



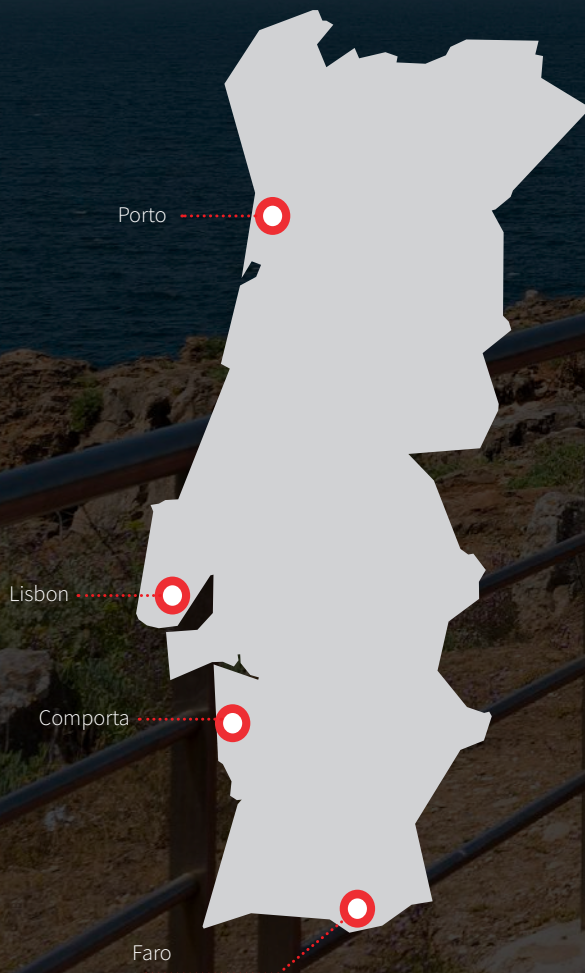
# Residential Market

**How to Invest in Portugal  
A Step-By-Step Guide**



# Portugal

Among the most attractive countries for real estate investments



**1st**

Portugal  
Europe's Leading  
Destination World  
Travel Award 2020

**4th**

Portugal  
Most peaceful  
country in the world  
Global Peace Index  
2021

**20th**

Portugal  
Quality of Life  
Ranking  
Quality of Life Index  
Worldwide 2021

## Why invest in Portugal?

Portugal has the oldest borders in Europe, but it is a modern and cosmopolitan country. This flair of tradition combined with a modern vibe make the country stand out internationally.

Alongside with this natural charm, Portugal positioned itself as a top destination in Europe to live, visit, invest and work. An enviable quality of life, excellent education and health systems, highly qualified professionals, a bustling ecosystem of innovation and entrepreneurship are part of the arguments of a country with high levels of security, political stability, and an attractive tax system. The real estate industry followed this trend and currently offers high quality and diversified properties, attracting record level of investment from all over the globe.

Portugal's key advantages for investors were not affected by the COVID-19 pandemic, quite on the contrary, they have been strengthened. The country was once again awarded the Best European Tourist Destination by the World Travel Awards. In 2020, for the 4th consecutive year, investment in real estate remained at same levels as the average of the last two years and residential real estate appreciated over 3% even during the pandemic.

# Portugal

## Where to buy?

Lisbon has already proved its international value as investment destination, which has been reflecting in considerable housing price growth. Several initiatives, from business to sports-related events, attracted by the charm of the culture, food, and lifestyle, have been contributing to the city's dynamism.

Between Lisbon and Cascais there are many properties with river and sea views, with fast connections to the city centre and to the international airport.

Porto, a city which has truly reborn, successful in attracting companies and in generating a lot of business and dynamism. And, in addition to that, the city has seen more investment and real estate development than ever before.

To the south, the Algarve, the main tourist destination in the country, a classic in international residential investment. It is a region of great contrasts, allowing more cosmopolitan or more peaceful lifestyles, with a real estate offer that reflects the diversity of landscapes and experiences.

But there is a lot more to know about Portugal, with countless towns and magnificent destinations to be discovered just a few hours from Lisbon or Porto such as Comporta, the beautiful coastal region one hour south from Lisbon or a World Heritage city like Évora which stands out in the Alentejo, between the region of Lisbon and the Algarve. In the centre of the country, the historic city of Coimbra, which has one of the oldest universities in the world and a bustling student ecosystem. To the north, Guimarães, the birthplace of Portugal, is a rejuvenated town that looks to the future.

## Portugal Sales Prices

(2021 vs 2020)

Lisbon

↑ + 3.8%

Source: Confidencial Imobiliário

Porto

↑ + 21%

Source: Confidencial Imobiliário

## Buying a house in Portugal

If you decide to buy a home with a price tag of 1 million euros, you will have to pay around 86,000 euros in Municipal Tax on Real Estate Transfer and Stamp Duty, plus Notary and Registration Fees of approximately 500 to 1,000 euros, and also Municipal Property Tax on an annual or quarterly basis.

Letting fees include a one-off payment of 1.5 times the property's monthly rent to find a tenant and a small monthly management fee.

Any income derived from letting Portuguese property is subject to 5-28% Income Tax. When you decide to sell, Capital Gains Tax is set at a 28% rate.

## What next?

Portugal is already established as an international destination for companies, investors and tourists. As the supply of properties coming to the market is decreasing steadily, residential prices are expected to stabilize and grow at a healthy pace for the next few years. The rental market outlook is also positive with expectations of rising yields.

# What you need to know



## Letting Costs

As a non-resident the Net rental income is taxed at a rate from 5%-28%.



## Acquisition Costs

### Transaction Costs Breakdown

All values are indicative and approximated

Costs	% of Purchase Price
Legal Fees	approx. 1% - 2%
Notary & Registration Fees	from approx. 1,250€
Real Estate Transfer Tax 1	1% - 7.5%
Stamp Duty	0.8%



## Mortgage

Financing for residents and non-residents is available, with a slim application process it can finance up to 70% of the property value. The loan can be taken for a period of between 5 and 50 years with interest rates between 1.7% and 3% per year.



## Disposal Costs

Capital gains obtained by a foreign investor on the sale of properties in Portugal are subject to a tax rate of 28%.

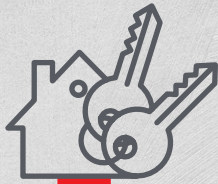


## Holding Costs

Property Tax (IMI) rates range from 0.3% to 0.45% per year of the Tax Registration Value of the property.

## Note

All figures are indicative and do not exempt the consultation of a specialized professional in the area.



# Purchasing a home in Portugal

STEP  
1



## Selection.

Finding the right properties with our international consultants according to your investment criteria concerning e.g. size and budget.



## Reservation and Promissory Purchase and Sale Agreement.

After choosing the property, transfer a reservation deposit between €5,000 to €15,000 as proof of your intention to complete the purchase.

The promissory purchase and sale agreement where it is clearly identified the following: price of the unit and payment terms, who is the buyer and the vendor, dates of notarization of the contract, what is included in the purchase. This type of contract is used in almost all transactions made in Portugal and is legally binding both parties.

Photo Id or passport copy, address, marital status and bank account details, Portuguese tax ID number are required as part of the Anti-money laundering check process.

STEP  
2

FOR SALE



## Coming to Portugal or staying abroad.

Visiting the properties and meeting legal, tax, and financial representatives – or signing a power of attorney at a Portuguese consulate abroad.

STEP  
3



## Legal Steps.

Mandating the lawyer, receiving and checking the purchase contract, and – if not already done – signing a power of attorney for your lawyer to act on your behalf.

STEP  
4



### Properties under construction.

When buying a new development there will be a phased payment of the property based on the construction status from breaking ground to completion. A deposit must be paid when signing this promissory contract of sale and purchase to the vendor:

- Normally, 20% of the total purchase price agreed minus the reservation deposit
- Additional 20-30% during construction period
- Final payment of 50-60% after notarization

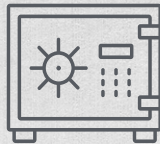
STEP  
5



### Notarization.

After the construction is finished and the unit has its corresponding use license, the purchase is completed with the signature of the public deed in the presence of a notary.

STEP  
7



### Transaction charges.

Typical charges associated with the purchase of a property are the following:

- Transfer tax (between 1% to 6.5%+VAT) – paid on the Deed
- Notary, court and land registry fees approximately (from approx. €1,250) – paid on the Deed
- Stamp duty 0.8% – paid on the Deed

STEP  
6

STEP  
8



### Handover & After sales services.

After completion or after the signature of the Promissory Purchase and Sale Agreement, benefit from our range of after-sales services for investors and owner-occupiers that includes construction and project updates, letting or re-sale.



# Golden Visa

## Real estate investment in Portugal

In 2012, Portugal approved special legislation designed to attract foreign investment, by offering a fast way for property investors (non EU citizens) to receive a residence permit, making it a privileged entry into Europe and allowing such permit holders free circulation in Schengen countries.

On January 1st, 2022, new amendments were added to the procedures that allow, through investment, obtaining the residence permit known as the Golden Visa.

As of this date, it is possible to apply for this visa through one of the following real estate investment options:



Property acquisition in the amount equal to or greater than 500.000 Euros.

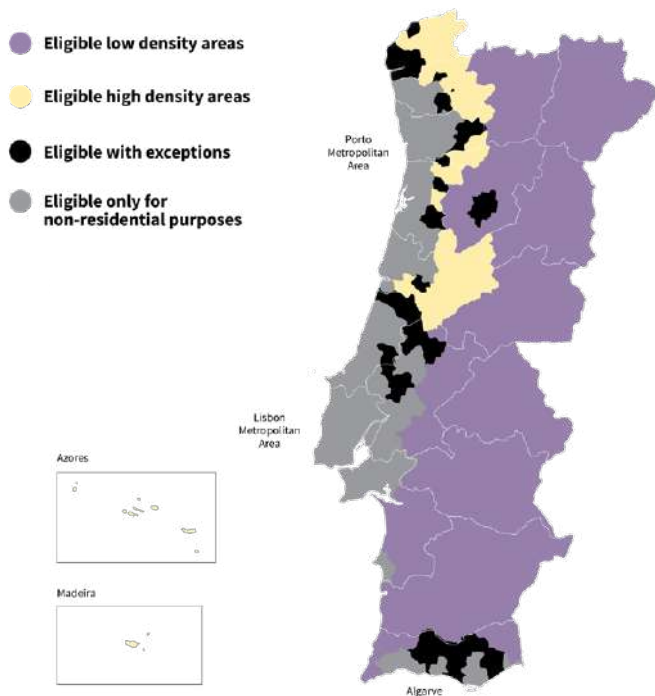


Acquisition of property over 30 years old or property located in urban renewal areas with rehabilitation works totaling the amount equal to or greater than 350.000 Euros



Real estate investment through capital transfer in the amount equal to or exceeding 500.000 Euros for the purchase of shares in mutual investment funds for investment in small and medium enterprises, registered in Portugal and whose underlying assets are real estate.

# Eligible Areas\* for Real Estate Investment



The government establishes the possibility of reducing the amounts in question by 20% if the properties in question are located in areas of low population density. According to current law, it is considered a territory of low population density if it has less than 100 inhabitants per km<sup>2</sup> or if the GDP of that region is below 75% of the national average.

The residence permit is granted for a period of one year, renewable for two successive periods of two years, and requires the maintenance of the investment for a minimum period of five years and the presence in Portuguese territory for 7 days (consecutive or not) in the first year and 14 days (consecutive or not) in the subsequent periods of two years.

The authorization may be extended to the investor's family members and after the initial period of 5 years, the residence permit may be granted on a permanent basis. Portuguese nationality through naturalization can be requested after 6 years. See also information for Non-Habitual Residents.

## Real estate investment covers:

- Non residential properties all over the country;
- Residential properties in certain areas of the country, as indicated on the map \* ;
- Real estate acquired in co-ownership, as long as the investor's share is at least the minimum indicated value;
- Properties that are acquired individually or through sole proprietorship companies in which the investor is a partner;
- Leased properties;
- Properties encumbered, by the amount that exceeds the minimum amount of the investment.

## Other investment options for obtaining a Golden Visa are:

- Capital transfer in the amount equal to or greater than 1,500,000.00 Euros.
- Create, at least, 10 new jobs.
- Capital transfer in the amount equal to or exceeding 500 000 Euros to public or private national institutions for scientific research.
- Capital transfer in the amount equal to or exceeding 250.000 Euros for investment or support for artistic production, recuperation or maintenance of national cultural heritage.
- Capital transfer in the amount equal to or exceeding 500.000 Euros for the purchase of shares in mutual in investment funds for investment in small and medium enterprises.
- Capital transfer in the amount equal to or exceeding 500.000 Euros for the constitution or reinforcement of a national commercial company, with the creation of 5 permanent jobs.

\* As of January 1st, 2022, property investment for housing purposes is only eligible if the properties are located in the Autonomous Regions of the Azores and Madeira or in the interior low density areas, as shown on the map.



## **Non-Habitual Residents Real Estate Investment in Portugal**

### **What are the main changes?**

In the case of investments in real estate for residential purposes, the granting of residence permits through an investment activity is limited to the areas of the territories of the Intermunicipal Communities of the Interior (CIM's), as well as to the Islands, namely Madeira and Azores. Investments in real estate for tourism, commerce and services purposes, as up to the present date, are excluded from the DL and may continue to be performed in the metropolitan areas of Lisbon and Porto, as well as in the Intermunicipal Communities of the Coast.

### **The application is straightforward and can be started with the following documentation:**

- Copy of valid passport;
- Proof of international medical insurance (applicable only to applicants who wish to live in Portugal);
- Criminal record of the country of origin or of the country where the applicant has been living for over 1 year, issued less than three months ago;
- Documents proving the completion of the investment activity in question;
- Documentation proving family ties, in the case of family reunification, issued less than 6 months (e.g. Marriage/birth certificates).

**JLL Portugal and its network of law firms will provide all the necessary information and support to identify a suitable property for investment and to complete the necessary paperwork.**

In 2012, Portugal adopted some measures to streamline the so called Non-Habitual Tax Resident Regime to attract non-resident citizens to Portugal. This regime offers significant tax benefits to those wishing to set up residence in Portugal, including citizens of other EU countries.

The Non-Habitual Tax Resident Regime is applicable to individuals who have not been residents in Portugal in the last 5 years and who remain in Portugal for more than 183 days during the year concerned, either in a consecutive or interpolated manner or those who, by December 31st of that year, have housing that they intend to use as their habitual residence.

Among the tax benefits are:

- Exemption from taxation in Portugal, of foreign income, originated from dependent labour
- Taxation at 20% flat rate of proceeds from Portuguese origin, that result from added value activities\*.

The benefits under the Non-Habitual Tax Resident Regime are granted for a period of 10 years. Having tax residence in Portugal, also offers additional advantages, since there is no inheritance tax in Portugal for direct relatives.

\* This taxation covers income made through highly skilled fields such as the following scientific, technical or artistic fields: architects and engineers, artists, actors and musicians, auditors and tax consultants, doctors and dentists, academic professors, investors, administrators and managers, senior executives, as specified in the Implementing Order No. 12/2010, from January 7th.



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