

LEGAL ALERT

AMENDMENTS TO THE NON-HABITUAL RESIDENT (NHR) TAX REGIME

NEW LIST OF HIGH VALUE ADDED ACTIVITIES

An amendment to the list of High Value Added Activities, applicable from 1st January 2020 onwards, was published on 23rd July 2019.

The amendment is vital to all individuals benefiting or aiming to benefit from the Non-Habitual Resident tax regime, as only the activities included in the referred list may benefit from the NHR regime on employment and business income derived from such activities.

This new list reduces the eligible High Value Added Activities from 46 to 18 possibilities, as listed below:

- | | |
|---|--|
| <ol style="list-style-type: none">1. General manager (“director-geral”) and executive manager (“gestor executivo”);2. Manager of administrative and commercial services (v.g., financial, HR, and strategy);3. Production managers and specialized services (v.g., farming, livestock, forestry, fishery, mining industry, transports and others);4. Managers of hotel business, restaurants/catering, trade and other services;5. Experts in physics, mathematics, engineering and similar technics (v.g., chemistry, statistics, urban planning, design, and others);6. Doctors (v.g., generalists and experts);7. Dentists and clinical dentists;8. University and Higher Education teachers;9. IT and communication experts (v.g., software apps, Web, etc.);10. Authors, journalists and linguists; | <ol style="list-style-type: none">13. Technicians of information and communication technologies (v.g., telecommunications and radio);14. Farmers and market-oriented skilled agriculture and livestock production workers;15. Market-oriented skilled forestry, fishery and hunting workers;16. Skilled industry, construction and crafts workers, including skilled workers of metalwork, food processing, woodwork, clothing, handicraft, printing, manufacture of precision instruments, jewelers, artisans, electricians and electronics professionals;17. Facility and machinery operators and assembly line workers, namely operators of fixed installations and machinery;18. Directors and managers of companies carrying out productive investment activities, to the extent such personnel is engaged in projects for |
|---|--|

<p>11. Creative artists and performing arts (v.g., musicians, cinema producers, actors, dancers, etc.);</p> <p>12. Technicians as well as science and engineering professions of intermediate level (v.g., mining industry, life science and others);</p>	<p>which contractual tax benefits have been granted under the Investment Tax Code (<i>Código Fiscal do Investimento</i>).</p>
---	---

From now on, the list of High Value Added Activities follows the Portuguese Classification of Occupations – which offers much more precise definitions and guidelines regarding the comprised professional activities.

This amendment is particularly relevant for general managers and executive managers, as well as managers of administrative and commercial services, as these activities are now clearly included in the list of occupations that may benefit from the 20% flat tax rate in employment and business income.

Other significant change is the introduction of a new requirement applicable to all individuals whose activities qualify as High Value Added, which must also comply with one of the following alternative criteria:

- i. Level 4 of the European Qualifications Framework – meaning that high school education is required;
- ii. Level 35 of International Standard Classification of Education (ISCED) – meaning upper secondary vocational education; or,
- iii. Having five years of working experience, duly demonstrated.

For individuals that were already granted the NHR status, both the old and the new lists of activities may be considered for the application of the reduced employment and business income tax rate, until the end of the NHR status 10 years period.

Similarly, individuals that have a pending NHR status application on the 1st January 2020, or that until 31st March 2020 apply for such status (with effects to 2019), shall continue to be eligible on the terms set forth by both the old and new activities' lists, until the end of the NHR status' validity (period of 10 years).

Finally, for individuals applying for the NHR status from the 1st January 2020 onwards, only the new list may be considered.

Morais Leitão has a track record in advising individuals from different countries, envisaging to relocate to Portugal and benefit from the Non-Habitual Resident Tax Regime. Do not hesitate to contact us in case you require any further clarification.

Tax team