

RENTS REVIEW FOR 2023 AND ITS SUPPORT FOR LANDLORDS

In 2023, rent review will be limited to 2% unless the parties agree otherwise. Landlords will be compensated through an income tax mechanism.

In 2023, rents under urban and rural leases will be reviewed in accordance with an index of 1.02, i.e., increasing rents will be limited to 2%, unless the parties agree otherwise.

Pursuant to Law no. 19/2022, of 21 October 2022, the above index of 1.02 shall apply to urban and rural lease agreements that establish annual rent review to take place in accordance with the index established in the applicable law or the annual publication made by the National Statistics Institute in the Official Gazette (*Diário da República*).

To compensate landlords for the above-mentioned limitation to rent review – which will be below inflation and consumer price index in 2022 – only a portion of their real estate income will be considered for purposes of income taxation.

CONTACTS

SUSANA VIEIRA

SVIEIRA@MACEDOVITORINO.COM

MARCO CLAUDINO

MCLAUDINO@MACEDOVITORINO.COM

For individuals, real estate income subject to the tax rates established in article 68, section 1, or article 72, section 2, of the Individual Income Tax Code (IITC), shall be determined by applying a factor of 0.91.

As to real estate income subject to the special tax rates established in sections 2 to 5 of article 72 of IITC, the applicable factors are as follows:

Special Tax Rate	Applicable Factor
26%	0.90
24%	0.89
23%	0.89
22%	0.88
20%	0.87
18%	0.85
16%	0.82
14%	0.79
10%	0.70

For companies, taxable income originated in rents subject to the tax rates established in article 87 of the Corporate Income Tax Code (ITC) shall be determined by applying a factor of 0.87.

This form of support granted to landlords shall apply to rents (i) that become due and are paid in 2023, (ii) originating in lease agreements in force before 1 January 2022 and reported to the tax authorities as required by Portuguese law and (iii) that do not originate from lease agreements which rent are reviewed in accordance with an index exceeding the above-mentioned index of 1.02 established for 2023.

This information is provided for general purposes only and does not constitute professional advice.

© 2022 MACEDO VITORINO