

Portugal's NHR Tax Regime updates and what existing and new wealthy expats need to know

LISBON, PORTUGAL , October 17, 2023 /EINPresswire.com/ -- Portugal's NHR Tax Regime updates and what existing and new wealthy expats need to know

Portugal's Non-Habitual Residency (NHR) tax regime is coming to an end for new entrants in 2024. Current NHR status holders will keep their benefits for the duration of their 10-year term but need to plan for the end of that period as early as possible to avoid progressive tax rates.

The Portuguese government has released its first draft review of the potential ending of the NHR tax regime in 2024. This draft review suggested that new applicants need to apply before December 31, 2023, and then complete their application/approval by March 31, 2024.

The draft review announced on the 10th of October 2023, also gave more insight into the Portuguese government's new Incentivised Tax Status (ITS) program, which will likely replace the NHR tax regime and potentially offer a more limited range of tax benefits to qualifying people and professionals. This includes a flat 20% tax rate for a decade and a 50% tax exemption on professional income, up to a cap of €250,000, for five years.

What existing NHR status holders need to do

Current NHR status holders should consult with a professional in financial and tax planning to understand fully how the end of the tax status impacts them if they do not structure things early on within the 10-year life of NHR benefits.

Financial advisors say that many wealthy expats fail to plan and structure things for up to 20 years, not just the initial 10-year tax benefit period under NHR. Every year that they fail to act on this during their NHR status potentially impacts their tax burden for the long term and exposes them to progressive tax rates.

What new entrants need to do

New entrants who are still hoping to apply for NHR status before the deadline should act as soon as possible. The deadline to apply is December 31, 2023, and the application process can take several months and draft review indicated that they had until the 31st of March to achieve NHR tax status alongside their relevant visa residency application. New entrants should also seek professional advice from one of [Portugal Pathways](#) expert partners to understand the full

implications of the NHR tax regime and how to structure their finances in the most tax-efficient way possible.

Portugal remains a popular destination for affluent expats

Despite the changes to the NHR tax regime, Portugal remains a popular destination for affluent expats. The country offers a high standard of living, all-year-round sunshine, great investment opportunities, and top-quality health care and education.

In addition, Portugal was recently named as one of the world's property hotspots for high-net-worth individuals as well as a favoured place in which to retire.

A webinar on the NHR tax regime changes will be held on October 24, 2023, at 10:30am London and Lisbon time. The webinar will unveil the findings of the 'Wealthy Expats in Portugal Survey Report 2023' by World Digital Foundation research (WDF).

The webinar will also discuss the implications of the phasing out of the NHR tax scheme and the options open to both those already with NHR tax status and those still hoping to apply before the deadline to new entrants.

A spokesperson for Portugal Pathways, emphasizes the value of the event: "This webinar serves as an unparalleled platform for those interested in Portugal's unique proposition for international investors and expatriates. From understanding lifestyle motivations to deep-diving into the Non-Habitual Residency (NHR) tax scheme, we've got all the bases covered."

To register for the webinar, [click here](#).

Conclusion

The changes to the NHR tax regime will have a significant impact on affluent expats, both existing and new. Those who are already on the scheme need to plan for the end of their 10-year term as early as possible, and those who are still hoping to apply should act as soon as possible.

Check out the Portugal Pathways website for further guidance and insight into life in Portugal.

About Portugal Pathways: Portugal Pathways is dedicated to assisting individuals in optimising their relocation or life strategy in Portugal. Collaborating with leading professional organisations, they provide essential information and advice for prospective and current residents of Portugal

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