

PAYMENT OF TAX ON TRANSFER TO REAL ESTATE TRANSFER (IMT)

The payment of the Municipal Tax on Real Estate Transfer (IMT) must be made to the competent Finance Department or through the internet (www.e-financas.gov.pt), before the deed of purchase and sale by the buyer, if there is no exemption from this tax.

The value that serves as the basis for the settlement of the IMT is the property tax value of the property or the value of the transmission, whichever is higher. The amount of the IMT shall be determined by applying the rates provided for in the IMT Code, which are broken down by echelons. Both the levels and the rates are usually changed annually, by the Law that approves the State Budget.

IMT FEES

- Rustic buildings – 5%
- Urban buildings exclusively for housing 1% to 6%
- Urban buildings exclusively for own and permanent housing 0% to 6%
- Other buildings and other acquisitions – 6.5%
- Buildings acquired by entities that have a tax domicile in a country, Territory or region subject to a clearly more favorable tax regime, listed in the ordinance approved by the Minister of Finance – 10%

IMT TABLES FOR THE YEAR 2015

OWN AND PERMANENT HOUSING

The table applies to the purchase of urban building or autonomous fraction of urban building destined exclusively for own and permanent housing in mainland Portugal. Properties that do not exceed € 92,407 are exempt. Valor sobre que incide o IMT Taxa Marginal (%) Parcela a abater Até 92.407 euros 0 % 0,00 De 92.407 até 126.403 euros 2 % 1.848,14 De 126.403 até 172.348 euros 5 % 5.640,23 De 172.348 até 287.213 euros 7 % 9.087,19 De 287.213 até 574.323 euros 8 % 11.959,32 Superior a 574.323 euros Taxa unica de 6% SECONDARY AND LEASE HOUSING In the acquisition of urban building or autonomous fraction of urban building exclusively for housing, not covered in the previous table, in the Mainland, the following rates apply. Valor sobre que incide o IMT Taxa Marginal (%) Parcela a abater Até 92.407 euros 0 % 0,00 De 92.407 até 126.403 euros 2 % 924,07 De 126.403 até 172.348 euros 5 % 4.716,16 De 172.348 até 287.213 euros 7 % 8.163,12 De 287.213 até 550.836 euros 8 % 11.035,25 Superior a 550.836 euros Taxa unica de 6% .

Exemption from Municipal Property Tax (IMI) in the case of acquisition of property for housing As a general rule, the IMT exemption must be requested before the act or contract that originated the transfer and always before the settlement that would be made. You benefit from an exemption if you acquire a property exclusively for your own and permanent housing, and if the property tax value or the declared value of the property does not exceed the amount set forth in art. 9th of the IACML, that is, in 2015, € 92,407 These benefits or rate reductions also apply to real estate exchange if the property you receive is intended for permanent and private housing, or is intended exclusively for housing, and if the difference in property values of tax or the declared difference of values of the two) between the property that

delivers and what is received, does not exceed, the value set forth in article 9. The exemption benefit applies only to urban buildings intended exclusively for private and permanent housing and not to land intended for the construction of such buildings. If the goods are given a different destination within a period of six years from the date of acquisition, except in the case of sale, if the real estate is not used for own and permanent housing within six months from the date of acquisition or if, in the event of an evaluation of the good that should have effects in the IMT (Municipal Tax on Costly Transmission of Real Estate), the VPT (Tax Patrimonial value) is higher than the value established in art. 9 of the IACML (Municipal Tax Code on Transmissions) DEADLINE FOR IMT PAYMENT: At the time of the execution of the public deed of purchase and sale, the buyer must also deliver to the Notary or the Lawyer or Solicitor the settlement guidelines regarding taxes due by the buyer: IMT (Municipal Tax on Real Estate Transfer) and Stamp Duty (IS) with the proof of payment, except in situations where the acquisition is exempt from this IMT (Municipal Tax on Real Estate Transfer). In general, the Municipal Property Tax (IMT) must be paid on the day of settlement or on the next business day. If the act or contract is concluded abroad, the tax must be paid and paid during the month following the transmission. PAYMENT OF THE SEAL TAX ON THE VALUE OF THE PURCHASE The Stamp Duty on the value of the acquisition has a varied scope of incidence, covering all acts, contracts, documents, books, papers and other facts set forth in the General Table of Stamp Duty. The economic interest belongs to the purchasers in case of acquisition of the property right (eg purchase of urban building) or of partial ownership of that right over real estate (eg acquisition of an autonomous fraction in an urban building). It is in the General Stamp Tax Table that the taxable amounts of this tax are foreseen, and the applicable tax rates are also reported, when the tax is due. The stamp duty shall be delivered by the entities to whom this obligation falls, in the finance treasury or any other place authorized under the law, until the 20th of the month following the month in which the tax obligation was constituted. This tax is paid by the buyer at the time of purchase deed and is levied on the value of the property tax or value agreed between the parties, whichever is higher. About the value of the acquisition: 0.8%. About the value of the loan: Stamp Tax with credit grant (Verba 17.1 of TGIS): • Up to 1 year, for each month or fraction: 0.04%; • From 1 to 5 years: 0.5%; • Another 5 years: 0.6%.

WRITING OR PARTICULAR DOCUMENT AND PREDIAL REGISTRATION EMOLUMENTS:

The emoluments of the deed or private document depend on the notary or lawyer or solicitor who draw up the document. PREDIAL REGISTRATION OF THE PURCHASE PURCHASER: The lawyer or notary responsible must register the acquisition on behalf of the buyer within 10 days of signing the deed or private document. The property registration in the conservatory will cost 250.00 euros if presented at the Office or 225.00 euros if it is presented online. DEVELOPMENT OF THE PURCHASE IN FINANCE FOR THE PURCHASER: The Notary or the Lawyer after the deed of purchase will make the endorsement in the matrix in favor of the buyer From the date of acquisition the new owners will be responsible for the payment of the taxes and expenses of the property. 7-TAXES AFTER PURCHASE IMI (Municipal Property Tax) This is the annual Municipal Tax, which is levied on the property tax value of the dwelling. This value will be determined by evaluation according to several criteria. The IMI is annual, based on the tax value of the property matrix and is calculated by multiplying this value by a percentage that can go from 0,4% to 0,7% (urban buildings) or from 0,2% to 0, 4% (urban buildings assessed by IMI rules). Houses for own and permanent housing (or housing for rent in the first transmission) can benefit from exemption from this tax, for a period of 3 to 6 years, according to the property tax value of the property. This exemption must be requested, 60 days after the assignment of the property to own housing, which must occur within a maximum period of 6 months from the deed of the property in the notary or the

authenticated private document. Tabela de Isenção do IMI (*) Valor patrimonial tributário Período de isenção (anos) Até 157.500 euros 8 Mais de 157.500 e até 236.250 euros 4

TAXES What are the taxes on property in Portugal? Rental Income: When you have your property rented, you will be entitled to pay taxes on the income received, at a fixed rate of 28% on the annual income amount (25% if a legal person). Some expenses are deducted such as: o Condominium fees o Maintenance and current expenses o Annual IMI and other town hall charges o Repairs (appliances, plumbing, gas, electrical problems)

Capital Gains Income Tax: When you resell your property, you will be paying a tax of 25% (fixed rate) on the generated gains (positive difference between selling and purchasing prices). IMI – Property Transfer Tax (Town Hall property taxes) After ownership transfer, you will have an annual tax payment to the local tax office. IMI is based on the registered property value (generally registered value is below the price of acquisition) of both urban and rustic estates located within the administrative territorial limits. The applied tax rate varies according to the town where the good is located. Below you can check the IMI tax rates applied in different towns:

Taxes on the acquisition : Acquisition taxes and fees apply to the purchasing price of the property, and the buyer is the party entitled to pay, as well as any registry and notarial expenses. There is no VAT on the acquisition of real estate in Portugal. Instead, there is IMT, a tax administered by the town hall. o Urban estate goods acquisitions: COLLECTIBLE INCOME MARGINAL TAX RATE AMOUNT TO DEDUCT Up to 92,407€ 1% 0,00€ Between 92,407€ and 126,403€ 2% 924,07€ Between 126,403€ à 172,348€ 5% 4,716.16€ Between 172,348€ and 287,213€ 7% 8,163.12€ Between 287,213€ and 574,323€ 8% 11,035.25€ Above 574,323€ 6% 0,00 € Example: IMT Calculation: Good Value x Marginal Rate – Amount to Deduct; 200.000€ x 7% – 8.163,12€ = 5.836,88€ Rustic estate goods acquisitions: 5 % Acquisition of other urban goods and other onerous transactions: 6,5 % Offshore: The tax rate is 10% (fixed), with no exemption or reduction applicable whenever the buyer is a resident in a country with a more favourable tax system. Property Registration:

To complete the purchasing act, it is necessary to convert the temporary registry (done at the time of the promissory contract) into a definitive registry at the “Conservatória do Registro Predial.” (The Land Registry Office) Cost of “Caderneta Predial” (building book) – between €150,00 and €250,00 Cost of deed (notary act) – €615.00 Stamp Duty: This tax has a wide incidence scope, comprehending all acts, contracts, documents, books, papers and other issues enumerated on the Stamp Tax Table. – On the property acquisition price – 0,8% – On no-term warranties or with a 5 year or longer term (such as mortgages) – 0,6%. – On property goods of 1.000.000 euros or higher (registered value) – 1%, or 7,5% if the owner lives in a tax paradise. Note: All these taxes and corresponding tax rates are subject to annual variations.

Talk to us for a simulation of your actual situation.