



Portugal

Tax Guide

Now, for tomorrow



Portugal

Baker Tilly

<https://www.bakertilly.pt>



Tiago Veloso

tveloso@bakertilly.pt



José Freitas

jose.freitas@bakertilly.pt

A Direct taxation: Companies

1. Resident companies

Residence	A company is resident in Portugal if its legal seat or place of effective management is in Portugal
Tax base	Worldwide
Corporate tax rates	19% (in 2026), will be reduced to 18% in 2027 and to 17% in 2028 15% (up to EUR 50,000) for small and medium-sized enterprises or small mid-cap companies National surcharge (3%, 5% or 9%) and municipal surcharge (up to 1.5%) may apply Azores and Madeira: 13,3% (in 2026), will be reduced to 12,6% in 2027 and 11,9% in 2028 8,75% (up to EUR 50,000) for small and medium-size enterprises or small mid-cap companies
Alternative minimum tax	No
Capital gains	Yes, part of business income 50% of gains taxable under conditions Exemption may apply for specific entities
Loss carry-forward	No time limit to carry forward tax losses Tax losses can only be deducted against 65% of the taxable profits assessed in each year
Loss carry-back	No
Unilateral double taxation relief	Yes, ordinary foreign tax credit

2. Non-resident companies

Corporate tax rates	19% (in 2026), will be reduced to 18% in 2027 and to 17% in 2028
(with permanent establishment)	15% (up to EUR 50,000) for small and medium-sized enterprises or small mid-cap companies National surcharge (3%, 5% or 9%) and municipal surcharge (up to 1.5%) may apply
Capital gains on sale of shares in resident companies (without permanent establishment)	Exempt generally 25% when beneficiary is resident in listed tax haven or shares in Portuguese resident real estate company
Capital gains on sale of immovable property (without permanent establishment)	25%

2. Non-resident companies

Withholding tax rates

Branch profits	No
Dividends	25% 35% if paid to accounts held on behalf of non-identified third parties 35% if recipient is resident in a blacklisted jurisdiction 0% for qualifying EU/EEA/Swiss companies (EU Parent-Subsidiary Directive) and countries that signed Double Tax Treaties (DTT) with Portugal
Interest	25% 35% if paid to accounts held on behalf of non-identified third parties 35% if recipient is resident in a black-listed jurisdiction 0% for associated EU companies (EU Interest and Royalties Directive) 0% for government debt securities and private securities integrated in a recognized centralized system Reduced rates under DTT
Royalties	25% 35% if recipient is resident in a blacklisted jurisdiction 0% for associated EU companies (EU Interest and Royalties Directive) Reduced rates under DTT
Fees	25% Exemption under DTT

3. Specific issues

Participation relief	Inbound dividends: yes Outbound dividends: yes
Group treatment	Yes
Incentives	Contractual tax incentives R&D tax credit Job creation tax incentives Fixed assets investment tax credit Patent box and simplified regimes

Anti-avoidance

Transfer pricing legislation	Yes
Thin capitalisation legislation	Yes
Controlled foreign company legislation	Yes
General anti-avoidance rule (GAAR)	Yes
Other anti-avoidance legislation	Yes, e.g. participation exemption regime will not apply whenever there is a hybrid loan mismatch in place

4. Registration

Deadline	The founders of an entity must submit, within 3 months following the issuance of the certificate of the name approval, an application followed by the articles of association and that certificate.
Competent authority	<p>Companies National Registry (<i>Registo Nacional de Pessoas Coletivas</i>, RNPC).</p> <p>Within 15 days following the submission of the application for registration with the Companies National Registry, the company must be registered with the Portuguese Tax Administration (<i>Autoridade Tributária e Aduaneira</i>).</p> <p>The registration with Portuguese Social Security (<i>Segurança Social</i>) is also mandatory and is pursued through the information remitted by the Portuguese Tax Administration.</p>
Registration form	Form 2

5. Tax return and tax payment

Tax year	1 January to 31 December
Type of assessment	Self-assessment
Filing deadline	31 May
Extension of filing deadline	Not possible
Filing mode	Electronic
Form	Form 22
Documents to be submitted with tax return	A supporting accounting and tax report (including statutory accounts and information related to payments to non-residents, employees and independent professionals) must be filed by 15 July.
Payment deadline	Payment must be made by 31 st of May.
Extension of payment deadline	A taxpayer may request an authorization to pay the corporate tax (Imposto sobre o Rendimento das Pessoas Coletivas, IRC) liability in a maximum of 36 monthly instalments, commencing after the prescribed deadline.
Amended return	Possible for 1 year in the event of a refund and any time if more tax must be paid.
Refund of overpaid tax	A refund of excess tax paid must be made by the third month following the filing of the tax return by the taxpayer.
Advance payments	Prepayments must be made in three instalments (July, September and 15 th of December). The prepayment is 80% of the previous year's tax liability, if turnover does not exceed EUR 500,000; otherwise, the prepayment is 95%.
Consolidated returns	Possible

Time limit for tax assessments	4 years (12 years in the case where the right to assessment relates to taxable events connected with a blacklisted jurisdiction, which must be declared to the tax authorities, or deposit or securities accounts opened with financial institutions not resident in member states of the European Union, or with branches located outside the European Union of resident financial institutions, the existence and identification of which is not mentioned by PIT taxpayers in the corresponding tax return for the year in which the taxable events occur).
---------------------------------------	--

Mitigation of effect of time limit for tax Assessments	Not applicable (only formal dispute can be initiated)
---	---

6. Withholding tax obligations

Deadline for remittance of withholding tax	The tax withheld must be remitted to the tax authorities by the 20 th day of the month following that in which the withholding was made.
---	---

Form	Declaração de Retenções na Fonte
-------------	----------------------------------

7. Employer withholding obligations

Wage/payroll tax	Wage tax must be paid on the 20 th day of the month following the month of payment.
-------------------------	--

Other withholding obligations	Social security contributions
--------------------------------------	-------------------------------

8. Business records

Type of records	Records of taxpayer's assets and liabilities, records allowing the verification of all receipts and expenditures, sales and purchases invoices, balance sheet and profit and loss account
------------------------	---

Retention period	10 years (or longer, in case of invoking a right for which the deadline is longer than 10 years, resulting in the obligation of retention of all the books, registers and respective attesting documentation until the end of the limitation period for the liquidation of the correspondent taxes)
-------------------------	---

Electronic storage	Possible
---------------------------	----------

9. Global Minimum Tax

Application of the regime	This regime applies to groups of multinational companies and large national groups with consolidated annual income of 750 million euros or more in at least two of the last four tax years. The companies covered are subject to a supplementary tax whenever it is found that their constituent entities are subject to an effective tax rate of less than 15%.
----------------------------------	--

Exclusions and exceptions	<p>This regime does not apply to the following entities:</p> <ul style="list-style-type: none"> Public entities, international organizations, non-profit organizations, pension funds and investment funds, subject to compliance with certain conditions; Entities which, although belonging to multinational groups, only hold assets or make investments for the benefit of the aforementioned exempt entities.
----------------------------------	--

Reporting obligations	Companies must submit a detailed declaration by country or jurisdiction, including income, pre-tax profits and the amount of effective tax paid in each territory.
------------------------------	--

Form 62

B Direct taxation: Individuals

1. Resident individuals

Residence	<p>Individuals who have spent more than 183 days, consecutive or not, in any given 12-month period in Portuguese territory</p> <p>Individuals who have remained in Portugal for a lesser period but keep a residential accommodation in Portugal in any given 12-month period which suggests intention to maintain and occupy it as a habitual residence</p> <p>Individuals who, on December 31, are crew members of vessels or aircraft, provided that they are in the service of entities with residence, head office or (place of) effective management in Portuguese territory</p> <p>Individuals who are abroad performing public duties on behalf of the Portuguese State</p> <p>Individuals of Portuguese nationality that have changed their tax residence to a territory or region subject to a more privileged tax system, except if due to justifiable reasons</p>
Taxable income	<p>Employment income</p> <p>Business and professional Income</p> <p>Investment income</p> <p>Real estate Income</p> <p>Net worth increases (including capital gains)</p> <p>Pension income</p>
Income tax rates	<p>Progressive</p> <p>Top rate 48% (over EUR 86,634)</p> <p>60% (unjustified wealth increase of more than EUR 100,000)</p> <p>Solidarity tax of 2.5% and 5% on income exceeding EUR 80,000 and EUR 250,000, respectively</p>
Alternative minimum tax	No
Capital gains	<p>Generally subject to income tax rates</p> <p>50% of net gains from sale of immovable property subject to progressive rates</p> <p>Exemption for gains from the sale of permanent residence (under conditions)</p> <p>28% on gains from the sale of securities</p>
Unilateral double taxation relief	Yes, ordinary foreign tax credit
Social security contributions	Yes (23.75%, for employer, and 11%, for employee)

2. Non-resident individuals

Income tax rates	<p>Taxed as residents on Portuguese-source income depending on the category</p> <p>Employment, business and professional income: 25%</p>
-------------------------	--

Capital gains on sale of shares in resident companies	Exempt, unless the recipient is resident in listed tax haven or shares in Portuguese resident real estate company
Capital gains on sale of immovable property	50% of net gains from sale of immovable property subject to progressive rates

Withholding tax rates

Employment income	25%
Dividends	28% 35% if paid to accounts held on behalf of non-identified third parties 35% if recipient is resident in a blacklisted jurisdiction Reduced rates under DTT
Interest	28% 35% if paid to accounts held on behalf of non-identified third parties 35% if recipient is resident in a blacklisted jurisdiction Exemption for government debt securities and private securities (under conditions) Reduced rates under DTT
Royalties	25% 35% if paid to accounts held on behalf of non-identified third parties 35% if recipient is resident in a blacklisted jurisdiction and has no PE in Portugal Reduced rates under DTT
Fees	25% Exemption DT

3. Registration

Deadline	Self-employed/independent workers must register with the Portuguese Tax Administration, by submitting the declaration of commencement of activity, via the Portuguese Tax Administration's website or before a tax office, before starting the activity
Competent authority	Portuguese Tax Administration (Autoridade Tributária e Aduaneira)
Registration form	Declaração de Inscrição no Registo

4. Tax return and tax payment

Tax year	1 January to 31 December
Type of assessment	Tax assessment issued by the Tax Authority through the filing of a tax return by the individual
Filing deadline	Between 1 April and 30 June
Extension of filing deadline	Possible, in the case of foreign income
Filing mode	Paper or electronic

Form	Form 3
Payment deadline	31 August generally 31 December for assessments issued by Portuguese tax authorities for taxpayers who have filing obligations but did not submit their tax returns
Extension of payment deadline	Upon authorization from the tax administration, the tax may be paid in 36 Instalments (up to 5,000 EUR) or 12 instalments (over 5,000 EUR)
Amended return	2 or 4 years (if it relates to an error imputable to the tax authority)
Refund of overpaid tax	A tax refund can be claimed within 2 years (in the case of an imputable error to the taxpayer) or 4 years (in the case of an error imputable to the Tax Authority), in which case an interest compensation of 4% is paid.
Advance payments	Self-employed professionals, businessmen and farmers are required to make three payments, representing 65% of the tax liability for the second year preceding the current tax year and creditable against their final income tax, within the first 20 days of July, September and December of the current year. Each payment must be equal to one-third of 65% of the previous year's income tax liability.
Time limit for tax assessments	4 years (12 years in the case where the right to assessment relates to taxable events connected with a blacklisted jurisdiction, which must be declared to the tax authorities, or deposit or securities accounts opened with financial institutions not resident in member states of the European Union, or with branches located outside the European Union of resident financial institutions, the existence and identification of which is not mentioned by PIT taxpayers in the corresponding tax return for the year in which the taxable events occur).
Mitigation of effect of time limit for tax assessments	Not applicable (only formal dispute can be initiated)

5. Withholding tax obligations

Deadline for remittance of withholding tax	The tax withheld must be remitted to the tax authorities by the 20 th day of the month following that in which the withholding was made.
Form	Declaração de Inscrição no Registo

C Indirect taxation: Value added tax (VAT)/Goods and services tax (GST)

1. General information

Taxable events	Supply of goods, services, intra-Community acquisitions and imports for consideration within the Portuguese territory
Standard rate	23% (18% in the Azores and 22% in Madeira)
Reduced rate	13%, 6% (9% and 4% in the Azores; 12% and 5% in Madeira), 0%
Increased rate	No
Registration/deregistration threshold	Yes
VAT group	Groups of companies with financial, economic, and organizational links are able to submit a joint VAT return, consolidating the debit and credit balances of the entities included in the group, resulting in a single net amount of VAT payable or refundable by the group as a whole. Enrollment in the regime is made by submitting a declaration of commencement or amendment of activity, and participation in the regime is mandatory for a minimum period of three years.

2. Registration and deregistration

Registration threshold	No
Deadline for opening the activity	N/A
Competent authority	Portuguese Tax Administration (Autoridade Tributária e Aduaneira)
Registration form	Declaração de Inscrição no Registo
Group registration	No
Voluntary registration	All taxable persons must register, including those who are exempt under the special regime for small and medium-sized enterprises (SMEs).
Deregistration threshold	No threshold. Deregistration must take place only in the case of cessation of activities or transfer of the business.
Deregistration deadline	Within 30 days after cessation of activities or transfer of the business
Deregistration form	Declaração de Cessação de Atividade

3. Tax return and payment

Filing frequency	Monthly or quarterly if annual turnover for the preceding year was less than EUR 650,000
Filing deadline	Monthly: until 20 th of the second month following the month to which the transactions concern Quarterly: until 20 th of the second month following the quarter to which the transactions concern
Extension of filing deadline	Not possible
Filing mode	Electronic
Form	Declaração Periódica

Payment deadline	25 th day of the second month following each VAT period (for a taxable person with monthly periods) 25 th day of the second month following each quarter (for a taxable person with quarterly periods)
Extension of payment deadline	No
Amended return	4 years as a general rule, 2 years in specific cases.
Refund of excess input tax	If, for a given tax period, the amount of deductions exceeds the amount of VAT due, the excess is carried forward to the following periods. If the excess VAT is higher than EUR 3,000 (before 12 months) or higher than EUR 250 (during 12 consecutive months), the taxable person can request a refund.
Time limit for tax assessments	4 years (12 years in the case where the right to assessment relates to taxable events connected with a blacklisted jurisdiction, which must be declared to the tax authorities, or deposit or securities accounts opened with financial institutions not resident in member states of the European Union, or with branches located outside the European Union of resident financial institutions, the existence and identification of which is not mentioned by PIT taxpayers in the corresponding tax return for the year in which the taxable events occur).
Mitigation of effect of time limit for tax assessments	Not applicable

4. Invoicing

Obligation to issue invoices	Every taxable person must issue an invoice in respect of any taxable supply he makes as well as for any advance payment received prior to the supply.
Time limit	Within 5 business days after the date on which VAT is due For intra-Community supplies of services that are taxable in another Member State, an invoice must be issued no later than the 15 th day of the month following that in which the chargeable event occurs. In the case of advance payments, the invoice must be issued on the date of payment.
Types of invoices	Ordinary invoices Simplified invoices: – if supplies of goods and services are made by retailers and peddlers to non-taxable persons and the amount of the invoice is not higher than EUR 1,000; and – if other supplies of goods and services are made and the amount of the invoice is not higher than EUR 100
Self-billing	Possible, if: – there is an explicit written agreement between the taxable person and the recipient; – the invoice contains the reference to “autofaturação” (“self-billed”); and – the recipient proves that the taxable person has accepted the content of each self-billed invoice (e.g. through his signature)
Format of invoices	Paper, electronic
Obligatory content of invoices	Yes

5. Business records

Type of records	Business and accounting records, copies of tax invoices issues, tax invoices received, importation documentation, credit notes
Retention period	10 years (or longer, in case of invoking a right for which the deadline is longer than 10 years, resulting in the obligation of retention of all the books, registers and respective attesting documentation until the end of the limitation period for the liquidation of the correspondent taxes)
Electronic storage	Possible

6. Input tax refund to non-residents

Refund to non-residents	Yes, non-resident and non-registered businesses can apply for a refund of input tax. Taxable persons outside the European Union must appoint a tax representative.
Competent authority	Businesses established in other Member States: refund application is filed with the tax authorities in their country of establishment Businesses established outside the European Union: <ul style="list-style-type: none"> • Portuguese Tax Administration (Autoridade Tributária e Aduaneira); and • Department of Tax Refund Services (Direção de Serviços de Reembolsos do IVA).
Refund procedure	Businesses from other Member States: electronic application procedure in the country of the entity Third-country businesses: paper or electronic application procedure submitted by the tax representative in Portugal
Refund application deadline	30 th of September of the following year
Refund thresholds	Applicants from other Member States and third countries: <ul style="list-style-type: none"> – EUR 50 (annual application); or – EUR 400 (quarterly application)
Reciprocity principle	Refunds are made under the reciprocity principle to businesses outside the European Union.

7. Other matters

Other indirect tax filing obligations	Recapitulative statement (monthly if value of intra-Community supplies exceeds EUR 50,000; otherwise quarterly), Intrastat returns
Indirect tax representative	A non-resident of another Member state may appoint a tax representative. Businesses outside the European Union are obliged to appoint a VAT representative.

D Other taxes

Inheritance and gift taxes

Donations and inheritances are subject to stamp tax at a flat rate of 10%

Transfers between spouses, people living as a married couple, descendants and ascendants are exempt from stamp tax

Net wealth tax (individual)

No

Net wealth tax (corporate)

No

Real estate taxes

Yes

Capital duty

No

Transfer tax

Yes

Stamp duty

Yes

Excise duties

Yes

Other main taxes

Municipal rates, Vehicles Tax, Regulatory Taxes

E General information

Sources of tax law

General Tax Law (Lei Geral Tributária)
Personal Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Singulares)
Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Coletivas)
VAT Code (Código do Imposto sobre o Valor Acrescentado)
Stamp Duty Code (Código do Imposto do Selo)
Municipal Property Tax Code (Código do Imposto Municipal sobre Imóveis)
Municipal Property Transfer Tax Code (Código do Imposto Municipal sobre as Transmissões Onerosas de Imóveis)

Main types of business entities

Public limited companies (Sociedade Anónima)
Limited liability companies (Sociedade por Quotas)

Accounting principles

International Accounting Standards
Portuguese GAAP

Currency

Euro (EUR)

Foreign exchange control

No

Official websites

[Tax Authorities](#)
[Ministry of Finance](#)
[Budget](#)

F Dispute resolution

1. Objections

Competent authority	Application for reconsideration: District Director of Finance Appeal against a tax assessment (reclamação graciosa): local tax authority Hierarchical appeal (recurso hierárquico): higher tax authority
Time limit for objections	Application for reconsideration: 30 days Appeal against a tax assessment (reclamação graciosa): within 120 days of the due date for the payment of the tax Hierarchical appeal (recurso hierárquico): within 30 days of the receipt of the notification of a decision
Suspension of tax payment	As a rule, no, unless the appealing party pays a deposit or presents a bank guarantee

2. Appeals

Competent authority (first instance)	First instance tax courts (tribunal judicial de primeira instância)
Time limit for appeal	30 days
Competent authority (second and higher instances)	Second instance tax court (Tribunal Central Administrativo) Administrative Supreme Court (Supremo Tribunal Administrativo)
Administrative and tax arbitration	Administrative and tax arbitration centre ("CAAD")
Time limit for appeal	90 days

G Advance rulings

Availability	Yes, in specific matters relating to a taxpayer's situation
Binding force	In case the advance ruling request is made formally, i.e. in writing by the taxpayer or his legal representative, is binding. If the application is made informally, the ruling is not binding on the tax authorities
Competent authority	Portuguese Tax Administration (Autoridade Tributária e Aduaneira)
Appeal	Not possible
Fee	In case the request is urgent, a specific fee applies between EUR 2,550 and EUR 25,500 depending on the complexity of the advance ruling request
Validity period	4 years, unless the taxpayer requests its renewal
Public disclosure	No

H Interest and penalties

Omission or late payment of taxes	<p>Penalty: in case of negligence (not constituting a crime): of 15% - 50% (maximum EUR 22,500) (individuals) or 30% - 100% (maximum EUR 45,000) (companies) of the tax due; in case of intention: of 100% - 200% (individuals) or 200% - 400% (companies) of the tax due (maximum EUR 82,000 for individuals and EUR 165,000 for companies)</p> <p>Interest: interest upon late payment, of 7.221% per year (in 2026)</p>
Omission or late filing of returns	<p>Penalty: EUR 150 - 3,750 (individuals) or EUR 300 - 7,500 (companies)</p> <p>Interest: no interest in the omission or late filing itself; if tax was not duly assessed due to omission or late filing, interest at a rate of 7.221% per year (in 2026) applies</p>
Inaccurate or frivolous filing of returns	<p>Penalty: if tax was due: EUR 375 - 22,500 (individuals) or EUR 750 - 45,000 (companies); or if no tax was due: EUR 93.75 - 5,625 (individuals) or EUR 187.50 - 11,250 (companies)</p> <p>Interest: no interest in the inaccurate or frivolous filing itself; if tax was not duly assessed due to inaccurate or frivolous filing, compensatory interest at a rate of 4% per year applies</p>
Refusal to provide information and similar obstructionists behaviour	<p>Penalty: EUR 375 - 75,000 (individuals) or EUR 750 - 150,000 (companies)</p> <p>Interest: in case of late assessment, interest of 7.221% per year (in 2026) applies</p>
Tax fraud	<p>Penalty (administrative): up to EUR 165,000</p> <p>Criminal penalty for aggravated tax fraud: maximum of 8 years' imprisonment or maximum fine of EUR 960,000</p> <p>For other fraud: maximum of 5 years' imprisonment or maximum fine of maximum fine of EUR 300,000 (individuals) or EUR 600 000 (companies)</p>
Failure to keep records	<p>Penalty: EUR 375 - 22,500 (individuals) or EUR 750 - 45,000 (companies)</p>
Erroneous refund or credit claims	<p>Penalty: in case of negligence, EUR 375 - 22,500 (individuals) or EUR 750 - 45,000 (companies); in case of intention, up to EUR 82,500 (individuals) or EUR 165,000 (companies)</p>
Statute of limitations	<p>4 years for administrative tax assessment (12 years if the tax assessment is related to facts linked with blacklisted jurisdictions)</p> <p>8 years for collection of any tax due</p> <p>5 years for penalties</p>
Executive liability	Yes

I Disclosure

Voluntary disclosure

The Portuguese Tax Administration (Autoridade Tributária e Aduaneira) offers a voluntary disclosure programme to enable taxpayers to disclose errors on their own accord. The penalties are reduced if the request for payment is submitted: (i) without the existence of a notice, report or complaint or tax audit procedure, to 12.5 % of the minimum legal amount or (ii) until the deadline for submitting a prior hearing in the tax audit procedure, to 50 % of the minimum legal amount.

Tax amnesty

No

J Other matters

Taxpayer identification number

9-digit tax identification number (e.g. 999999999)

9-digit VAT identification number (e.g. PT123456789)

.....



We are Baker Tilly

Global providers of assurance, tax and advisory services.

Our 50,400 people, in nearly 754 offices, across 147 territories serve clients of every sector and size who look to us for the insights needed to accelerate their growth.

At Baker Tilly, we are ready now, for tomorrow's challenges.

We believe in the power of great relationships. We lead and listen for great conversations. We channel change into progress for great futures.

Come with us on your journey. Now, for tomorrow.

Offices:

Lisboa

Edifício Castil, Rua Castilho,
39, 9.º I, 1250-051 Lisboa
T.: +351 210 307 230

Porto

Praça Mouzinho de Albuquerque
n.º 113, 5.º, 4100-359 Porto
T.: +351 210 307 230

info@bakertilly.pt
www.bakertilly