



SUMMARY

Portugal supports investment with new tax incentives to agricultural, forest, agroindustry and tourism projects. The benefits consist of CIT deductions and exemption from Municipal Real Estate Transfer Tax and Stamp Duty.

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New measures to support investment

Portugal has recently reinforced support to investment, as a way to promote the national economy and to help small and medium-sized enterprises.

One of the main measures regards the creation of an Investment Support Tax Regime (*Regime Fiscal de Apoio ao Investimento*). This legal framework sets out a specific system of tax incentives to investment in certain activity sectors, including but not limited to, agricultural, forest, agroindustry and touristic sectors.

The main tax benefits are the following:

- (i) Tax deduction of Corporate Income Tax up until 50%, 20% or 10% of the relevant investment regarding any investments summing up to €5.000.000,00 or higher;
- (ii) Exemption from Municipal Property Tax during five years in respect to any properties included;
- (iii) Exemption from Municipal Real Estate Transfer Tax; and
- (iv) Exemption from Stamp Duty.

The deduction takes place in the settlement and regards the taxation period in which the investment was carried out, between 2013 and 2017. The exemptions from Municipal Property Tax and Municipal Real Estate Transfer Tax depend on the acknowledgment that the investment is of interest for the region.

The granting of these tax incentives depends of the investors creating new jobs and of maintaining assets subject to investment in the company and in the region during a minimum period of five years.

The other relevant measure consists of the approval of a system of tax incentives for research and business development (SIFIDE II) for the taxation periods from 2013 to 2015 and the expenses that the entities submitted to this program can deduct.

Currently, small and medium-sized enterprises may benefit from an increase on the base rate (35%) from the current 10% to 15%, in case they have not completed two years of activity.

This legal framework has entered into force on 18 June.

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