

# CAPITAL MARKETS TAX INCENTIVES

The Portuguese Parliament approved several tax changes to boost investments in capital markets, including amendments to the Personal Income Tax Code, the Stamp Duty Code and the Tax Benefits Statute.

[Law 31/2024 of 28 June](#) approved a set of tax changes to promote capital markets. The law entered into force on 29 June 2024. In this newsletter we review the key measures.

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## 1. Tax incentives to long-term investment

Capital gains arising from disposal of securities are currently subject to Personal Income Tax (PIT) at a rate of 28%.

Under the new rules, capital gains in respect of securities admitted to trading or shares/units of open-ended Collective Investment Undertakings (“CIU”) in contractual or corporate form will be partially exempt, depending on the relevant holding period, as follows:

Holding Period	PIT Exemption
Less than 2 years	N/A
Higher than 2 years and less than 5 years	10%
Higher than 5 years and less than 8 years	20%
Higher than 8 years	30%

## 2. Taxation of income paid by Loan IAFs or SICPE

Alternative investment funds specialized in loans (“Loan AIFs”) and securities investment companies for the promotion of the economy (“SICPE”) will be subject to the tax framework applicable to venture capital alternative investment funds (“Venture AIFs”), including the following rules:

- Income paid to investors will be subject to withholding tax at a rate of 10%, with certain exceptions (e.g. non-resident entities); and
- Capital gains arising from the sale of investment units will be taxed at a rate of 10% when obtained by non-residents who do not benefit from an exemption.

## 3. Taxation of income paid by CIUs dedicated to affordable leases

Income paid by CIUs that invest in real estate to rent under the Affordable Rental Programme will be partial exempt from income taxes (PIT and CIT). To qualify for this exemption, the CIUs must meet the following conditions:

- Be incorporated by the end of 2025; and

- The CIU regulations must impose that at least 5% of their total assets are composed of real estate assets allocated to the Affordable Rental Programme.

The exemption will vary between 2.5% and 10%, depending on the percentage of the CIU eligible assets, *i.e.* the percentage of their assets that include properties allocated to affordable rental, as follows:

Eligible Assets	Tax Exemption
Less than 5%	N/A
Between 5% and 10%	2.5%
Between 10% and 15%	5%
Between 15% and 25%	7.5%
More than 25%	10%

In addition, CIUs whose eligible assets represent more than 25% of their total assets will benefit from a 25% reduction in Stamp Duty on the net value of their assets.

#### 4. Tax incentives to listing on regulated markets

Micro-companies, small companies, medium-sized companies or small-medium or medium-capitalisation companies that list their shares on a regulated market or perform a public offering for the first time will be entitled to an additional CIT relief equal to 100% of the incurred costs if at least 20% of their shares are publicly held.

These companies will also benefit from an additional CIT relief equal to 50% of the incurred costs on the second listing on a regulated market, with no minimum share capital dispersion requirement.

For this purpose, the following conditions must be met:

- Maintaining regular accounting in accordance with the accounting standards and other legal provisions applicable to the relevant sector;
- Not having their taxable profit determined through indirect methods; and
- Not having any outstanding tax or social security debts.

*This information is of a general nature and should not be considered professional advice.*

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