

Corporate Immigration - Portugal



Author

Golden Residence Permit attracts foreign investors

Leonor Brito

January 24 2014



[Introduction](#)
[Minimum requirements](#)
[Restrictions](#)
[Real estate investment](#)
[Residence period](#)
[Family regrouping](#)
[Portuguese nationality](#)
[Fees](#)
[Tax expatriate regime](#)

Introduction

The Golden Residence Permit is a programme launched to attract foreign direct investment into the country.

The programme is specifically targeted towards nationals of third states, allowing a residence permit to be granted for investment activity in Portugal for a minimum period of five years. The programme also enables the applicant to claim Portuguese nationality (and EU citizenship) following this investment period.

The intention behind the government's introduction of this scheme is to boost property sales while also attracting high-net-worth individuals to Portugal, who will then invest in other sectors of the economy.

According to data released by the Foreign Ministry, 471 investor residence permits have been granted to date (including to 279 Chinese, 16 Russians, 10 Brazilians and nine Angolans), which have thus far brought in €306 million in investment.

The average Golden Residence Permit holder is a wealthy individual who is worried about the political and economic stability of his or her home country, and who thus aims to acquire an insurance policy in case something goes wrong at home. Around 90% of the demand for the residence permit derives from China, but there is also significant demand from South Africa, Brazil, Angola and the Middle East.

Minimum requirements

Pursuant to the existing provisions, the following are considered 'investment activities':

- the purchase of real estate with a value of at least €500,000;
- the transfer of capital of at least €1 million; and
- the creation of at least 10 jobs.

Restrictions

The investor cannot:

- have been convicted of a crime punishable by a prison term exceeding one year;
- be subject to an entry ban from Portugal following a removal order; or
- be subject to alerts in the Schengen Information System or the Portuguese Immigration and Borders Service.

Real estate investment

Immovable property may be:

- acquired on a joint ownership basis (notwithstanding maintenance of the minimum €500,000 investment required for each co-owner);

- used as collateral (for amounts exceeding €500,000); or
- used for leasing, tourism or commercial purposes.

Residence period

Once the residence permit has been issued, the investor is free to move through any of the 30 European countries comprising the Schengen Area. The investor is required to spend only seven days (continuously or intermittently) in Portugal in the first year and 14 days for each of the following two-year periods (continuously or intermittently).

Family regrouping

With the benefit of the family regrouping regime, the investor's close relatives (ie, spouse, children and parents) may be granted residence permits similar to the Golden Residence Permit, but without being required to undertake any additional investment themselves.

Portuguese nationality

A minimum investment period is required for the Golden Residence Permit, although the investor is free to renew the permit for two-year periods indefinitely, as long as investment activity is undertaken. The residence permit also entitles the investor to apply for Portuguese (and thus EU) citizenship after he or she has held the permit for at least six years and passes a basic Portuguese language test.

Once the investor acquires Portuguese nationality, he or she may request an EU passport (which guarantees free movement throughout the European Union).

Fees

The Golden Residence Permit is granted as a temporary permit and requires periodic renewals (after an initial period of one year and subsequently for two-year periods).

The application fee for the permit is approximately €500, while the permit issuance fee is around €5,000. A fee of approximately €2,600 will be payable for each renewal period.

Visas for relatives attract a fee of around €5,000, with a fee of approximately €2,600 also payable for each renewal period. These fees are halved for children under the legal age.

Tax expatriate regime

Portugal has further increased its attractiveness to investors by introducing a special tax scheme for non-habitual residents, which provides a favourable tax regime for individuals transferring their tax residence to Portugal.

The regime is one of the most competitive in Europe, particularly due to the following key features:

- no deemed/lump-sum taxation;
- no limitation on the remittance of funds; and
- no wealth tax or gift/inheritance tax on funds or assets transferred to spouses, ascendants (ie, parents) or descendants (ie, children).

To qualify as a tax resident, an individual must:

- spend more than 183 days a year in the Portuguese territory; or
- own a dwelling that qualifies as a habitual residence in the Portuguese territory on December 31 of the relevant tax year (regardless of the number of days effectively spent in Portugal).

The benefits attached to tax residency range from full exemption from certain types of income to a reduced flat tax rate of 23.5% on other types of income.

For further information on this topic please contact Leonor Brito at Vieira de Almeida & Associados by telephone (+351 21 311 3400), fax (+351 21 311 3407) or email (lab@vda.pt). The Vieira de Almeida & Associados website can be accessed at www.vda.pt.

Comment or question for author

ILO provides online commentaries as specialist Legal Newsletters. Written in collaboration with over 500 of the world's leading experts and covering more than 100 jurisdictions, it delivers individually requested information via email to an influential global audience of law firm partners and international corporate counsel. Please [click here](#) to register for the service.

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).

ILO is a premium online legal update service for major companies and law firms worldwide. In-house corporate counsel and other users of legal services, as well as law firm partners, qualify for a free subscription. Register at www.iloinfo.com.

Source: <http://www.internationallawoffice.com/newsletters/detail.aspx?r=28741>