



**NHR 2.0 | Tax Incentive for Scientific Research and
Innovation (IFICI)**

 **bakertilly**



General considerations of the regime



CONDITIONS

The regime applies to individuals who:

- Are considered tax residents in Portugal;
- Earn income in Portugal derived from the IFICI activities (detailed below), as an employee or self-employee;
- Have not qualified as tax residents in Portugal in any of the previous five years;
- Have not benefited from, or are not benefiting from, the non-habitual tax residents' regime (NHR) or the regime applicable to former residents.



DURATION

- The regime is applicable for 10 years;
- The right to the benefit each year depends on the taxpayer being considered a tax resident in Portugal and continuing to earn income from the exercise of one of the IFICI activities;
- If the IFICI activity ends, the taxpayer should start a new IFICI activity within a period of six months;
- The taxpayer who has not benefited from the regime in one or more years can resume enjoying it;
- When the registration is performed after the deadline, the regime will take effect from the year the registration is done.



BENEFITS

- Special flat tax rate of 20% applicable to the net income derived from carrying out the activities covered in Portugal (employed or self-employed);
- Exemption of all income obtained abroad, except pension income.



OBLIGATIONS

- Applying for the IFICI' status, up to the 15th of January of the following year in which the individual qualifies as tax resident for the first time;
- Submitting, on an annual basis, a personal income tax return, up to June of the following year.



Activities eligible for IFICI

- A. Teaching at **Portuguese higher education institutions** and performing scientific research in **Portuguese scientific institutions**;
- B. Employment in **Portuguese companies that signed a tax incentives contract** with the Portuguese State for productive investment projects;
- C. R&D activities carried out in **Portuguese companies that benefit from the R&D tax incentives regime (SIFIDE II)**;
- D. Employees and members of governing bodies of **Portuguese startups** (formally recognized as so);
- E. Employment or other activities carried out by **residents in the Autonomous Regions of the Azores and Madeira** (not regulated yet);



Activities eligible for IFICI

F. The following **high added-value activities** carried out in:

- i. **Portuguese companies that benefit or have benefited from the Tax Incentive for Productive Investment (RFAI); or**
- ii. **Portuguese industrial or services companies** (detailed below) that export at least 50% of their turnover.

High added-value activities:

- General directors and CEO;
- Directors of administrative and commercial services;
- Directors of production and specialized services;
- Specialists in physical sciences, mathematics, engineering, and related techniques;
- Designers of industrial products or equipment;
- Doctors;
- University and higher education professors;
- Specialists in information and communication technologies: IT professionals.

Industrial and service companies:

- Mining activities;
- Manufacturing industries;
- Information and communication, including IT Consulting;
- R&D in physical and natural sciences;
- Higher education;
- Human health activities.



Activities eligible for IFICI

G. The following **high added-value activities** in Portuguese companies engaged in the following **relevant economic activities**;

High added-value activities:

- Board members, directors, general managers and CEO;
- Directors of administrative and commercial services or of production and specialized services, directors of hospitality, catering, trade, and other services;
- Specialists in physical sciences, mathematics, engineering, and related techniques;
- Doctors;
- University and higher education professors;
- Financial and investments consultants and financial analyst;
- Specialists in information and communication technologies: IT professionals;
- Directors, stage directors, producers, and related roles in film, theater, television, and radio;
- Technicians and intermediate-level professionals in science and engineering;

Relevant economic activities:

- Mining, construction and manufacturing industries;
- Electricity, gas, steam, hot and cold water, and cold air;
- Accommodation, catering, and similar activities;
- Information and communication, including IT Consulting;
- Financial and insurance activities;
- Supervision and management of group entities, namely strategic and organizational planning and including rendering administrative services;
- Architectural, engineering and related technical activities;
- R&D in physical and natural sciences;
- Administrative services and day-to-day support activities, namely reception, courier, financial planning, archive and HR services;
- Higher education;
- Human health activities;
- Investment projects qualified as Potential National Interest (PIN) or as Projects for Inland territories (PII).

ABOUT PORTUGAL

- Population of circa 10 400 000;
- Lisbon, Porto and Faro are the main Portuguese cities that are just a few hours flight from most major European cities;
- A member of EU, NATO, UN and Euro Zone;
- Portugal is the fourth most peaceful country in the world among 163 countries (according to the Global Peace Index 2023);
- The cost of living is considered low by most foreigners;
- Europe's Leading Destination, Europe's Leading Beach Destination and Europe's Leading City Break Destination;
- Portugal has the largest number of sunny days in Europe. In the southern regions there are about 3000 sunny hours per year;
- UNESCO has already granted to Portugal the World Heritage status to 25 cases, including historic centers, archaeological sites, cultural landscapes, natural parks and intangible heritage.
- Portugal won the 2020 Europe's Leading Destination the World Travel Awards;
- The Algarve region won the 2021 Europe's Leading Beach Destination award by the World Travel Awards.

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Tiago Almeida Veloso

Tax Partner

tveloso@bakertilly.pt



José Freitas

Tax Partner

jose.freitas@bakertilly.pt

OFFICES

Lisbon

Edifício Castil, Rua Castilho, no. 39, 9.º I

1250-051 Lisboa

+351 210 307 230

Porto

Praça Mouzinho de Albuquerque, n.º 113, 5.º,

4100-359 Porto

+351 210 307 230