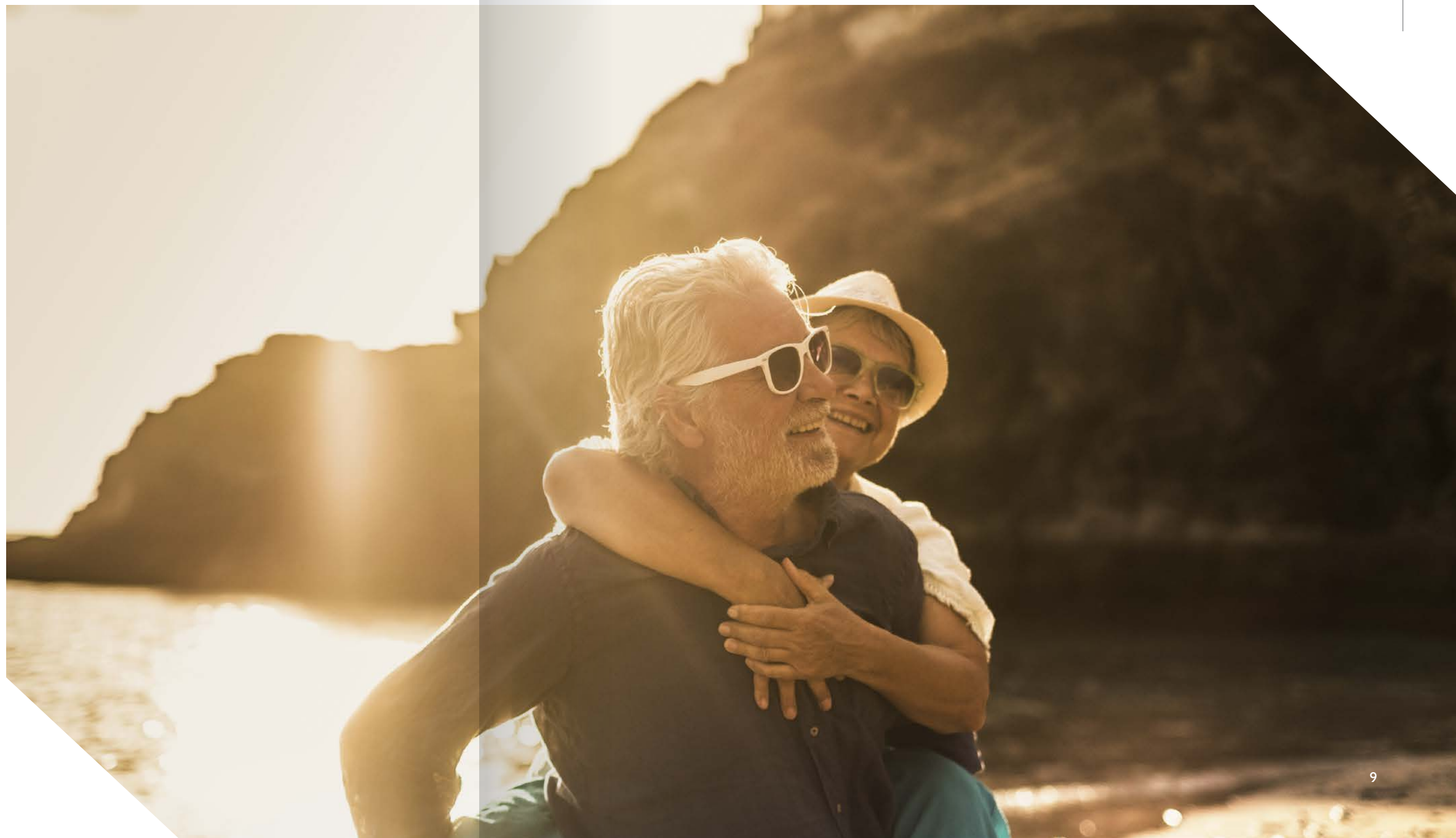




## Who is eligible?

- ▶ Any national who has built up a UK registered occupational or personal pension and has now become a UK non-resident, or is thinking of doing so in the near future. It could be suitable for any individual who is considering retiring abroad, although for the full tax benefits to apply, you must have been a non-UK resident for 10 complete UK tax years when you commence taking benefits from your pension plan.
- ▶ A QROPS may also be applicable for a UK resident with pension funds approaching the UK Lifetime Allowance limit of £1,073,100 (tax year 2021/2022) who has not applied for transitional protection.
- ▶ There is no requirement for you to be resident in the chosen jurisdiction for your QROPS, as long as you are resident in the EEA.
- ▶ Gibraltar offers a low, flat rate of tax at 2.5% on QROPS pension income, both for residents and non-residents and there is no inheritance tax
- ▶ We can also assist with Malta QROPS for Portugal residents which allow flexible draw-down and in which pension income may be taxed at 0% in Malta. This applies as long as you reside in a country that has a double-taxation agreement with Malta, such as Portugal. Financial advice is required in order to effect the transfer of a UK registered pension into a QROPS. We can introduce you to a suitably qualified financial adviser who can help advise you on the suitability of the transfer.

▶  
**THERE IS NO REQUIREMENT FOR  
YOU TO BE RESIDENT IN THE  
CHOSEN JURISDICTION FOR YOUR  
QROPS, AS LONG AS YOU ARE  
RESIDENT IN THE EEA.**  
▶







# QNUPS

**A QNUPS is an overseas pension plan that meets the definition of the QNUPS regulations as set out in the Inheritance Tax Statutory Instrument (SI) 2010/051. QNUPS must meet certain strict requirements and incorporate specific criteria into their scheme rules, in a similar way as QROPS do, but with additional flexibility, in order to be considered an acceptable overseas pension scheme by HMRC.**

A QNUPS can be a highly attractive supplementary pension vehicle when used as part of a wider retirement planning strategy. It can be used to meet a funding shortfall and help achieve the level of required pension income, in a flexible investment environment and with substantial tax advantages.

As a non-UK pension scheme, there are no limits on the amount of contributions made into a QNUPS, and the annual allowance and lifetime allowance limits do not apply, even for UK residents. There is no UK tax relief available on the contributions. QNUPS may allow a wider range of investment options than their UK counterparts including cash, equities, private equity, bonds, commercial property, and residential buy to lets.

▲ **A QNUPS CAN BE A HIGHLY ATTRACTIVE SUPPLEMENTARY PENSION VEHICLE WHEN USED AS PART OF A WIDER RETIREMENT PLANNING STRATEGY.** ▲

## Who may benefit?

- ▶ UK domiciled, non-UK resident individuals who wish to make retirement provision and are not eligible to pay into a UK registered pension scheme.
- ▶ UK expatriates who may eventually return to the UK.
- ▶ UK residents who wish to contribute more than the permitted annual allowance of £40,000 into their pension schemes may opt to use a QNUPS, in addition to their UK pensions, to house the additional contributions.
- ▶ High net-worth UK residents who find that their UK pensions are approaching the UK Lifetime Allowance Limit, and feel that this restricted pension will not generate sufficient pension income in retirement to maintain their current lifestyle. A QNUPS may be used to complement their UK pensions and boost their overall retirement income.
- ▶ UK resident and UK domiciled non-resident individuals who wish to hold (or currently hold) residential property, such as holiday homes or buy to lets (not their main residence) that they regard as a future income stream in retirement. These arrangements can be formalised by transferring the property into a QNUPS and gaining from the tax advantages associated with recognised pension structures.





**The Abacus Group**  
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